

SPOUSES TOMAS F. GOMEZ AND ADELAIDA S. GOMEZ, SUBSTITUTED BY CHILDREN TOMAS S. GOMEZ, II AND GINA GOMEZ-LUKBAN, PETITIONERS, VS. GREGORIO CORREA AND PHILIPPINE REALTY CORP., RES...

G.R. No. 153923. October 02, 2009

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

Tomas S. Gomez II and Gina Gomez-Lukban, in substitution of their deceased parents Tomas F. Gomez and Adelaida S. Gomez (Spouses Gomez), assail via the present petition for review on certiorari the Court of Appeals Decision of August 20, 2001, Amended Decision of February 22, 2002, and Resolution of June 13, 2002 in CA-G.R. CV 45728.

The factual antecedents of the case follow:

By Contract to Sell No. 988-N of March 6, 1951, Benedicta Mangahas (Benedicta) acquired from respondent Philippine Realty Corporation (PRC) on installment basis a 650-square meter residential lot at Grace Park Subdivision in Caloocan City, covered by Transfer Certificate of Title No. C-19456 (the property).

With PRC's approval, Benedicta conveyed to Magdalena Madrid (Magdalena), by Deed of Transfer of December 11, 1952, one-half of her rights and interests over the property. By Supplemental Agreement of even date, Benedicta and Magdalena agreed that should one party be obliged to pay the share of the other due to default of the latter, the former would acquire the right to purchase all the rights of the latter at the same price.

Magdalena, in turn, transferred her rights and interests to the property to Adelaida Gomez (Adelaida) by Deed of Assignment of March 11, 1953 which shows that Benedicta signed as co-buyer and agreed that she and Adelaida would "assume jointly and severally all the obligations which shall accrue and will accrue in favor of the Philippine Realty Corporation under said Contract to Sell No. 988-N." [1]

Benedicta later sold her remaining rights and interests to the property to respondent Gregorio Correa (Correa) by "Deed of Absolute Sale of House and Right to the Lot" of October 7, 1954.

After notifying Adelaida's husband Tomas Gomez (Gomez) about the sale to her of Benedicta's rights and interests to the property, Correa also informed the PRC of the sale, by letter of June 22, 1955, with a request that all notices for payment of installments due be addressed to him and Gomez.

It appears that as of 1956, the Spouses Gomez had advanced the following payments to the PRC representing the payment due the entire property including the ½ share of Benedicta, predecessor-in-interest of Correa: P500, P1,628.69, and P492.00.

Adelaida later filed on June 1, 1956 [2] a complaint before the Court of First Instance (CFI) of Pasig, docketed as Civil Case No. 4120, against Benedicta and Correa to rescind the deed of sale executed by Benedicta in favor of

Correa and to compel Benedicta to sell to her the one-half share. The complaint was later amended to implead Adelaida's husband Tomas as party plaintiff.

It is gathered[3] that the CFI of Pasig rendered judgment dismissing the Spouses Gomez's complaint to rescind the sale to Correa of Benedicta's share, but ordering Correa to pay the Spouses Gomez P1,600.20 representing reimbursement to them of their payment of ½ share of the property of Benedicta which she sold to Correa, and dismissing Correa's claim for damages including attorney's fees. Thus it ordered:

- Plaintiff's complaint against defendant Benedicta Mangahas, is DISMISSED;
- Defendant, Gregoria Correa, is ordered to pay plaintiffs the sum of ONE THOUSAND SIX HUNDRED PESOS and TWENTY CENTAVOS (P1,600.20);
- All claims for damages including attorney's fees of the parties are denied; and
- There is no pronouncement as to costs. (Emphasis and underscoring supplied)

On the Spouses Gomez's appeal, the Court of Appeals, by Decision of March 29, 1977, affirmed with modification the trial court's decision, holding and disposing as follows:

While the lower court correctly held that the appellee Correa should reimburse the appellants of the amount of P1,600.20 which they paid for the one-half share of [Benedicta] in the lot in question, it failed to award the corresponding interest thereon. Clearly, the appellants are entitled to such interest from the time the payment was made. The trial court is therefore directed to determine the corresponding interest accruing on the amounts of P500.00 (Exhibit F), P1,628.69 (Exhibit G) and P492.00 (Exhibit H) paid by the appellants on August 5, 1955, May 2 and May 15, 1956, respectively.

WHEREFORE, with the modification indicated above, the judgment appealed from is hereby affirmed in all other respects. No costs.

SO ORDERED.[4]

On appeal by the Spouses Gomez from the appellate court's Decision, this Court, by Resolution of February 22, 1978 issued in G.R. No. L-46381, denied the same, which Resolution was entered in the Entry of Judgment on April 13, 1978.[5]

Correa later offered to pay the amount of P1,060.20 and the legal interest due thereon, but the Spouses Gomez declined the offer since it contravened the tenor of the final and executory February 22, 1978 Resolution of this Court.

