

ENRIQUE MIGUEL L. LACSON, PETITIONER, VS. MJ LACSON DEVELOPMENT COMPANY, INC., RESPONDENT.

G.R. No. 168840. December 08, 2010

Ponente: DEL CASTILLO, J.

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DEL CASTILLO, J.:

After a futile attempt to have the amicable settlement he entered into with respondent partially modified, petitioner now comes before us for relief.

This Petition for Review on Certiorari assails the Decision[1] dated February 18, 2005 of the Court of Appeals (CA) in CA-G.R. SP No. 79859 which denied the petition for certiorari before it, as well as the Resolution[2] dated May 27, 2005 which likewise denied the motion for reconsideration thereto.

Factual Antecedents

Respondent MJ Lacson Development Company, Inc. is a corporation engaged in the business of sugar production. It owns and operates Hacienda San Benito in Moises Padilla, Negros Occidental. On January 20, 2003, it filed before the Regional Trial Court (RTC) of Negros Occidental in Bacolod City a Complaint for Injunction with Preliminary Mandatory Injunction, Accounting and Damages[3] against petitioner Enrique Miguel Lacson.

Respondent alleged that petitioner, as its former president who managed Hacienda San Benito, milled the sugar cane produce of the hacienda under his own name and against the instruction of the Board of Directors. Thus, in a board meeting held on October 24, 2002, petitioner was no longer reelected as President. His brother, Miguel Antonio L. Lacson, was elected to take his place. This notwithstanding, petitioner refused to relinquish his post to the newly elected president. He continued to manage the hacienda, harvest and mill the sugar canes under his own name, and refused to turn over the proceeds of the sale thereof. Respondent further alleged that as of December 29, 2002, the amount of checks, the delivery of which to respondent was withheld by petitioner, already reached P5,565,643.58, excluding an undetermined amount of sugar and molasses proceeds and other incentives obtained from sugar canes milled thru Association de Agriculture de La Carlota y Pontevedra, Inc. (ALPI) and the Binalbagan-Isabela Planters Association (BPA). Moreover, petitioner caused the preparation and planting of the sugar fields for Sugar Crop Year 2003-2004 despite the decision of the Board of Directors that it will no longer continue the cultivation of Hacienda San Benito in the absence of additional investors for said sugar crop year. Hence, respondent filed the abovementioned complaint which it later amended to include a prayer for the issuance of a temporary restraining order to enjoin petitioner from performing the duties and responsibilities as president of respondent corporation, from managing Hacienda San Benito and from harvesting and milling the sugar cane produce thereof.[4] The case was raffled to RTC Bacolod City, Branch 53 and docketed as Commercial Court Case No. 03-041.

In an Order[5] dated January 27, 2003, the RTC issued a 20-day temporary restraining order (TRO) reckoned from petitioner's receipt thereof ordering him to cease and desist from: (1) exercising the duties and responsibilities as president of respondent corporation; (2) continuing with the active management of Hacienda

San Benito; (3) harvesting the standing crops of said hacienda and from milling sugar cane already harvested with any cooperative sugar central or milling company; and (4) from withdrawing the monetary proceeds of the sugar production from any cooperative or sugar central, or from any banking or financial institution where the money is deposited.

However, the parties were thereafter able to arrive at an Amicable Settlement,[6] the pertinent portions of which read as follows:

AMICABLE SETTLEMENT

x x x x

- Defendant Enrique Miguel Lacson agrees to immediately execute a Promissory Note in favor of plaintiff corporation in the amount of P7,531,244.84 representing cash advances to defendant by plaintiff-corporation for expenses incurred for sugar crop year 2003-2004;

- That the Promissory Note shall be secured by a pledge to be immediately executed by defendant over his Two Thousand Fifty (2,050) shares of stock in MJ Lacson Development Company, Incorporated;

- Defendant shall pay the amount subject matter of the Promissory Note in seven (7) equal month(ly) installments, the first installment to be due on October 30, 2003 and the final or last installment on April 30, 2004, with interest at the rate of twelve (12%) percent per annum to be computed starting on the date of the Promissory Note;

