

LUCIANO TAN, PETITIONER, VS. RODIL ENTERPRISES, RESPONDENT*G.R. NO. 168071. December 18, 2006*

Ponente: CHICO-NAZARIO, J.

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The instant Petition for Review on Certiorari assails the Decision[1] dated 21 October 2002 and the Resolution[2] dated 12 May 2005 of the Court of Appeals in CA-G.R. SP No. 67201, which set aside the 18 June 2001 Decision[3] of the Regional Trial Court (RTC) of Manila, Branch 26 in Civil Case No. 01-99797. The RTC reversed the 6 October 2000 Decision[4] of the Metropolitan Trial Court (MeTC) of Manila, Branch 13 in Civil Case No. 166584, and dismissed the Complaint filed by respondent Rodil Enterprises against petitioner Luciano Tan for utter lack of merit.

This case has its origin from the Complaint[5] for Unlawful Detainer filed on 13 March 2000 by Rodil Enterprises against Luciano Tan with the MeTC of Manila, Branch 13, docketed as Civil Case No. 166584.

The factual antecedents to the filing of the Complaint show that Rodil Enterprises is a lessee of the subject premises, the Ides O'Raceca Building since 1959. The Ides O'Raceca Building, located at the corner of M. de Santos and Folgueras Streets in Binondo, Manila, is owned by the Republic of the Philippines. On 18 May 1992, Rodil Enterprises and the Republic, through the Department of Environment and Natural Resources (DENR), entered into a Renewal of a Contract of Lease over the Ides O'Raceca Building. A subsequent Supplementary Contract dated 25 May 1992 was similarly entered into, thus, extending the lease agreement until 1 September 1997.

The validity of the 18 May 1992 and the 25 May 1992 contracts was placed in question in several actions involving Rodil Enterprises, the Ides O'Raceca Building Tenants Association, Inc., and other tenants. This Court upheld the validity of the aforesaid contracts in a Decision rendered on 29 November 2001, in the consolidated cases of Rodil Enterprises, Inc. v. Court of Appeals, Carmen Bondoc, Teresita Bondoc-Esto, Divisoria Footwear and Chua Huay Soon (G.R. No. 129609) and Rodil Enterprises, Inc. v. Ides O'Raceca Building Tenants Association, Inc. (G.R. No. 135537).[6]

Prior thereto, the Office of the President in OP Case No. 4968 entitled, Spouses Saturnino B. Alvarez and Epifania Binay Alvarez v. Rodil Enterprises Company, Inc. rendered a Decision[7] dated 8 February 1994, declaring the Renewal of Contract of Lease and the Supplementary Contract, dated 18 May 1992 and 25 May 1992, respectively, of no force and effect.

It appears that Rodil Enterprises appealed the 8 February 1994 Decision to the Court of Appeals, docketed as CA-G.R. SP No. 34586 which was dismissed by the appellate court for non-compliance with procedural requirements. The dismissal was appealed by Rodil Enterprises to the Supreme Court, docketed as G.R. No. 119711 which was also dismissed. Subsequently, the Office of the President issued an Order of Execution of its 8 February 1994 Decision in OP Case No. 4968. Thereafter, Rodil Enterprises filed a Petition for Review on Certiorari with the Court of Appeals on the Order of Execution, docketed as CA-G.R. SP No 79157. The Court of Appeals rendered a Decision therein dated 28 March 2005 which annulled the Order of Execution, and enjoined

the Office of the President from enforcing its 8 February 1994 Decision in OP Case No. 4968. Likewise, the Court of Appeals ordered the Office of the President to abide by the 29 November 2001 Decision of the Supreme Court in the consolidated cases of G.R. No. 129609 and G.R. No. 135537, upholding the validity of the Renewal of Contract of Lease and the Supplemental Contract, dated 18 May 1992 and the 25 May 1992, respectively. Finally, the Decision of the Court of Appeals in CA-G.R. SP No. 79157 was brought on certiorari by the Ides O'Racca Building Tenants Association, Inc. to the Supreme Court, and docketed as G.R. No. 169892. On 25 January 2006, the Court, in G.R. No. 169892, issued a Resolution denying the Petition. On 20 March 2006, a Resolution was rendered in the same case denying with finality the amended Motion for Reconsideration.