On January 5, 1984 or more than five years from the finality on April 13, 1978 of this Court's February 22, 1978 Resolution, Correa filed before the Regional Trial Court of Pasig, Branch 151 (to which CFI Pasig Civil Case No. 4120 appears to have been eventually lodged) a Motion to Determine Interest Due,[6] placing in issue the interest due on the judgment award. The trial court, by Order of April 16, 1984, "refuse[d] to perform an inutile act," it holding that this Court's February 22, 1978 Resolution could no longer be executed and enforced by mere motion after the lapse of five years from the date of its entry (on April 13, 1978), citing Section 6, Rule 39 of the Rules of Court.

Correa thus instituted a Complaint of June 11, 1984 for specific performance, partition and damages against the Souses Gomez and PRC, docketed as Civil Case No. C-11387, before the Regional Trial Court (RTC) of Caloocan City. This is now the subject of the Court's present decision.

Correa contended that the appellate court's March 29, 1977 Decision, appeal from which this Court denied by

Resolution of February 22, 1978, directed the payment of "P1,060.20" [sic] but the Spouses Gomez refused to accept his offer of payment and subdivide the property.

By Decision of March 7, 1994, Branch 127 of the Caloocan RTC found for Correa, disposing as follows:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff, as follows:

(a) Philippine Realty Corporation is hereby ordered to deliver to herein plaintiff the pertinent deed of sale on the ½ portion of the covered [sic] by Transfer Certificate of Title No. C-19456, upon adjudication of the subdivided parts thereof, pursuant to the approved plan and technical descriptions thereof by the Land Registration Commission.

(b) The partition of the parcel of land, covered by Transfer Certificate of Title No. C-19456 between plaintiff and defendant in accordance with the subdivision plan and technical descriptions, duly approved by the Land Registration Commission: the plaintiff and defendant spouses to decide between themselves which portion shall belong to the other.

(c) This Court hereby orders the fixing of the interest due on the amount of P1,060.20 [sic] at 12% from 1956 up to January, 1979.

(d) Defendant spouses are hereby ordered to pay to plaintiff the sum of P600.00 plus interest thereon, representing ½ portion of the amount of the costs of surveying and subdivision of subject property;

(e) The Court likewise orders defendant spouses to pay plaintiff the amount of P100,000.00 representing back rentals, moral damages and exemplary damages to plaintiff; plus the amount of P10,000.00 as attorney's fees plus the costs of suit.

IT IS ORDERED.[7] (Underscoring supplied)

The Spouses Gomez appealed to the appellate court which rendered the first assailed Decision of August 20, 2001 the dispositive portion of which reads:

WHEREFORE, in view of the foregoing and pursuant to applicable law and jurisprudence on the matter and evidence on hand, judgment is hereby rendered AFFIRMING the decision of the trial court with modification in the following manner:

"Plaintiff is ordered to pay the defendants-appellants the amount of:

(1) P1,060.20 plus interest of 6% per annum computed from May 10, 1957 to April 12, 1978 and 12% per annum from April 13, 1978 (the date CA-G.R. No. 36924-R became final and executory) until fully paid;

(2) P500.00 with interest at 6% per annum from August 5, 1955 to April 12, 1978 and increased to 12% per annum from April 13, 1978 until fully paid;

(3) P1,628.69 plus 6% percent per annum from May 2, 1956 to April 12, 1978 and increased to 12% per annum from April 13, 1978 until fully paid;

(4) P492.00 plus interest of 6% per annum from May 15, 1956 until April 12, 1978 and increased to 12% per annum from April 13, 1978 until fully paid;

(5) P10,000.00 as attorney's fees; and

(6) Costs of suit."

AFFIRMED in all other aspects. Costs against defendants-appellants.

SO ORDERED.[8] (Emphasis in the original; italics and underscoring supplied)

Correa filed a Motion for Reconsideration while the Spouses Gomez filed a Motion for Correction of the judgment award from "P1,060.20" to P1,600.20, cum Opposition to the Motion for Reconsideration.

By the second assailed Amended Decision, the appellate court denied the Spouses Gomez's motion and granted Correa's motion by modifying its original Decision such that Spouses Gomez should be the ones to pay the attorney's fees.[9] Reconsideration of the Amended Decision having been denied by Resolution of June 13, 2002, the Spouses Gomez filed the present petition, the resolution of which boils down to the issue of whether the appellate court gravely erred in affirming the modification by the RTC Caloocan of the final and executory judgment amount, to be reimbursed to petitioners from P1,600.20 to P1,060.20, and in faulting them for attorney's fees.

The petition is meritorious.

It is settled that when a final judgment is executory, it becomes immutable and unalterable. The judgment may no longer be modified in any respect, even if the modification is meant to correct what is perceived to be an erroneous conclusion of fact or law, and regardless of whether the modification is attempted to be made by the court rendering it or by the highest Court of the land. The doctrine is founded on considerations of public policy and sound practice that, at the risk of occasional errors, judgments must become final at some definite point in time.[10]

The only recognized exceptions are the correction of clerical errors or the making of so-called nunc pro tunc entries in which case there is no prejudice to any party, and where the judgment is void.[11] None of these has been shown to be present to justify the "modification" of the judgment. Parenthetically, the modification was made not by the same court (CFI of Pasig) that rendered the judgment.