- The proceeds or profits of the corporation in Hacienda San Benito farm for sugar crop year 2002-2003 shall be determined and reported by plaintiff not later than May 31, 2003. Thereafter the defendant shall be paid x x x his crop bonus which is five (5%) percent of the net profits corresponding to sugar crop years 2001-2002 and 2002-2003;

- The plaintiff shall conduct an inventory within one (1) week from approval of this amicable settlement of all existing farm x x x equipment. The said farm equipment and implements will be leased by the plaintiff corporation to the defendant for sugar crop year 2003-2004 at a fixed rental of P300,000.00. The defendant shall have the right to inspect and note the condition of the equipment or implements in the presence of the representative of the plaintiff corporation and at the expiration of the lease which is the end of sugar crop year 2003-2004, defendant shall return the equipment or implements leased [in] the same condition as defendant received the same without need of further demand. If the plaintiff corporation decides to sell the equipment or implements leased, the defendant has the first option to buy at such price to be agreed upon by both plaintiff and defendant;

- The remaining property belonging to plaintiff corporation consisting of a five (5) hectare portion representing retention area and an additional six (6) hectares belonging to the plaintiff corporation not covered by land reform program, shall likewise be leased to the defendant for one (1) year at the rate of twelve (12) piculs per hectare for sugar crop year 2003-2004. Parties may agree to extend the lease subject to the terms and condition they may agree upon;

The residential house, office and garage of plaintiff corporation at Hacienda San Benito farm shall be repaired and maintained by defendant at his expense and with the right to use free of charge for one year ending April 30, 2004. Any extension shall be subject to terms and conditions parties may mutually agree [upon];

- All sugar and molasses proceeds and incentives for sugar crop year 2002-2003 except those intended for the sugar farm workers such as Social Amelioration benefits shall belong to plaintiff. The plaintiff corporation thru its President Miguel Antonio Lacson is authorized to take delivery and dispose of the remaining unsold quedans still in possession of various sugar centrals and/or cooperatives. The defendant shall endorse the quedans and the proceeds thereof [shall] be deposited in the corporate account of MJ Lacson Development Co.,

Inc.;

- The remaining balance under Current Account No. 13100544-0 with Equitable PCIBank, Mandalagan Branch, Bacolod City shall be transferred immediately to the corporate account of MJ Lacson Development Co., Inc.;
- All standing canes, expenses, sugar and molasses proceeds and incentives for sugar crop year 2003-2004 shall belong to the defendant. Defendant is solely responsible for salaries and benefits of laborers for sugar crop year 2003-2004;
- Plaintiff corporation shall not exercise its right to lease back Hacienda San Benito from its farmer-beneficiaries.

They submitted the above-quoted Amicable Settlement on April 15, 2003 for the trial court's approval and same was eventually approved through a Judgment by Compromise[7] dated April 23, 2003.

Just less than a month after said approval, however, petitioner filed on May 13, 2003 a Motion for Partial Modification of the Judgment by Compromise.[8] In said motion, petitioner alleged that prior to the submission of the Amicable Settlement for approval, the Department of Agrarian Reform (DAR) installed a group of farmer-beneficiaries who were not workers or laborers of Hacienda San Benito. Said group allegedly cut the standing crops in the hacienda and such act, petitioner claimed, could not be stopped by him because at that time, he has no power to do so because of the TRO issued by the court. Because of this, petitioner believed that there was a need to partially modify the conditions of the Amicable Settlement by proportionately reducing the amount covered by the promissory note which he would execute in favor of respondent pursuant to paragraph 1 of the above-quoted Amicable Settlement.

On May 14, 2003, respondent filed its Opposition[9] to said motion and at the same time a Motion for Execution (of Judgment By Compromise).[10] In said Opposition, respondent emphasized that the subject amicable settlement was freely and voluntarily entered into by the parties with the assistance of their respective counsels and that the Judgment by Compromise is final and immediately executory. And, as an amicable settlement once approved by the court has the force of *res judicata* between the parties and should not be disturbed except for vices of consent or forgery, respondent posited that petitioner's motion for partial modification should be denied considering that the amicable settlement they entered into does not suffer from any vices of consent or forgery. Moreover, respondent claimed in its motion for execution that petitioner did not comply with the Judgment by Compromise and hence, it prayed for the issuance of a writ of execution which it claimed to be entitled to as a matter of right.