Meanwhile, during the pendency of the preceding cases, on 18 October 1999, a subsequent Contract of Lease was drawn between Rodil Enterprises and the Republic, the same to be effective retroactively from 1 September 1997 to 21 August 2012 at a monthly rental of P65,206.67, subject to adjustment upon the approval of a new appraisal covering the Ides O'Racca Building. Rodil Enterprises subleased various units of the property to members of the Ides O'Racca Building Tenants Association, Inc. A space thereof, known as Botica Divisoria was subleased to herein petitioner, Luciano Tan.

In Rodil Enterprises' Complaint for Unlawful Detainer filed against Luciano Tan, the former alleged that Luciano Tan bound himself to pay under a Contract of Sublease, the amount of P13,750.00 as monthly rentals, representing the reasonable use and occupancy of the said premises. However, Luciano Tan unjustifiably and unreasonably refused to pay the rentals from September 1997 up to the time of the filing of the Complaint, and despite repeated oral and written demands, refused to vacate the premises and to pay the rents due. Rodil Enterprises prayed that Luciano Tan and those claiming rights under him be ordered to vacate the leased premises. A payment of rentals in arrears, amounting to P385,000.00 was similarly sought, including attorney's fees and litigation costs, as well as, subsequent monthly rentals in the amount of P13,750.00 until Luciano Tan vacates Botica Divisoria.

In his Answer, Luciano Tan insists that he is a legitimate tenant of the government who owns the Ides O'Racca Building and not of Rodil Enterprises. As such, he has the right to lease the said premises pending the disposition and sale of the building. He based his claim on the fact that on 8 February 1994, the Office of the President in OP Case No. 4968, had declared the Renewal of Contract of Lease dated 18 May 1992 and the Supplemental Contract dated 25 May 1992 between Rodil Enterprises and the Republic to be without force and effect. Accordingly, the DENR was directed to award the lease contract in favor of the Ides O'Racca Building Tenants Association, Inc. of which Luciano Tan is a member. He, thus, prayed for the dismissal of the Complaint, and for the return of whatever amount Rodil Enterprises had collected from 1987 to 1997, or during such time when he was still paying rentals to the latter.

On 27 June 2000, the MeTC issued an Order, recognizing an agreement entered into in open court by Luciano Tan and Rodil Enterprises. The Order, inter alia, declared, thus:

On second call, the parties and counsel agreed in principle in open court to the following terms to put an end to this civil case for ejectment between them:

- 1.) that [Luciano Tan] will pay P440,000.00 representing rentals from September, 1997 up to the present, which is the outstanding obligation of [Luciano Tan] as of June, 2000, on or before June 30, 2000; and
- 2.) [Luciano Tan] will pay the monthly rentals computed at P13,750.00 on or before the 5th day of each month after June 30, 2000.[8]

On 14 August 2000, Luciano Tan filed a Motion to Allow Defendant to Deposit Rentals,[9] averring therein that he had agreed to pay all the rentals due on the subject premises and to pay the subsequent monthly rentals as they

fall due; that the rentals in arrears from September 1997 amounted to P467,500.00; and in line with his good faith in dealing with Rodil Enterprises, he would like to deposit the aforesaid amount, and the subsequent monthly rentals as they fall due. He prayed that he be allowed to deposit the Manager's Check for the amount of P467,500.00, made payable to the City Treasurer of Manila. However, on 15 August 2000, the MeTC denied the Motion on the rationalization that Luciano Tan's prayer to deposit the specified sum with the City Treasurer of Manila contravenes Section 19,[10]Rule 70 of the 1997 Rules of Civil Procedure.

Subsequently, the issues for the resolution of the MeTC were synthesized by the court in its Order, dated 25 July 2000, to wit:

[T]he issue insofar as [Rodil Enterprises], revolved on:

"Whether [Rodil Enterprises] is legally entitled to collect from [Luciano Tan] the amount of rentals and interest thereon as prayed for in the complaint and to ask for the ejectment of the defendant from the leased premises."

On the other hand, [Luciano Tan]'s counsel formulated the issues of the case in the following manner[,] to wit:

- 1) Whether or not under the circumstances[,] [Luciano Tan] could be ejected from the premises in question;
- 2) Whether or not under the circumstances[,] [Rodil Enterprises] should be made to return the amounts collected from [Luciano Tan] from 1987 to 1997 amounting to P988,650.00.[11]

On 6 October 2000, the MeTC rendered a Decision in favor of Rodil Enterprises. The court said that Luciano Tan did not contest the sublease on a monthly basis, and in fact admitted in *judicio*, viz:

