

NEW SAMPAGUITA BUILDERS CONSTRUCTIONS, INC., EDUARDO R. DEE AND THE BOARD OF DIRECTORS OF NEW SAMPAGUITA AND INTEGRAL PROPERTIES, INC., PETITIONERS, VS. THE ESTATE OF FERMINA CA...

G.R. No. 151447. February 14, 2003

Ponente: AZCUNA, J.

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AZCUNA, J.:

Before us is a petition for review under Rule 45 of the Rules of Court, assailing the decision[1] of the Court of Appeals dated October 12, 2001, as well as its resolution[2] dated January 14, 2002, denying the motion for reconsideration.

This petition stems from Civil Case No. C-115 filed on November 15, 1996 by respondents[3] against petitioners before the Regional Trial Court of Tanauan, Batangas, to rescind a contract of sale of a parcel of land sold by respondents to petitioners.[4] During the trial, the parties were able to work out an amicable settlement and they filed on January 12, 1999 a joint motion to dismiss.

Incorporated in the joint motion to dismiss were the terms of the settlement. However, instead of asking the court to approve the terms of the settlement or render judgment based on compromise, the parties prayed that an order be issued dismissing the case.[5]

The Regional Trial Court, in an order dated July 6, 1999, granted the joint motion to dismiss:

ORDER

The “Joint Motion to Dismiss” filed on January 12, 1999 by the parties on the ground that they have reached a compromise agreement is GRANTED.

WHEREFORE, this case is hereby DISMISSED.

SO ORDERED.[6]

On April 7, 2000, respondents filed a motion to enforce the compromise agreement on the ground that petitioners violated its terms.[7] During the hearing on the motion, petitioners and their counsel did not appear and no opposition to the motion was filed. The Regional Trial Court thereupon granted in open court the aforesaid motion and ordered that a writ of execution be issued against petitioners, issuing what the parties refer to as its “May 24, 2000 Order.”[8]

On June 5, 2000, petitioners moved to reconsider the May 24, 2000 order.[9] Petitioners’ counsel claimed that, after the case was dismissed, he moved to another address and thus was not served a copy of the motion to enforce compromise agreement. Consequently, petitioners’ counsel was not able to attend the hearing nor was he able to file an opposition to the motion. He added that it was only after petitioners received a copy of the May 24, 2000

order that the matter was brought to his attention. Petitioners' counsel likewise claimed that the order dismissing Civil Case No. C-115 was already final and that petitioners did not violate the compromise agreement.[10] However, the Regional Trial Court denied the said motion for reconsideration on July 17, 2000.[11]

Petitioners then elevated the matter to the Court of Appeals through a petition for certiorari under Rule 65 of the Rules of Court, where it was docketed as CA G.R. No. 60916.[12] Petitioners therein alleged that the Regional Trial Court committed grave abuse of discretion in issuing the May 24, 2000 order.

While CA G.R. No. 60916 was pending before the Court of Appeals, respondents filed with the Regional Trial Court an "Ex-Parte Manifestation," dated August 2, 2000, which stated:

- That, when the parties jointly filed a Motion to Dismiss in the above-entitled case on the basis of a Compromise Agreement contained in said motion, the true intention of the parties was for this Honorable Court to approve said Compromise Agreement as the parties have already settled the case amicably.
- That, the prayer to dismiss the case was improper and out of place, since it contradicts and defeats directly the very purpose of the amicable settlement of the case embodied in the Compromise Agreement.
- That, in the interest of justice and equity, there is a compelling need for the Honorable Court to recall its Order dismissing the above-entitled case dated July 6, 1999, and in lieu thereof another order be issued approving the mentioned Compromise Agreement, and, enjoining the parties to faithfully comply with its provisions.

WHEREFORE, premises considered, plaintiffs pray that the Order of this Court dated July 6, 1999 dismissing the above-entitled case be recalled and in lieu thereof, another order issue approving the Compromise Agreement and enjoining the parties to faithfully comply with its provisions.[13]

Petitioners thereafter filed an "Opposition to the Ex-Parte Manifestation with a Motion to Recall Writ of Execution." [14]

Due to the allegations contained in the ex-parte manifestation, the Regional Trial Court realized that it never issued an order expressly approving the compromise agreement between the parties. Instead, what it issued was an order dismissing Civil Case No. C-115. Hence, without waiting for the resolution of the Court of Appeals in CA G.R. No. 60916, the Regional Trial Court reversed itself and set aside the May 24, 2000 order. This belated order of the Regional Trial Court, dated October 26, 2000, reads as follows:

In an Order dated May 24, 2000, the Court granted plaintiff's Motion for Issuance of a Writ of Execution for the alleged violation by defendant Integral Properties of the terms and conditions of the compromise agreement dated January 11, 1999, which they submitted to the Court considering defendant Integral Properties failed to oppose the said motion nor appear at the hearing of the same.