In an Order[11] dated June 30, 2003, the trial court granted respondent's Motion for Execution, in effect denying petitioner's Motion for Partial Modification of the Judgment by Compromise. Petitioner filed a Motion for Reconsideration[12] thereto but same was denied in an Order[13] dated August 20, 2003. Thus, petitioner went to the CA by way of petition for certiorari.

Ruling of the Court of Appeals

Before the CA, petitioner averred that the trial court failed to rule on his motion, made in open court, to be allowed to present evidence in support of his motion for partial modification. He claimed that had said court allowed him to do so, he could have shown that the DAR's installation of the farmer-beneficiaries was with the knowledge and consent of respondent because, as owner of the hacienda, it must have been served with a prior Notice of Installation. However, petitioner claimed that this fact was not made known or revealed to him by respondent; otherwise, he would not have entered into the amicable settlement. Moreover, petitioner alleged that

respondent did not even lift a finger to prevent said installation. These, according to petitioner, are vices of consent or fraudulent acts which justify the partial modification of the Judgment by Compromise. Hence, petitioner posited that the trial court committed grave abuse of discretion amounting to lack or excess of jurisdiction in denying his Motion for Partial Modification of the Judgment by Compromise as well as his Motion for Reconsideration thereto.

On the other hand, respondent reiterated its stand that as the Judgment by Compromise is immediately executory, the trial court was correct in denying petitioner's motion for partial modification and in granting respondent's motion for execution. Respondent also countered petitioner's claim of lack of knowledge of the farm's coverage under the Comprehensive Agrarian Reform Program (CARP) by pointing out that when Hacienda San Benito was put under the coverage of the CARP in 1998, petitioner was still the President and Chairman of the Board of respondent corporation and was in fact the one managing and administering the farm. Respondent also negated petitioner's claim that he was powerless to prevent the cutting of the sugarcane because at the time said incident occurred on April 23, 2003 up to May 19, 2003, the TRO issued by the trial court enjoining petitioner from managing Hacienda San Benito had already expired on March 27, 2003 and the control and possession of the hacienda during said period was already in petitioner's hands pursuant to the Judgment by Compromise approved by the court on April 23, 2003.

In a Decision[14] dated February 18, 2005, the CA stressed the well-settled rule that the finality of a judgment based on a compromise agreement, would, as a matter of right, make the issuance of an order for the execution of said judgment a mere ministerial duty on the part of the court *a quo*. The CA did not give credence to petitioner's contention that respondent's non-disclosure of the impending installation of CARP farmer-beneficiaries and its subsequent inaction constituted vices of consent or fraudulent acts that would justify the partial modification of the judgment by compromise, taking into consideration the following: (1) petitioner was the President and Chairman of the hacienda from 1994 until 2002 and during said period, it is improbable that he did not know that portions of the same had been covered by the land reform program, especially so when Certificate of Land Ownership Awards (CLOAs) were already distributed to farmer-beneficiaries as early as September 12, 1999 and the latter were installed in the landholdings on March 27, 2003 or almost a month prior to the court's approval of the Amicable Settlement; and (2) said Amicable Settlement even mentions the coverage of certain areas of the hacienda under the land reform program. Hence, the CA concluded that there was no grave abuse of discretion amounting to lack or want of jurisdiction on the part of the trial court when it issued the orders complained of and consequently denied the petition for certiorari for lack of merit.

His Motion for Reconsideration[15] of said Decision having been likewise denied in a Resolution[16] dated May 27, 2005, petitioner now comes before this Court through this Petition for Review on Certiorari.