- 1) That [Luciano Tan] will pay P440,000.00 representing rentals from September 1997 up to the present, which is the outstanding obligation of the defendant as of June, 2000, on or before June 30, 2000; and
- 2) [[Luciano Tan] will pay the monthly rentals computed at P13,750.00, on or before the 5th day of each month after June 30, 2000.(Order dated June 27, 2000)[12]

According to the MeTC, notwithstanding the evidentiary norm in civil cases that an offer of compromise is not an admission of any liability, and is not admissible in evidence against the offeror, the court cannot overlook the frank representations by Luciano Tan's counsel of the former's liability in the form of rentals, coupled with a proposal to liquidate.[13] The foregoing gestures, as appreciated by the MeTC, were akin to an admission of a fact, like the existence of a debt which can serve as proof of the loan, and was thus, admissible.[14] The court pronounced that Luciano Tan had explicitly acknowledged his liability for the periodic consideration for the use of the subleased property. Estoppel, thus, precludes him from disavowing the fact of lease implied from the tender of payment for the rentals in arrears.[15] The MeTC, explained further:

Prescinding from the foregoing discourse, it ineluctably follows that [Luciano Tan]'s indifference to heed the two demand letters, the cognition of which were recognized (paragraphs VII and IX, Complaint; paragraph 2, Answer), rendered him a deforciant (1 Regalado, Remedial Law Compendium, 6th Revised Edition, 1997, page 770, citing *Dikit vs. Ycasiano*, 89 Phil. 44), and was thus vulnerable to the special civil action under Section 1, Rule 70 of the 1997 Rules of Civil Procedure, especially so when non-payment of rentals is an accepted prelude to, and a secondary matrix for, a tenant's eviction (Article 1673 (2), New Civil Code).

From a different plane, [Luciano Tan]'s quest at this juncture for recovery of the rentals he paid to the plaintiff from 1987 to 1997 will not merit the desired result since, in a manner of speaking, it will place the cart ahead of the horse, when juxtaposed with another pending controversy between the parties before the Supreme Court (Annex "1," Position Paper for the Defendant; Annex "B," Answer to Counterclaim).

The decretal portion of the Decision, states, viz:

WHEREFORE, in view of the foregoing premises, judgment is hereby rendered in favor of [Rodil Enterprises], ordering:

- Defendant Luciano Tan, and all persons claiming rights under him, to vacate the subject realty, and to peacefully deliver possession to the plaintiff's representative;
 - Defendant [Luciano Tan] to pay the sum of FOUR HUNDRED FORTY THOUSAND PESOS (P440,000.00) as recognized unpaid rentals from September, 1997 up to June 30, 2000;
 - Defendant [Luciano Tan] to pay the sum of THIRTEEN THOUSAND SEVEN HUNDRED FIFTY PESOS (P13,750.00) as agreed rental per month, starting July, 2000, and every month thereafter, until possession is delivered to the plaintiff's representative;
 - Defendant [Luciano Tan] to pay the sum of FIVE THOUSAND PESOS (P5,000.00) as reasonable attorney's fees; and
 - Defendant [Luciano Tan] to pay the cost of suit.
- For want of merit, defendant's counterclaim is hereby DISMISSED.

IT IS SO ORDERED.[16]

Aggrieved thereby, Luciano Tan appealed the Decision to the RTC. Meanwhile, Rodil Enterprises filed a Motion for Issuance of Writ of Execution,[17] which was subsequently denied by the MeTC in the Order[18] of 15 December 2000.

On 18 June 2001, the RTC rendered a Decision reversing the judgment appealed from and dismissing the Complaint. It found that the MeTC erred in holding that the offer to compromise by Luciano Tan's counsel was akin to an admission of fact, the same being contrary to Section 27,[19] Rule 130 of the 1997 Rules of Civil Procedure. As reasoned by the RTC:

During the pre-trial conference held in the lower court, proposals and counter-proposals emanated from the parties' counsels, which was normally inspired by the desire to "buy peace", nay, to put an end to the troubles of litigation, and to promote settlement of disputes as a matter of public policy. The act of defendant/appellant's (sic) in the midst of pre-trial is not an admission of any liability and therefore, should not be considered admissible evidence against him.[20]

Proceeding to the issue of the right of Rodil Enterprises to collect rentals and eject Luciano Tan based on the contracts, dated 18 May 1992 and 25 May 1992, the RTC ruled that the controversy is still pending before the Supreme Court. It, thus, held that the prayer for recovery of rentals from 1987 to 1997 is premature.

