PILIPINAS SHELL PETROLEUM CORPORATION, PETITIONER, VS. SERGIO LICUP, RESPONDENT.

G.R. No. 168834. June 08, 2007

Ponente: NACHURA, J.

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NACHURA, J.:

This Petition for Review on Certiorari seeks to reverse and set aside the Decision[1] dated November 18, 2004, as well as the Resolution[2] dated July 11, 2005, of the Court of Appeals (CA) in CA-G.R. CV No. 69954. The assailed decision affirmed the Decision[3] of the Regional Trial Court (RTC), Branch 61, City of Makati, in Civil Case No. 95-413.

The CA ruled that the act of petitioner Pilipinas Shell Petroleum Corporation in notifying respondent Sergio Licup of its intention to terminate the Sublease and the Dealership Agreement (SLDA) without

stating the cause therefor is violative of the express terms of said agreement. The court, thus, affirmed the award made by the trial court of actual, moral and exemplary damages, as well as attorney's fees, in favor of the respondent.

After the petitioner filed its Reply[4] to the Comment[5] of the respondent, a Joint Motion to Render Judgment Based on Compromise Agreement[6] was filed with this Court by both parties. The Compromise Agreement[7] reads:

> COMPROMISE AGREEMENT
>
> KNOW ALL MEN BY THESE PRESENTS:
>
> WHEREAS, respondent SERGIO LICUP ("Respondent Licup"), of legal age, married, Filipino, and with residence at Candelaria, Quezon, filed a Complaint for Specific Performance Plus Damages with Prayer for TRO and Preliminary Injunction dated 21 April 1993 against petitioner PILIPINAS SHELL PETROLEUM CORPORATION ("petitioner Shell"). This complaint, entitled "Sergio Licup vs. Pilipinas Shell Petroleum Corporation," was docketed as Civil Case 95-413 and was raffled to the Regional Trial Court of Makati City Branch 61 ("the RTC");
> WHEREAS, in a Decision dated 11 December 2000, the RTC ruled in favor of respondent Licup, to wit:
>
> WHEREFORE, premises above-considered, and plaintiff's claim having been duly proven by evidence, judgment is hereby rendered in favor of plaintiff and as against defendant, who is hereby rendered to:
>
> (1) Pay the plaintiff the amount of P50,000.00 per month as and by way of actual damages in loss earnings from March 1993 up to the finality hereof, which shall be deemed to include the expenses incurred;
>
> (2) Pay the amount of P500,000.00 as moral damages;
>
> (3) Pay the amount of P500,000.00 as exemplary damages;
>
> (4) Pay attorney's fees as – the amount of P10,000.00 as acceptance fee; the amount of P100,000.00 as

professional fee and the amount of P1,500.00 per court appearance; and

(5) Pay the cost of suit.

The Sublease and the Dealership Agreement (SLDA) and the Lease Agreement are hereby declared terminated effective at finality hereof.

The parties are enjoined to observe each other's right at termination provided in the Lease Agreement and SLDA.

SO ORDERED.

WHEREAS, aggrieved by the RTC's decision, petitioner Shell filed a timely appeal to the Court of Appeals (CA) which was docketed as CA-G.R. CV No. 69954. This appeal was dismissed by the CA on 18 November 2004. Petitioner Shell filed a Motion for Reconsideration which was also denied on 11 July 2005;

WHEREAS, aggrieved by the CA's decision, petitioner Shell filed a Petition for Review on Certiorari before this Honorable Court. The petition is currently pending;

WHEREAS, to maintain goodwill, promote better understanding, and avoid a protracted, tedious and expensive litigation, petitioner Shell and respondent Licup (collectively referred to as "the parties") have agreed to completely settle and waive any and all of their respective claims, counterclaims and charges against each other;

NOW, THEREFORE, for and in consideration of the foregoing premises, and the receipt, release and quitclaim hereinafter set forth, the parties hereby agree as follows:

- Respondent Licup, his heirs, assigns, successors-in-interest, agents, and representatives confirm and acknowledge the receipt from petitioner Shell, of the gross sum of Seven Million Five Hundred Thousand Pesos (Php7,500,000.00), Philippine Currency, as evidenced by Managers' Check No. 24405 dated 14 August 2006, and payable to the order of respondent Licup, which represents the full, complete, absolute and final amicable settlement of any and all claims the respondent Licup may have against petitioner Shell, its directors, officers, employees, agents, successors-in-interest, affiliates, and/or clients, in connection with or by reason of respondent Licup's contracts and transactions with petitioner

Shell, as pleaded in the Complaint in Civil Case No. 95-413, Regional Trial Court of Makati City, Branch 61.

- All signage, pumps and other materials bearing Shell trademarks and tradenames, shall be recalled and/or removed by petitioner Shell, with at least three (3) days prior written notice to Licup, separate herefrom, at Shell's exclusive expense within thirty (30) days from the payment herein indicated.

2.1. Respondent Licup shall effect, at his own expense and for his exclusive account, repainting of the canopy over the fuel pumps and main service area, to remove the red and yellow color scheme that is associated with petitioner Shell.