It bears emphatic reiteration that the amount claimed by the Spouses Gomez had been determined with finality in the prior proceeding in Civil Case No. 4120 before the CFI of Pasig. Oddly, Correa had even admitted having "exerted earnest efforts to pay and settle his obligation of P1,600.20 and the accruing interest thereon but the plaintiffs are demanding interest over and above the legal rate provided for by law, and consequently, up to the present time, the issue on the correct interest to be paid by the herein defendant to the plaintiffs is still an unsettled matter[.]"[12]

The appellate court thus erred in affirming the RTC Caloocan's directive, on the basis of Correa's misrepresentation, ordering the fixing of interest due "on the amount of P1,060.20."

On its award of attorney's fees in favor of Correa, the appellate court explained the basis thereof as follows:

Anent the issue of attorney's fees and costs of suit (5[th] assigned error), the trial court correctly assessed the defendants [spouses Gomez] to pay attorney's fees and costs of suit as this case could have been avoided if defendants-spouses have agreed to have the land subject of this case subdivided and partitioned between the parties. Plaintiff had no choice but to file the instant complaint because of defendant's [sic] obstinate refusal to partition/subdivide the property or to give conformity to the deed of sale.[13] (Underscoring supplied)

An adverse decision does not ipso facto justify an award of attorney's fees in favor of the winning party. Public policy dictates that no premium should be placed on the right to litigate.[14] The records reveal none of the circumstances enumerated in Article 2208 of the Civil Code[15] to warrant the award of attorney's fees. That a plaintiff is compelled to litigate and incur expenses to protect and enforce a claim does not justify the award of attorney's fees.[16]

The RTC Caloocan's decision merely proffered that the Spouses Gomez's refusal to subdivide the property amounted to bad faith. The burden of proving bad faith, however, has not been discharged by Correa. That the

Spouses Gomez may have refused to agree to a partition or subdivision of the property is not difficult to comprehend, given Correa's failure to settle the correct judgment award inclusive of interest.

WHEREFORE, the petition is GRANTED. The assailed issuances of the Court of Appeals in CA-G.R. CV 45728 are MODIFIED. The appellate court's Decision of August 20, 2001 is modified such that the correct amount to be reimbursed by respondent Gregorio Correa to petitioners Spouses Gomez is, as correctly decreed by the CFI of Pasig in Civil Case No. 4120, P1,600.20, and that the award of attorney's fees to respondent Correa is deleted. In all other respects, the challenged issuances are affirmed.

SO ORDERED.

Ynares-Santiago,[*] Peralta, [***] Del Castillo, and Abad, JJ., concur.

[*] Additional member per Special Order No. 691.

[**] Per Special Order No. 690 in lieu of the sabbatical leave of Senior Associate Justice Leonardo A. Quisumbing.

[***] Additional member per Special Order No. 711.

[1] Rollo, p. 113. Exhibit "C," quoted in the Decision of March 29, 1977 in CA-G.R. No. 36924-R.

[2] Records, Vol. I, p. 15.

[3] Id. at 16.

[4] Id. at 19-20.

[5] Id. at 21. Entry of Judgment which states that by Resolution of February 22, 1978, this Court denied the petition for review on certiorari of Adelaida Gomez, et. al. for lack of merit.

[6] Id. at 31-34.

[7] Records, Vol. II, pp. 581-582.

[8] Penned by Justice Jose L. Sabio, Jr. with the concurrence of Justices Cancio C. Garcia and Hilarion L. Aquino.

[9] Rollo, pp. 81-82.

[10] Mayon Estate Corporation v. Altura, G.R. No. 134462, October 18, 2004, 440 SCRA 377, 386.

[11] Id. citing Manning International Corp. v. NLRC, G.R. No. 83018, March 13, 1991, 195 SCRA 155.

[12] Records, Vol. I, p. 32.

[13] Rollo, p. 62.

[14] Francisco v. Co, G.R. No. 151339, January 31, 2006, 481 SCRA 241, 257.

[15] In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:

(1) When exemplary damages are awarded;

(2) When defendant's act or omission has compelled the plaintiff to litigate with third persons or to incur expenses to protect his interest;

- (3) In criminal cases of malicious prosecution against the plaintiff;
- (4) In case of a clearly unfounded civil action or proceeding against the plaintiff;
- (5) Where the defendant acted in gross and evident bad faith in refusing to satisfy the plaintiff's plainly valid, just and demandable claim;
- (6) In actions for legal support;
- (7) In actions for the recovery of wages of household helpers, laborers and skilled workers;
- (8) In actions for indemnity under workmen's compensation and employer's liability laws;
- (9) In a separate civil action to recover civil liability arising from a crime;
- (10) When at least double judicial costs are awarded;
- (11) In any other case where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered.

In all cases, the attorney's fees and expenses of litigation should be reasonable.

[16] *China Airlines, Ltd. v. Court of Appeals*, G.R. No. 129988, July 14, 2003, 406 SCRA 113, 134.

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