The RTC, disposed, as follows:

IN VIEW OF THE FOREGOING, the judgment appealed from is hereby REVERSED, and a new judgment is hereby entered DISMISSING the complaint in Civil Case No. 166584 for utter lack of merit.[21]

Subsequently, Rodil Enterprises filed a Petition for Review with the appellate court, which, in a Decision dated 21 October 2002 set aside the judgment of the RTC, and affirmed and reinstated the 6 October 2000 Decision of the MeTC.

According to the appellate court, there is, between Rodil Enterprises and the Republic of the Philippines, a valid and subsisting Contract of Lease executed on 18 October 1999, the same for a period of fifteen (15) years.[22]The period of the lease, under the 18 October 1999 contract is from 1 September 1997 to 31 August 2012. The Court

of Appeals gave credence to the fact that the existence of the aforesaid contract was not denied nor controverted by Luciano Tan. What Luciano Tan, instead, impugned was the validity of the contracts dated 18 and 25 May 1992, which was upheld by this Court in the consolidated cases of Rodil Enterprises, Inc. v. Court of Appeals, Carmen Bondoc, Teresita Bondoc-Esto, Divisoria Footwear and Chua Huay Soon (G.R. No. 129609) and Rodil Enterprises, Inc. v. Ides O'Radca Building Tenants Association, Inc. (G.R. No. 135537).[23]

Ruling on the more important question of whether Luciano Tan made a judicial admission anent his liability as a sublessee of Rodil Enterprises, the Court of Appeals held that the former made an implied admission of the existence of a contract of sublease between him and Rodil Enterprises on the subject premises; and that he had reneged in the payment of rentals since 1 September 1997. Moreover, it deemed Luciano Tan's Motion to Allow Defendant to Deposit Rentals as another admission in favor of Rodil Enterprises. The appellate court elucidated, thus:

The evidence on record indubitably shows that respondent [Luciano Tan] is a sublessee of petitioner [Rodil Enterprises] who failed to pay rentals from 01 September 1997 and even until the case was filed before the [M]etropolitan [T]rial [C]ourt, when respondent [Luciano Tan] "agreed in principle in open court" to the following terms:

- 1) that the defendant [Luciano Tan] will pay P440,000.00 representing rentals from September, 1997 up to the present, which is the outstanding obligation of the defendant as of June, 2000, on or before June 30, 2000; and
- 2) defendant [Luciano Tan] will pay the monthly rentals computed at P13,750.00 on or before the 5th day of each month after June 30, 2000.

at the hearing on 27 June 2000 though no settlement was eventually reached between the parties, respondent [Luciano Tan] in effect made an implied judicial admission that there was a subsisting contract of sublease between him and petitioner, and that he was remiss in the payment of rentals from 01 September 1997 up to that day (Rollo, Annex "9" of petition). Respondent [Luciano Tan]'s admission was further bolstered by the fact that he filed a "Motion to Allow Defendant to Deposit Rentals" (Rollo, p. 3 of Annex "15" of petition). By such acts, respondent [Luciano Tan] accepted the truth of petitioner [Rodil Enterprises]' allegation of the existence of a contract of sublease between them and of his non-payment of the rentals from 01 September 1997. A judicial admission is an admission made in the course of the proceedings in the same case, verbal or written, by a party accepting for the purposes of the suit the truth of some alleged fact, which said party cannot thereafter disprove (Remedial Law by Herrera, Oscar M. citing Section 4, Rule 129 of the Revised Rules on Evidence and Evidence by Salonga).[24]

The decretal portion of the 21 October 2002 Court of Appeals' Decision, states, thus:

WHEREFORE, in the light of the foregoing, the petition for review is GIVEN DUE COURSE. The Decision dated 18 June 2001 of the Regional Trial Court of Manila, Branch 26 is hereby SET ASIDE. The Decision dated 06 October 2000 of the Metropolitan Trial Court of Manila, Branch 13 is AFFIRMED and REINSTATED.[25]

The appellate court denied Luciano Tan's Motion for Reconsideration thereon, in a Resolution,[26] dated 12 May 2005.

Thus, petitioner comes before us, raising the following grounds, to wit:

I

THE HONORABLE COURT OF APPEALS COMMITTED A GRAVE REVERSIBLE ERROR WHEN IT ISSUED ITS RESOLUTION DENYING PETITIONER'S MOTION FOR RECONSIDERATION OF ITS DECISION BY RELYING SOLELY AND EXCLUSIVELY ON THE MARCH 28, 2005 DECISION OF

THE COURT OF APPEALS AND DESPITE THE FACT THAT THE SAID DECISION HAS NOT YET BECOME FINAL AND EXECUTORY.