Defendant moved for the reconsideration of the Order dated May 24, 2000 denying that there was no breach of the terms and conditions of the compromise agreement.

A scrutiny of the records reveal, however, that the compromise agreement was never approved by the Court, but rather the case was dismissed upon joint motion of the parties, a fact which defendant Integral Properties failed to mention in its motion for reconsideration.

WHEREFORE, in light of the foregoing, defendant Integral Properties' motion for reconsideration is hereby GRANTED. The Order dated May 24, 2000 is hereby set aside.

SO ORDERED.[15]

Respondents moved before the Regional Trial Court to reconsider the October 26, 2000 order but the motion was

denied. This prompted respondents to file with the Court of Appeals their own petition for certiorari under Rule 65 of the Rules of Court. This petition was docketed as CA G.R. No. 62672. The Court of Appeals, acting on this petition, issued the assailed decision, the dispositive portion of which reads:

WHEREFORE, the petition is GRANTED. The assailed 26 October 2000 order of the trial court is SET ASIDE. The 24 May 2000 order of the trial court is REINSTATED.[16]

A Motion for Reconsideration was filed by petitioners but it was denied. Hence, this appeal.

Petitioners present the following issues for our consideration: (1) Whether or not respondents are guilty of forum shopping; (2) Whether or not the Court of Appeals erred in annulling the October 26, 2000 order; and, (3) Whether or not there was a violation of the compromise agreement to warrant the immediate issuance of the writ of execution against petitioners.

We shall not pass upon the third issue, since this is a matter still pending with the Court of Appeals in CA G.R. No. 60916.

First Issue: Forum Shopping

Petitioners claim that respondents committed forum shopping when they filed the case docketed as CA G.R. No. 62672. They argue that the issues in the case filed by respondents are similar, or are closely related, to the issues in the earlier case docketed as CA G.R. No. 60916. Both cases, petitioners assert, have the same parties, facts, allegations, documents, and evidence. Hence, they contend, the filing of CA G.R. No. 62672 is a clear case of forum shopping. Petitioners specifically point out the admission made by respondents in their certificate of non-forum shopping that a pending case exists between the same parties before the Special 11th Division of the Court of Appeals, where the issues are closely related, if not identical, to those raised in CA G.R. No. 62672.

We do not agree.

Forum shopping exists whenever, as a result of an adverse opinion in one forum, a party seeks a favorable opinion (other than by appeal or certiorari) from another.[17] In seeking a favorable judgment, the party guilty of forum shopping files multiple suits for the same cause of action, either simultaneously or successively.[18] Forum shopping is deemed an unethical practice of subverting justice and rules have been promulgated authorizing the dismissal of the multiple cases.[19]

At first glance, the issues in the two cases appear to be similar, primarily because the validity of the writ of execution is in question. However, a thorough analysis reveals that the issues raised in the two petitions are not exactly the same. The issues raised in CA G.R. No. 60916 are whether the Regional Trial Court properly issued the writ of execution despite the final order of dismissal of Civil Case No. C-115, and whether there was indeed a violation of the compromise agreement. The issue in CA G.R. No. 62672 is whether or not the Regional Trial Court had approved the compromise agreement when it dismissed Civil Case No. C-115. In short, the first petition, CA G.R. No. 60916, was not concerned with the approval of the compromise agreement since the parties started with the premise that it was approved and went directly to the issue of the effect of the final order of dismissal and the factual basis for its enforcement. The question of approval of the compromise agreement became an issue only after the Regional Trial Court issued its October 26, 2000 order, reversing the May 24, 2000 order granting the motion to enforce compromise agreement, an action it took notwithstanding the pendency of CA G.R. No. 60916.