Issues

Petitioner advances the following grounds:

- THE PETITIONER WAS DENIED OF HIS RIGHT TO DUE PROCESS WHEN HE WAS DEPRIVED OF HIS RIGHT TO PRESENT EVIDENCE IN SUPPORT OF HIS MOTION FOR PARTIAL MODIFICATION OF THE JUDGMENT BY COMPROMISE.
- THE NON-DISCLOSURE BY RESPONDENT OF THE IMPENDING INSTALLATION OF THE CARP FARMER-BENEFICIARIES AND ITS SUBSEQUENT (INACTION) CONSTITUTED VICIES OF CONSENT OR FRAUDULENT ACTS.[17]

The Parties' Arguments

Petitioner claims that during the hearing of his Motion for Partial Modification of the Judgment by Compromise, he moved in open court that he be allowed to present evidence in support of said motion. Unfortunately, the trial court failed to rule on the same. Because of this, petitioner argues that he was denied due process and faults the CA for disregarding this issue although same was properly brought before it.

Petitioner likewise reiterates his assertion before the CA that respondent's failure to disclose to him the impending installation of the farmer-beneficiaries in the hacienda when they executed the Amicable Settlement, as well as its inaction after the farmer-beneficiaries were actually installed therein and started cutting the standing crops, constitute vices of consent or fraudulent acts which justify the partial modification of the judgment by compromise. He insists that had he known of said installation, he would not have signed the Amicable Settlement. This is for the simple reason that he would not anyway be able to pay the amount he is obliged to pay under the settlement since he cannot anymore utilize the hacienda if same is to be occupied by farmer-beneficiaries.

Respondent, for its part, counters petitioner's claim of denial of due process. It claims that when petitioner orally moved in open court to be allowed to present evidence in support of his Motion for Partial Modification of the Judgment by Compromise, the trial court required him to reduce the same into writing but petitioner never did so. Respondent thus advances that petitioner has no one to blame but himself for not being able to present evidence and cannot now be allowed to assert that he was denied due process.

Respondent also belies petitioner's allegations of vices of consent and fraudulent acts which call for the modification of the judgment by compromise by reiterating the factual findings of the CA that (1) it is improbable that petitioner has no knowledge of the impending installation of the farmer-beneficiaries considering that he was the President and Chairman of respondent corporation and was managing the hacienda from 1994 until 2002 and that as early as September 1999, CLOAs have already been distributed to farmer-beneficiaries; and (2) the amicable settlement itself mentions about some portions of the hacienda being covered by CARP. In any event, respondent contends that this issue is a question of fact which this Court cannot pass upon in this Petition for Review on Certiorari.

In addition, respondent posits that the implementation of the writ of execution issued by the trial court through the sale of petitioner's properties in a public auction where respondent emerged as the highest bidder and consequently issued a Certificate of Sale,[18] renders this case moot and academic.

Our Ruling

We shall first tackle the issue of mootness as raised by respondent.

Respondent contends that the execution of the judgment by compromise renders this present action moot and academic.

We hold otherwise.

"A moot and academic case is one that ceases to present a justiciable controversy by virtue of supervening events, so that a declaration thereon would be of no practical use or value." [19] In the case at bench, petitioner put forward for this Court's determination the issues of whether he was deprived due process when he failed to present evidence in support of his Motion for Partial Modification of the Judgment by Compromise and, whether vices of consent or fraudulent acts attended the execution of the Amicable Settlement. From these issues, it is not difficult to see that their favorable resolution would necessarily have the effect of permitting a modification of the Judgment by Compromise or at the very least, of allowing petitioner to present evidence in support of his motion for partial modification. And, if in the ultimate, the Judgment by Compromise is eventually modified, the prior execution of said judgment would likewise necessarily have to be set aside or adjusted in order to conform with

the modifications. Clearly therefore, the implementation of the writ of execution of the subject Judgment by Compromise does not make the present case moot and academic because despite the same, a favorable resolution of this case would still be of practical value.

Going now to the grounds relied upon by petitioner, we find the same devoid of merit.