II

RESPONDENT RODIL ENTERPRISES IS GUILTY OF FORUM SHOPPING WHEN IT FILED THE PETITION FOR CERTIORARI WITH THE COURT OF APPEALS DOCKETED AS CA-G.R. SP. NO. 79517 SEEKING TO NULLIFY THE ORDER OF EXECUTION BY THE OFFICE OF THE PRESIDENT OF ITS 8 FEBRUARY 1994 DECISION IN OP CASE NO. 4968, DESPITE THE FACT THAT ITS PREVIOUS PETITION FOR REVIEW FILED WITH THE COURT OF APPEALS OF THE SAME DECISION OF THE OFFICE OF THE PRESIDENT DATED 8 FEBRUARY 1994 HAD BEEN DISMISSED BY THE COURT OF APPEALS IN ITS RESOLUTION DATED NOVEMBER 17, 1994 DUE TO NON-COMPLIANCE WITH PROCEDURAL RULES.

III

THE HONORABLE COURT OF APPEALS COMMITTED A SERIOUS REVERSIBLE ERROR AND A GRAVE MISAPPREHENSION OF THE FACTS AND MISAPPRECIATION OF THE EVIDENCE WHEN IT RULED THAT PETITIONER IS A SUBLESSEE OF RESPONDENT AND THAT PETITIONER WAS REMISS IN THE PAYMENT OF HIS RENTALS OVER THE PREMISES.[27]

The Petition is without merit.

We shall address the first ground raised by petitioner with regard to the alleged reliance of the Court of Appeals on the Decision of the Tenth Division of the same court, dated 28 March 2005 in CA-G.R. SP No. 79157, entitled, Rodil Enterprises, Inc. v. The Office of the President and Ides O'Racca Building Tenants Association, Inc.[28]

Contrary to petitioner's contention, we do not find that the Court of Appeals was in error when it took notice of the ruling in CA-G.R. SP No. 79157 in resolving petitioner's Motion for Reconsideration. As respondent Rodil Enterprises asseverated, for the appellate court to ignore a decision rendered by a division thereof would be to turn a blind eye on a valid judgment rendered by the same appellate body. Neither can we give merit to petitioner's submission that the reliance by the Court of Appeals on its Decision in CA-G.R. SP No. 79517 is premature and misplaced. More significantly, the contention of the petitioner that the Decision in CA-G.R. SP No. 79517 has not attained finality has become mute when viewed within recent factual developments. The ruling in CA-G.R. SP No. 79517 has long reached finality. This Court in a Resolution[29] dated 25 January 2006 denied the Petition for Review on Certiorari filed by the Ides O'Racca Building Tenants Association, Inc. thereon. On 20 March 2006, this Court denied with finality the Motion for Reconsideration of the 25 January 2006 Resolution for lack of compelling reason or substantial argument.[30]

Moreover, on 12 April 2004, the appellate court issued a Resolution,[31] granting petitioner a hearing on its Motion for Reconsideration as the grounds cited therein needed further clarification. This belies petitioner's claim that the resolution on the Motion for Reconsideration was based solely on the ruling of the Court of Appeals in CA-G.R. SP No. 79517.

We come to the second ground raised by the petitioner. Petitioner argues that Rodil Enterprises is guilty of forum shopping when it filed the Petition for Certiorari with the Court of Appeals, docketed as CA-G.R. SP No. 79157,[32] after it filed an Appeal with the appellate court in CA-G.R. SP No. 34586.[33] Forum shopping is the act of a party against whom an adverse judgment has been rendered in one forum, seeking another and possibly favorable opinion in another forum other than by appeal or special civil action of certiorari.[34]

The question of forum shopping is not even material to the instant petition.

It must be emphasized that neither CA-G.R. SP No. 79157 nor CA-G.R. SP No. 34586 is before this Court for consideration. These cases are separate and distinct from CA-G.R. SP No. 67201 now before us.

What are assailed in the instant Petition are the Decision of the Court of Appeals, dated 21 October 2002 and the Resolution, dated 12 May 2005 in CA G.R. SP No. 67201, which reversed the ruling of the RTC, and affirmed the MeTC, ordering Luciano Tan to vacate the premises and peacefully deliver possession to Rodil Enterprises. The matter in controversy is the refusal of Luciano Tan to pay the monthly rentals over Botica Divisoria under the contract of sublease between the parties.