It bears stressing that forum shopping is the institution of two or more actions or proceedings grounded on the same cause on the supposition that one or the other court would make a favorable disposition.[20] This is not what happened here, where we have two parties, each filing their own separate petitions, against two different orders.

Second Issue: Propriety of the Issuance of the October 26, 2000 Order

With respect to the issue of whether the Court of Appeals erred in annulling the October 26, 2000 order, it is first necessary to resolve whether the Regional Trial Court may still continue to hear the matter and issue orders concerning the May 24, 2000 order, despite the fact that the Court of Appeals had already taken cognizance of this issue.

We rule that once questions on the force and effect of the May 24, 2000 order had been elevated to the Court of Appeals, the Regional Trial Court effectively lost jurisdiction to act on the same matter. As long as the issues are pending before the Court of Appeals, the Regional Trial Court cannot interfere with or preempt whatever action or decision the Court of Appeals may take.

In *Joy Mart Consolidated Corp. v. Court of Appeals*,^[21] we stressed that a matter already on review by an appellate court may not be interfered with by the lower court. In that case, the trial court had granted the plaintiff's prayer for the issuance of a writ of preliminary injunction. The defendants assailed the issuance of the writ before the Court of Appeals. While the Court of Appeals was still deciding the matter, the defendants filed with the trial court a petition to dissolve the writ of preliminary injunction by offering to post a counterbond. On this basis, the trial court dissolved the writ of preliminary injunction. We held that the trial court acted with grave abuse of discretion amounting to excess of jurisdiction, after the defendants had elevated the writ of preliminary injunction to the Court of Appeals to determine of the propriety of its issuance, the trial court could not interfere with or preempt the action or decision of the Court of Appeals on the writ of preliminary injunction whose annulment was sought by the defendants. The trial court had lost jurisdiction or authority to act on the same matter. This was a clear case of trifling with the proceedings in the appellate court. We noted that if the respondent judge was indeed convinced that a reversal was in order, he should have asked for leave to allow the appeal, with the admission that he had realized that his previous denial of the appeal was erroneous.

In the case herein, after the Regional Trial Court judge realized that he made a mistake in issuing the May 24, 2000 order, he should have made the proper manifestation with the Court of Appeals. However, rather than admit his fault, the judge sought discreetly to correct himself by issuing the October 26, 2000 order.

Therefore, without going into the arguments raised by the parties, we rule that the Court of Appeals properly set aside the October 26, 2000 order since the Regional Trial Court no longer had jurisdiction to reconsider the May 24, 2000 order, after the same was elevated to the Court of Appeals.

WHEREFORE, the petition for review is DENIED. The assailed decision and resolution of the Court of Appeals are hereby AFFIRMED. No costs.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Vitug, Ynares-Santiago, and Carpio, JJ., concur.

[1] Rollo, p. 39.

[2] Ibid.

[3] Fermina Canoso and Mario Canoso, Sr., the original parties to the complaint, have passed away. Fermina Canoso is now represented by her estate, while Mario Canoso is represented by his wife, Ines Canoso, and his children Rene, Mario Jr., and Aida.

[4] Rollo, p. 40.

- [5] Id., Annex “C” of Petition, pp. 75-77.
- [6] Id., Annex “D” of Petition, p. 78.
- [7] Id., Annex “E” of Petition, pp. 79-81.
- [8] Id., Annex “F” of Petition, p. 82.
- [9] Id., pp. 44-45.
- [10] Ibid.
- [11] Id., Annex “G” of Petition, p. 83.
- [12] Id., Annex “H” of Petition, pp. 84-97.
- [13] Id., Annex “I” of Petition, pp. 98-99.
- [14] Id., Annex “J” of Petition, pp.101-104.
- [15] Id., Annex “K” of Petition, p. 105.
- [16] Id., Annex “A” of Petition, p. 65.
- [17] *Lapulapu Dev’t. & Housing Corporation v. Group Management Corporation*, G.R. No. 141407, September 9, 2002.
- [18] *Leyton, Jr. v. Office of the Ombudsman*, 331 SCRA 227 (2000).
- [19] *Employees’ Compensation Commission v. CA*, 257 SCRA 717 (1996).
- [20] *Heirs of Victorina Motus Penaverde v. Heirs of Mariano Penaverde*, 344 SCRA 69 (2000).

[21] 209 SCRA 738 (1992).

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