

MARIA L. HAROLD, PETITIONER, VS. AGAPITO T. ALIBA, RESPONDENT.

G.R. No. 130864. October 02, 2007

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

For review on certiorari is the Decision[1] dated September 3, 1997 of the Court of Appeals in CA-G.R. SP No. 40416, affirming the dismissal of petitioner Maria L. Harold's complaint before the Municipal Trial Court of La Trinidad, Benguet.

The pertinent facts are as follows:

Sometime in January 1993, Harold engaged the services of respondent Agapito T. Aliba, a geodetic engineer, to conduct a relocation survey and to execute a consolidation-subdivision of their properties including that of Harold's sister, Alice Laruan, located in Pico, La Trinidad, Benguet. After completing his work, Aliba was paid P4,050 for his services, but he failed to return the certificates of title of the said properties for more than one year, despite repeated demands to return them.

It also appears that sometime in January 1994, Aliba prevailed upon Harold and her husband to sign a document which was supposedly needed to facilitate the consolidation-subdivision and the issuance of separate transfer certificates of title over the properties. Harold and her husband signed the document without reading it.

Thereafter, on April 18, 1994, a truck loaded with G.I. sheets and construction materials came to the subject lot[2] owned by Harold. Upon inquiry, Harold and her husband were informed that Aliba had sold the lot to a third person.

On several occasions, Aliba tried to convince Harold to accept the sum of P400,000 which was later on increased to P500,000, as purchase price of the said lot. It was only after such offers were made that Aliba told Harold that he had indeed sold the lot.

On May 3, 1994, Harold agreed to accept the P500,000 from Aliba but only as partial payment, considering that the lot has an aggregate value of P1,338,000[3] or P6,000 per square meter. On the same date, Harold was made to sign an acknowledgment receipt and other papers which were made to appear that Harold accepted the sum of P480,000 as full and final payment for the lot.

Harold later discovered that Aliba made it appear that she had sold the lot to him for P80,000 and had her certificates of title cancelled and transferred to him. Harold also found out that the alleged deed of sale was the document that Aliba caused Harold and her husband to sign in January 1994.

Thinking that she can no longer recover her property, Harold asked for the payment of the fair market value of her property but to no avail. The dispute between Harold and Aliba was referred to Punong Barangay Limson Ogas and the Lupong Tagapamayapa. During the June 8, 1994 barangay conciliation proceedings, the parties herein

agreed that Aliba will pay an additional amount of P75,000 to the initial P500,000 Aliba had already given to Harold. In the same proceedings, Aliba tendered P70,000, which Harold accepted.[4] The receipt of the amount given was evidenced by an acknowledgment receipt signed by the parties herein, attested to by the Lupon chairman, and witnessed by several barangay officials.[5]

On June 9, 1994, as agreed upon, Aliba tendered the remaining P5,000 to Harold to complete their amicable settlement. Unfortunately, Harold refused to accept the same, saying that P5,000 is not enough and insisted on the elevation of the case to the court.[6] Thus, a certification to file action[7] was issued by the Office of the Lupon Tagapamayapa on June 29, 1994. Immediately thereafter, Harold filed a Complaint[8] against Aliba before the Municipal Trial Court (MTC) of La Trinidad, Benguet.

In his Answer,[9] Aliba prayed for the dismissal of the complaint, considering that he had already been absolutely released from any obligation to Harold and that what remains to be done is merely the completion of the amicable settlement of the parties.

On September 4, 1995, the MTC issued an Order dismissing Harold's complaint, holding that

x x x x

It is not disputed that on June 8, 1994, both parties met before Barangay Captain Limson Ogas. After a lengthy deliberation, towards mediation, it was agreed by both parties in the presence of Barangay Officials that Mr. Agapito Aliba will pay an additional amount of P75,000.00 to settle once and for all the case. Mr. Aliba at that time has in his possession P70,000.00, because that was the amount previously agreed upon by both parties. The amount of P70,000.00 was personally handed by Mr. Aliba to Mrs. Harold, on that day, the remaining balance of P5,000.00 to be paid the following day, June 9, 1994. An Acknowledgment Receipt was signed by Mrs. Harold and witnessed by the barangay officials. . . .

The said minutes further states therein, "continued for the second day", which logically means that the balance be given the following day.

In the afternoon of June 9, 1994, Mr. Aliba returned with the remaining balance of P5,000.00. It was at this time that when Mr. Aliba was supposed to hand the money Mrs. Harold bluntly told him the amount of P5,000 is still not enough and instead she started crying and shouting

The last paragraph [of the minutes] states "Mr. Aliba requested then if the paid amount of P70,000.00 be returned. Mrs. Harold refused and opted that this case be elevated to the higher court."

Based on the minutes of the mediation proceedings, it is clear that Barangay Captain Ogas was able to successfully mediate the case between plaintiff and defendant. As a matter of fact, Aliba has already substantially complied. It is not disputed that he gave plaintiff, on that occasion, P70,000.00, and to give the balance of P5,000.00, the day after. Thus, there was meeting of the minds between the parties on a lawful subject, and there was substantial fulfillment of the obligation. Regret[t]ably, when the small balance is to be paid, Mrs. Harold reneged on the agreement, saying P75,000.00[10] is not enough, then insisted that the case be filed in court, but at the same time refusing to return the P70,000.00, when defendant tried to collect it back. Consequently, the issuance of the Certificate to File Action, is improper because no valid repudiation [of the amicable settlement] was made.