On the other hand, CA-G.R. SP No. 79157 was a Petition for Review on Certiorari seeking to nullify the Order of Execution of the Office of the President of its 8 February 1994 Decision in OP Case No. 4968 finding the Renewal of Contract of Lease, and the Supplemental Contract of no force and effect. CA-G.R. SP No. 34586 was an appeal on the Decision in O.P. Case No. 4968, which was the basis of the Order of Execution. If there has indeed been forum shopping when CA-G.R. SP No. 79517 was instituted during the pendency of CA-G.R. SP No. 34586, such question should have been raised by petitioner, at first instance, before the Court of Appeals in CA-G.R. SP No. 79517. It should be noted that the petition in CA-G.R. SP No. 79517 was already given due course by the Court of Appeals and its ruling therein has long attained finality when, on appeal to this Court, docketed as G.R. No. 169892, we denied the said appeal with finality in our Resolutions dated 25 January 2000 and dated 20 March 2006. Whatever matters concerning the said case is now beyond the jurisdiction of this Court to resolve.

We proceed to the final ground raised by the petitioner for the allowance of the instant Petition. Petitioner assails the factual findings of the Court of Appeals when it ruled that there was a judicial admission as to petitioner's liability under a contract of sublease between him and Rodil Enterprises.

To resolve this issue, a reading of the significant orders of the MeTC and the pleadings filed by petitioner is warranted.

The MeTC issued an Order, dated 27 June 2000 of the following import, to wit:

On second call, the parties and counsel agreed in principle in open court to the following terms to put an end to this civil case for ejectment between them:

- 1.) that the defendant [Luciano Tan] will pay P440,000.00 representing rentals from September, 1997 up to the present, which is the outstanding obligation of the defendant as of June, 2000 on or before June 30, 2000; and
- 2.) the defendant [Luciano Tan] will pay the monthly rentals computed at P13,750.00 on or before the 5th day of each month after June 30, 2000.[35]

On 14 August 2000, petitioner filed a Motion to Allow Defendant to Deposit Rentals with the MeTC, praying that he be allowed to deposit the rentals due as of August 2000, in the amount of P467,500.00, and the subsequent monthly rentals as it falls due.

Petitioner posits that the aforesaid admission, made in open court, and then, reiterated in his Motion to Allow Defendant to Deposit Rentals, cannot be taken as an admission of his liability, citing Section 27, Rule 130 of the Rules of Court,[36]which states, inter alia, that an offer of compromise in a civil case is not a tacit admission of liability.

The general rule is an offer of compromise in a civil case is not an admission of liability. It is not admissible in evidence against the offeror.

The rule, however, is not iron-clad. This much was elucidated by this Court in *Trans-Pacific Industrial Supplies*,

Inc. v. Court of Appeals,[37] to wit:

To determine the admissibility or non-admissibility of an offer to compromise, the circumstances of the case and the intent of the party making the offer should be considered. Thus, if a party denies the existence of a debt but offers to pay the same for the purpose of buying peace and avoiding litigation, the offer of settlement is inadmissible. If in the course thereof, the party making the offer admits the existence of an indebtedness combined with a proposal to settle the claim amicably, then, the admission is admissible to prove such indebtedness (Moran, Comments on the Rules of Court, Vol. 5, p. 233 [1980 ed.]); Francisco, Rules of Court, Vol. VII, p. 325 [1973 ed.] citing *McNiel v. Holbrook*, 12 Pac. (US) 84, 9 L. ed., 1009). Indeed, an offer of settlement is an effective admission of a borrower's loan balance (*L.M. Handicraft Manufacturing Corp. v. Court of Appeals*, 186 SCRA 640 [1990]. x x x.[38]

Similarly, in the case of *Varadero de Manila v. Insular Lumber Co.*[39] the Court applied the exception to the general rule. In *Varadero* there was neither an expressed nor implied denial of liability, but during the course of the abortive negotiations therein, the defendant expressed a willingness to pay the plaintiff. Finding that there was no denial of liability, and considering that the only question discussed was the amount to be paid, the Court did not apply the rule of exclusion of compromise negotiations.

In the case at bar, the MeTC and the Court of Appeals properly appreciated petitioner's admission as an exception to the general rule of inadmissibility. The MeTC found that petitioner did not contest the existence of the sublease, and his counsel made frank representations anent the former's liability in the form of rentals. This expressed admission was coupled with a proposal to liquidate. The Motion to Allow Defendant to Deposit Rentals was deemed by the MeTC as an explicit acknowledgment of petitioner's liability on the subleased premises. The Court of Appeals agreed with the MeTC. Indeed, the existence of the Contract of Lease, dated 18 October 1999 was not denied by petitioner. The contracts that were assailed by petitioner are the contracts dated 18 and 25 May 1992, the validity of which has been upheld by this Court in the consolidated cases of G.R. No. 129609 and G.R. No. 135537.