We cannot subscribe to petitioner's claim that he was denied due process. "Denial of due process means the total lack of opportunity to be heard or to have one's day in court. There is no denial of due process where a party has been given an opportunity to be heard and to present his case." [20] Here, petitioner alleges that the trial court conducted a hearing on his Motion for Partial Modification of the Judgment by Compromise. Clearly, he was given the opportunity to be heard thereon. The failure of the lower court to rule on his oral motion to present evidence during said hearing is not denial of due process. The fact is that the trial court heard his motion for partial modification and his failure to present further evidence to support the same cannot be equated with lack of due process. Besides, respondent, in its Memorandum [21] advances a plausible explanation for the trial court's failure to rule on petitioner's oral motion to allow him to present evidence, that is, petitioner was ordered by the trial court to reduce into writing his oral motion but he did not do so. Petitioner did not dispute this allegation in his Memorandum despite his having the opportunity to do so, since as shown by the records, respondent served upon petitioner a copy of its memorandum way ahead of petitioner's filing before this Court of his own memorandum. [22]

As to the second issue, we agree with respondent that same involves a question of fact which this Court cannot pass upon in this Petition for Review on Certiorari. "A question of fact x x x exists when the doubt or difference arises as to the truth or falsehood of facts or when the query invites calibration of the whole evidence considering mainly the credibility of the witnesses, the existence and relevance of specific surrounding circumstances, as well as their relation to each other and to the whole, and the probability of the situation." [23] Here, the ultimate question to be answered in order to resolve the second issue raised is: Is

petitioner's consent to the execution of the amicable settlement vitiated? Certainly, this is a question of fact that entails re-evaluation of factual findings which cannot be brought before this Court via a petition for review on certiorari. In *Diokno v. Cacadac*, [24] we held that:

It is aphoristic that a re-examination of factual findings cannot be done through a petition for review on certiorari under Rule 45 of the Rules of Court because as earlier stated, this Court is not a trier of facts; it reviews only questions of law. The Supreme Court is not duty-bound to analyze and weigh again the evidence considered in the proceedings below. This is already outside the province of the instant Petition for Certiorari. (Citations omitted)

In view of the foregoing, we are constrained to deny the instant petition.

WHEREFORE, the Petition for Review on Certiorari is DENIED. The assailed Decision dated February 18, 2005 and Resolution dated May 27, 2005 of the Court of Appeals in CA-G.R. SP No. 79859 are AFFIRMED.

SO ORDERED.

Corona, C.J., (Chairperson), Leonardo-De Castro, Abad, [*] and Perez, JJ., concur.

[*] In lieu of Associate Justice Presbitero J. Velasco, Jr., per Special Order No. 917 dated November 24, 2010.

[1] CA rollo, pp. 147-153; penned by Associate Justice Pampio A. Abarintos and concurred in by Associate Justices Mercedes Gozo-Dadole and Ramon M. Bato, Jr.

- [2] Id. at 174.
- [3] Rollo, pp. 36-43.
- [4] CA rollo, pp. 27-34.
- [5] Id. at 37-38.
- [6] Rollo, pp. 56-58.
- [7] CA rollo, pp. 39-41; penned by Judge Pepito B. Gellada.
- [8] Id. at 21-23.
- [9] Id. at 42-43.
- [10] Id. at 44-46.
- [11] Id. at 18-19.
- [12] Id. at 24-26.
- [13] Id. at 20.
- [14] Id. at 147-153.
- [15] Id. at 158-169.
- [16] Id. at 174.
- [17] Rollo, pp. 16-17.
- [18] Id. at 112-114.
- [19] Integrated Bar of the Philippines v. Atienza, G.R. No. 175241, February 24, 2010.
- [20] J. D. Legaspi Construction v. National Labor Relations Commission, 439 Phil. 13, 20 (2002) citing Development Bank of the Philippines v. National Labor Relations Commission, G.R. Nos. 100264-81, January 29, 1993, 218 SCRA 183, 187.
- [21] Rollo, pp. 161- 189.
- [22] Record shows that petitioner was served with a copy of Memorandum for Respondent on October 30, 2006 (id. at 188) while he mailed to this Court a copy of his own Memorandum only on November 21, 2006 (id. at 214).
- [23] Segundo G. Dimaranan v. Heirs of Spouses Arayata, G.R. No. 184193, March 29, 2010.
- [24] G.R. No. 168475, July 4, 2007, 526 SCRA 440, 460-461.

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