Obviously, Mrs. Harold wants her cake and eat it too, so to speak. It is in[i]quitous to allow Mrs. Harold to exact substantial fulfillment from Aliba then conveniently change her mind overnight and worse, to refuse to give back what she already received.

The Court agrees with defendant that there is no clear repudiation of the agreement. It would have been different if Mrs. Harold returned the P70,000.00 to the defendant, after changing her mind. There would have

been a clear repudiation of the amicable settlement.[11]

The dispositive portion of the said MTC Order reads:

WHEREFORE, in view of the foregoing findings, the Motion to Dismiss, incorporated in the Answer is hereby granted. This case is hereby ordered dismissed.

However, defendant is hereby ordered to tender payment to plaintiff his balance in the amount of P5,000.00 when this order becomes final and executory.

SO ORDERED.[12]

Dissatisfied, Harold filed an appeal before the Regional Trial Court (RTC), Branch 63, of La Trinidad, Benguet.

In an Order dated February 20, 1996, the RTC affirmed in toto the assailed Order of the MTC.

Undaunted, Harold further appealed to the Court of Appeals, which however denied the same. Hence this petition, on the following grounds:

I.

WHETHER OR NOT THE THREE LOWER COURTS WERE CORRECT IN DISMISSING HER COMPLAINT ON THE SOLE GROUND THAT SHE AND RESPONDENT WERE ABLE TO ARRIVE [AT] A MUTUALLY ACCEPTABLE AMICABLE SETTLEMENT BEFORE THE BARANGAY COURT OF THEIR PLACE WHEN CLEARLY ALL CIRCUMSTANCES SHOW THERE WAS NO MEETING OF MINDS BETWEEN THEM.

II.

GRANTING, WITHOUT ADMITTING, THERE WAS A MEETING OF MINDS BETWEEN THE PARTIES AND THEREFORE, THERE WAS A VALID AMICABLE SETTLEMENT, WHETHER OR NOT THE ACKNOWLEDGEMENT RECEIPT SIGNED BY PETITIONER AND THE MINUTES OF THE PROCEEDINGS IS A SUBSTANTIAL COMPLIANCE WITH THE REQUIREMENT OF SECTION 411 OF RA 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991 AS CONCLUDED BY THE MUNICIPAL TRIAL COURT, AND AFFIRMED BY THE REGIONAL TRIAL COURT AND COURT OF APPEALS.

III.

GRANTING, WITHOUT ADMITTING, SAID LAW WAS SUBSTANTIALLY COMPLIED WITH, WHETHER OR NOT PETITIONER'S ACT OF NOT ACCCEPTING THE REMAINING BALANCE BEING PROFFERED BY RESPONDENT AND HER INSISTENCE THAT THE CASE BE INSTEAD ELEVATED TO THE COURTS DURING THE SECOND DAY OF HEARING SHOULD NOT ALSO BE CONSIDERED A REPUDIATION OF SAID AMICABLE SETTLEMENT OR AT THE VERY LEAST A SUBSTANTIAL COMPLIANCE THEREOF.[13]

Essentially, we are asked to resolve whether the Court of Appeals committed reversible error in affirming the dismissal of the complaint on the ground that the dispute between the parties had already been amicably settled during the barangay conciliation proceedings.

After a careful scrutiny of the records of this case, we hold that no reason exists to overturn the decision of the Court of Appeals affirming the dismissal of the subject complaint.

In this case, Harold's main contention was hinged on the alleged non-perfection of the questioned amicable settlement between her and Aliba because there was allegedly no meeting of the minds between them regarding

the subject matter and the cause thereof.[14] On the other hand, Aliba's principal defense is anchored on the alleged existence and validity of the said amicable settlement.[15]

Harold's submission that there was no meeting of the minds between the parties herein pertaining to the subject matter and cause of the questioned amicable settlement is a clear deviation from the facts on record. Admittedly, both parties agreed during the June 8, 1994 barangay conciliation proceedings for Aliba to pay an additional amount of P75,000 (which was the object or subject matter of the amicable settlement) to the initial P500,000 Aliba had given to Harold as purchase price for the subject lot in order to put an end to their dispute (which was the cause or reason of the amicable settlement). Thus, it is evident that the parties herein entered into an amicable settlement, or more specifically, a compromise agreement, during the said barangay conciliation proceedings.

Under Article 2028 of the Civil Code, a compromise agreement was defined as "a contract whereby the parties, by making reciprocal concessions, avoid litigation or put an end to one already commenced." In *Sanchez v. Court of Appeals*,^[16] we held that a "compromise is a form of amicable settlement that is not only allowed but also encouraged in civil cases."^[17]

It must also be highlighted that Harold expressly acknowledged that the offer made by Aliba to pay an additional P75,000 was made in order for her to desist from pursuing her case against him.^[18] By reason of her unconditional acceptance of the offer and the P70,000 tendered to her, Harold had already effectively waived whatever claims she might have against Aliba regarding the subject lot. Moreover, she is likewise barred from pursuing her case against Aliba under the principle of estoppel now.