Finally, we find a categorical admission on the part of petitioner, not only as to his liability, but also, as to the amount of indebtedness in the form of rentals due. The Order of the MeTC dated 27 June 2000 was clear that the petitioner agreed in open court to pay the amount of P440,000.00, representing petitioner's unpaid rentals from September 1997 to June 2000; and that petitioner will pay the monthly rentals computed at P13,750.00 on or before the 5th day of each month after 30 June 2000. The petitioner's judicial admission in open court, as found by the MeTC, and affirmed by the Court of Appeals finds particular significance when viewed together with his Motion to Allow Defendant to Deposit Rentals, wherein petitioner stated that the rentals due on the premises in question from September 1997 up to the present amounted to P467,500.00, as of the date of filing the Motion. Petitioner cannot now be allowed to reject the same. An admission made in the pleading cannot be controverted by the party making such admission and are conclusive as to him, and that all proofs submitted by him contrary thereto or inconsistent therewith should be ignored whether objection is interposed by a party or not.[40] A judicial admission is an admission made by a party in the course of the proceedings in the same case, for purposes of the truth of some alleged fact, which said party cannot thereafter disprove.[41]

WHEREFORE, the Petition is DENIED. The Decision dated 21 October 2002 and the Resolution dated 12 May 2005 in CA-G.R. SP No. 67201, affirming and reinstating the 6 October 2000 Decision of the MeTC in Civil Case No. 166584 are AFFIRMED. Costs against petitioners.

SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, and Callejo, Sr., JJ., concur.

* Retired as of 7 December 2006.

[1] Penned by Associate Justice Andres B. Reyes, Jr. with Associate Justices Ruben T. Reyes and Danilo B. Pine, concurring; rollo, pp. 43-51.

[2] Id. at 53-59.

[3] Penned by Judge Guillermo L. Loja, Sr.; records, pp. 300-301.

[4] Penned by Presiding Judge Eduardo B. Peralta, Jr.; id. at 216-219.

[5] Id. at 2-7.

[6] Per Bellosillo, J. with the concurrence of Mendoza, Quisumbing, Buena, and De Leon, Jr., JJ, concurring. G.R. No. 129609 and G.R. No. 135537; 422 PHIL 388 (2001).

[7] Rollo, pp. 173-188.

[8] Records at 121.

[9] Id. at 162-163.

[10] SEC. 19. Immediate execution of judgment; how to stay same. – If judgment is rendered against the defendant, execution shall issue immediately upon motion, unless an appeal has been perfected and the defendant to stay execution files a sufficient supersedeas bond, approved by the Municipal Trial Court and executed in favor of the plaintiff to pay the rents, damages, and costs accruing down to the time of the judgment appealed from, and unless, during the pendency of the appeal, he deposits with the appellate court the amount of rent due from time to time under the contract, if any, as determined by the judgment of the Municipal Trial Court. In the absence of a contract, he shall deposit with the Regional Trial Court the reasonable value of the use and occupation of the premises for the preceding month or period at the rate determined by the judgment of the lower court on or before the tenth day of each succeeding month or period. The supersedeas bond shall be transmitted by the Municipal Trial Court, with the other papers, to the clerk of the Regional Trial Court to which the action is appealed.

All amounts so paid to the appellate court shall be deposited with said court or authorized government depository bank, and shall be held there until the final disposition of the appeal, unless the court, by agreement of the interested parties, or in the absence of reasonable grounds of opposition to a motion to withdraw, or for justifiable reasons, shall decree otherwise. Should the defendant fail to make the payments above prescribed from time to time during the pendency of the appeal, the appellate court, upon motion of the plaintiff, and upon proof of such failure, shall order the execution of the judgment appealed from with respect to the restoration of possession, but such execution shall not be a bar to the appeal taking its course until the final disposition thereof on the merits.

After the case is decided by the Regional Trial Court, any money paid to the court by the defendant for purposes of the stay of execution shall be disposed of in accordance with the provisions of the judgment of the Regional Trial Court. In any case wherein it appears that the defendant has been deprived of the lawful possession of land or building pending the appeal by virtue of the execution of the judgment of the Municipal Trial Court, damages for such deprivation of possession and restoration of possession may be allowed the defendant in the judgment of the Regional Trial Court disposing of the appeal.