2.2. Respondent Licup warrants and represents that he will not in any way use the Shell trade name and trademark in his commercial dealings or act in any manner to give the public the impression that his station is an authorized distributor or retailer of Shell products. Upon such removal/recall, Licup shall also desist from using invoices, receipts and other similar documents bearing Shell's logo name or mark.

2.3. Any removal or recall effected by Shell pursuant hereto on the station subject of the RTC case shall be accomplished in a manner that will minimize any disruptions to the operations or business conducted at the said station, but the parties foresee that the station's closure of three (3) days shall be required to effect any necessary removal/recall; provided however, that (i) Shell shall not be liable for any disruption caused by any delay by

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Licup in the procurement or installation of any replacement (e.g,. pumps, signage) of the equipment removed and recalled by Shell; and (ii) if no circumstances or events beyond its control occur, Shell shall complete the removal and recall within ten (10) working days from commencement thereof. The occurrence of a fortuitous event which prevents such completion shall extend the period of completion for the duration of the said event.

- Petitioner Shell agrees to waive any and all claim of possession and ownership over the underground fuel storage tanks located within the property of respondent Licup, the improvements on the station, and all other equipment, or materials not mentioned in par. 2 above. Respondent Licup warrants and represents that he will be responsible for any and all damages, claims, actions, or suits that may have arisen, or that may in the future arise, from the use thereof.

- In consideration of the foregoing premises, respondent Licup, absolutely and irrevocably releases and discharges petitioner Shell, its subsidiaries and affiliates, departments, directors, stockholders, officers, employees, clients, customers, and agents, from any and all manner of claims, actions, causes of action, sums of money, accounts, damages, claims or demands whatsoever which respondent Licup ever had, now has, or which, he, his heirs, successors-in-interest or agents, hereafter can, shall or may have by reason of, or arising out of or on account of, or in connection with his contracts and transactions with petitioner Shell, as well as from the cause or causes of action alleged in his Complaint in Civil

Case No. 95-413. He binds himself, absolutely and irrevocably, to withdraw and not to pursue any claim, cause or causes or right of action, against petitioner Shell, arising thereunder or in connection therewith, and further declares such claim, demand, cause or causes of action, to be wholly and forever satisfied and extinguished. For its part, Shell hereby waives, condones or otherwise releases Licup from any and all claims pleaded in the Answer or other pleading filed on Shell's behalf in Civil Case No. 95-413.

- The parties also agree that this settlement includes the satisfaction of all awards contained in the dispositive portion of the 11 December 2000 decision of the RTC in Civil Case No. 95-413, as affirmed by the Court of Appeals in CA-G.R. CV No. 69954. Respondent Licup expressly agrees and commits that, by virtue of the settlement amount herein provided and the other terms of the Agreement, the RTC's 11 December 2000 decision is now hereby fully and finally satisfied and extinguished.

- The parties give their full consent to the forfeiture of any and all awards which may be granted in their favor in relation to the instant case.

- Petitioner Shell will immediately file the necessary pleading in the Supreme Court to effect the withdrawal of the petition it has filed therewith.

- The parties agree to keep the terms and conditions of this Compromise Agreement confidential, and not to communicate its details to members of the press or to parties or entities in the petroleum industry, except when such publicity becomes necessary to enforce the terms and conditions of this Agreement.

- The parties make these commitments with the full understanding that the aforementioned consideration by way of amicable settlement is in no way an admission of fault or liability on the part of petitioner Shell, and/or its directors, officers, employees, successors-in-interest, affiliates, and/or clients, for any wrongful acts. Petitioner Shell acceded to this settlement for the sole purpose of buying peace, establishing goodwill, and limiting legal expenses and costs.

- Finally, the parties hereby certify that they have voluntarily and knowingly executed this Compromise Agreement with a full understanding of its terms and conditions and concomitant legal consequences and implications.

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IN WITNESS WHEREOF, we have hereunto set our hands at Makati City, Philippines, on this 15[th] day of August 2006.

(Sgd.)

PILIPINAS SHELL PETROLEUM
CORPORATION
Petitioner SERGIO S. LICUP
Respondent

Assisted by: Assisted by:

(Sgd.)

SIGUION REYNA, MONTECILLO
& ONGSIAKO
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(Sgd)

MICHAEL FELIPE A. MERCADO
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PTR NO. 668627; 1-14-2006; Makati

Roll No. 46071; 5-25-01

All given, we find the Compromise Agreement not to be contrary to law, morals, good customs, public order and public policy, and, therefore, the same is accepted.

WHEREFORE, the Compromise Agreement referred to above is hereby APPROVED. Judgment is rendered in accordance therewith. No costs.

SO ORDERED.

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

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[1] Penned by Associate Justice Vicente S.E. Veloso, with Associate Justices Roberto A. Barrios (deceased) and Amelita G. Tolentino, concurring; rollo, pp. 53-67.

[2] Rollo, p. 69.

[3] Penned by Judge Fernando V. Gorospe, Jr.; rollo, pp. 70-74.

[4] Rollo, pp. 529-560.

[5] Id. at 506-522.

[6] Id. at 568-573.

[7] The Compromise Agreement was signed by the respondent himself, on the one hand, and the counsel of the petitioner, on the other. The authority of petitioner's counsel to enter into a compromise agreement is embodied in the Special Power of Attorney signed by the petitioner's chairman and president. (Rollo, pp. 49-50).

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