Under Article 1431 of the Civil Code, through estoppel, an admission or representation is rendered conclusive upon the person making it, and cannot be denied or disproved as against the person relying on it. Expounding on the principle of estoppel, we held in *Springsun Management Systems Corporation v. Camerino*^[19] that "where a party, by his deed or conduct, has induced another to act in a particular manner, estoppel effectively bars the former from adopting an inconsistent position, attitude or course of conduct that causes loss or injury to the latter."^[20]

The doctrine of estoppel is based upon the grounds of public policy, fair dealing, good faith and justice, and its purpose is to forbid one to speak against his own act, representations, or commitments to the injury of one to whom they were directed and who reasonably relied thereon.^[21]

The issue concerning the alleged non-compliance of the amicable settlement pursuant to the mandate of Section 411^[22] of Republic Act No. 7160 or the Local Government Code (LGC) arose because there was no formal document denominated as "Amicable Settlement" signed by the parties. However, we agree with the similar holdings of the Court of Appeals and the RTC that the requirements under Section 411 of the LGC had been substantially complied with. The minutes of the barangay conciliation proceedings readily disclose the terms agreed upon by the parties for the settlement of their dispute, and that the acknowledgment receipt, which was written in a language known to the parties, signed by them, attested to by the Lupon Chairman, and witnessed by several barangay officials, serves as an indubitable proof of the amicable settlement and of the substantial compliance of its terms by respondent Aliba.

Moreover, even without the minutes of the meeting and the acknowledgment receipt, the amicable settlement, or more specifically the compromise agreement, entered into by the parties is undeniably valid, considering that "a compromise agreement is a consensual contract, and as such, it is perfected upon the meeting of the minds of the parties to the contract."^[23]

Furthermore, to rule against the validity of the cited amicable settlement herein would militate against the spirit

and purpose of the Katarungang Pambarangay Law,[24] which is to encourage the amicable settlement of disputes at the barangay level as an alternative to court litigation.

Harold's refusal to accept the remaining P5,000 that Aliba had tendered cannot constitute an effective repudiation of the questioned amicable settlement, considering that the reason for her refusal to accept the said amount or alleged repudiation of the assailed amicable settlement is not one of the grounds for repudiation clearly specified under Section 418[25] of the LGC. As borne out by the records, her refusal to accept the same was based on the alleged insufficiency of the remaining P5,000 as settlement for the lot, without any reference to vitiation of her consent by any fraud, violence or intimidation on Aliba's part.

WHEREFORE, the petition is DENIED for lack of merit. The assailed Decision dated September 3, 1997 of the Court of Appeals in CA-G.R. SP No. 40416 is AFFIRMED. Costs against the petitioner.

SO ORDERED.

Carpio, Carpio Morales, Tinga, and Velasco, Jr., JJ., concur.

[1] Rollo, pp. 42-49. Penned by Associate Justice B.A. Adefuin-De la Cruz, with Associate Justices Arturo B. Buena and Ricardo P. Galvez concurring.

[2] Id. at 121. (With an aggregate area of 223 sq. meters.)

[3] Product of 223 sq. meters x P6,000.

[4] Rollo, p. 64.

[5] Id. at 220.

[6] Id. at 64-65.

[7] Id. at 66.

[8] Id. at 35-41.

[9] Id. at 55-62.

[10] Id. at 64. (Should be P5,000 as mentioned in the minutes.)

[11] Id. at 195-197.

[12] Id. at 198.

[13] Id. at 14.

[14] Id. at 20-24.

[15] Id. at 191-192.

[16] G.R. No. 108947, September 29, 1997, 279 SCRA 647.

[17] Id. at 676.

[18] Rollo, p. 22.

[19] G.R. No. 161029, January 19, 2005, 449 SCRA 65.

[20] Id. at 83.

[21] P.J. Lhuillier, Inc. v. National Labor Relations Commission, G.R. No. 158758, April 29, 2005, 457 SCRA 784, 793-794.

[22] SECTION 411. Forms of Settlement – All amicable settlements shall be in writing, in a language or dialect known to the parties, signed by them, and attested to by the lupon chairman or the pangkat chairman, as the case may be. When the parties to the dispute do not use the same language or dialect, the settlement shall be written in the language or dialect known to them.

[23] Sanchez v. Court of Appeals, G.R. No. 108947, September 29, 1997, 279 SCRA 647, 675.

[24] Covers Sections 399-422 of the Local Government Code.

[25] Section 418. Repudiation. – Any party to the dispute may, within ten (10) days from the date of the settlement, repudiate the same by filing with the lupon chairman a statement to that effect sworn to before him, where the consent is vitiated by fraud, violence, or intimidation. Such repudiation shall be sufficient basis for the issuance of the certification for filing a complaint as hereinabove provided. (Emphasis supplied.)

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