[11] Id. at 127.

[12] Id. at 217.

[13] Id.

[14] Id.

[15] Id.

[16] Id. at 219.

[17] Id. at 248-252.

[18] The MeTC, in denying Rodil Enterprises' Motion held that Section 1, Rule 39 of the 1997 Rules of Civil Procedure explicitly applies to a situation where no appeal was duly perfected, which situation was not attendant in the case at bar; id. at 278-279.

[19] SECTION 27. – Offer of compromise not admissible. – In civil cases, an offer of compromise is not an admission of any liability, and is not admissible in evidence against the offeror.

In criminal cases, except those involving quasi-offenses (criminal negligence) or those allowed by law to be compromised, an offer of compromise by the accused may be received in evidence as an implied admission of guilt.

A plea of guilty later withdrawn, or an unaccepted offer of a plea of guilty to a lesser offense, is not admissible in evidence against the accused who made the plea or offer.

An offer to pay or the payment of medical, hospital or other expenses occasioned by an injury is not admissible in evidence as proof of civil or criminal liability for the injury.

[20] Id. at 301.

[21] Id.

[22] On the matter of the subsisting Contract dated 18 October 1999, the Court of Appeals, held:

...

The evidence on record shows that there is a valid and subsisting Contract of Lease executed on 18 October 1999 between petitioner and the Republic through then Secretary Antonio H. Cerilles of the DENR, which lease is for a period of fifteen (15) years from 01 September 1997 to 31 August 2012 (Rollo, Annex "3" of petition). This contract was executed after study and recommendation by the DENR in view of a Resolution dated 21 May 1999 issued by the Office of the President which: 1) held in abeyance its decision dated 08 February 1994, which decision, among others, declared the renewal of contract of lease and its supplement of no force and effect and directed the DENR to award the lease contract in favor of the Ides O'Racca Building Tenants Association (ASSOCIATION) of which respondent herein is a member; and 2) ordered the remand of the decision of the Office of the President awarding the lease contract to the ASSOCIATION for further study and recommendation by the DENR (Rollo, Annex "A" of Annex "6" of petition).; CA rollo, pp. 253-254.

[23] Supra note 6.

[24] CA rollo, p. 255-256.

[25] Id. at 256.

[26] Rollo, pp. 53-59.

[27] Id. at 24-25.

[28] Penned by Associate Justice Santiago Javier Ranada, with the concurrence of Associate Justice Marina L. Buzon and Associate Justice Mario L. Guariña III; id. at 194-206.

[29] Rollo, p. 305.

[30] Id. at 305.

[31] CA rollo, p. 297.

[32] Entitled Rodil Enterprises, Inc. v. The Office of the President and Ides O'Racca Building Tenants Association, Inc.. This Petition for Review on Certiorari filed with the Court of Appeals is directed against the Order of Execution by the Office of the President of its 8 February 1994 Decision in OP Case No. 4968, which declared the 18 May 1992 and the 25 May 1992 contracts of no force and effect.

[33] Entitled Rodil Enterprises Company, Inc. v. Spouses Saturnino B. Alvarez and Epifania Binay Alvarez. This Petition for Review was directed on the 8 February 1994 Decision of the Office of the President in OP Case No. 4968

[34] Heirs of Trinidad de Leon Vda. De Roxas v. Court of Appeals, G.R. No. 138660, 5 February 2004, 422 SCRA 101.

[35] Records, p. 121.

[36] SECTION 27. – Offer of compromise not admissible. – In civil cases, an offer of compromise is not an admission of any liability, and is not admissible in evidence against the offeror.

In criminal cases, except those involving quasi-offenses (criminal negligence) or those allowed by law to be compromised, an offer of compromise by the accused may be received in evidence as an implied admission of guilt.

A plea of guilty later withdrawn, or an unaccepted offer of a plea of guilty to a lesser offense, is not admissible in evidence against the accused who made the plea or offer.

An offer to pay or the payment of medical, hospital or other expenses occasioned by an injury is not admissible in evidence as proof of civil or criminal liability for the injury. (*Italics supplied.*)

[37] G.R. No. 109172, 19 August 1994, 235 SCRA 494, 504.

[38] Id. at 504.

[39] G.R. No. 21911, 46 Phil. 176 (1924).

[40] Id. at 150.

[41] Republic v. Sarabia, G.R. No. 157847, 25 August 2005, 468 SCRA 142.

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