

**CENTRAL CEMENT CORPORATION (now Union Cement Corporation),
Petitioner, vs. MINES ADJUDICATION BOARD and ROCK AND ORE
INDUSTRIES, INC., Respondents.**

G.R. No. 173562. January 22, 2008

Ponente: REYES, R.T., J.

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REYES, R.T., J.:

PROMPT disposition of cases is a prime duty not only of the courts but also of quasi-judicial bodies. But what should be done if a party requests deferment of disposition until the parties submit a joint motion to dismiss? What is the measure of a valid compromise agreement fit for execution?

We take up the twin questions in this petition to review on certiorari under Rule 45 the Decision[1] of the Court of Appeals (CA) affirming that of the Mines Adjudication Board (MAB),[2] which dismissed the appeal of petitioner Central Cement Corporation (CCC).

The Facts

Petitioner CCC and private respondent Rock and Ore Industries, Inc. (ROII) are domestic mining companies incorporated under Philippine law.[3]

In 1992, petitioner CCC filed Mineral Production Sharing Agreement (MPSA), MPSA-P-III-24 and MPSA-P-III-31, with the Department of Environment and Natural Resources (DENR) covering some 4,000 hectares at Barangay Akle, Narra and Alagao in San Ildefonso, Bulacan. Private respondent ROII filed its own MPSA-P-111-117 application over areas in Akle in 1995.[4]

The application of private respondent ROII was duly published and posted. Petitioner opposed and filed an adverse claim to the application of private respondent with the Panel of Arbitrators of the DENR claiming that private respondent's MPSA-P-III-117 was in conflict with its MPSA-P-III-24. A third company, Neutron Construction (NC), filed an intervention complaining that its own MPSA-P-III-26 also overlapped private respondent's MPSA application.[5]

On February 24, 2000, the Panel of Arbitrators rendered a decision dismissing the opposition of petitioner and the intervention of NC. The Panel of Arbitrators ruled, among others, that the adverse claim of petitioner was filed beyond the 30-day reglementary period as provided under DENR Administrative Order No. 96-40. It also upheld the MPSA application of private respondent.[6]

Petitioner appealed to the MAB. On January 4, 2001, the MAB affirmed[7] the decision of the Panel of Arbitrators. The MAB agreed with the ruling of the Panel of Arbitrators that the adverse claim of petitioner was filed beyond the reglementary period and that petitioner was estopped from challenging the application of private respondent.[8]

Petitioner moved for reconsideration[9] of the MAB's decision.

During the pendency of the motion for reconsideration, the President of private respondent, Manny Teng,[10] brought to the attention of MAB that two companies, Union Cement Corporation (UCC) and Eagle Cement Corporation (ECC), had executed a Memorandum of Understanding (MOU)[11] which amicably settled the differences between the parties. The MOU was signed by Francisco Viray, for UCC, and Ramon Ang, for ECC. The MOU essentially provided for reciprocal cession of claims and ownership of lands in the mining dispute before the MAB by swapping of mining claims and rights. Teng prayed for the resolution of the MAB appeal on the ground that both parties had already resolved the issue by virtue of the executed MOU.[12]

On June 10, 2002, the MAB[13] directed private respondent to comment on why it should act on the request of Teng for the resolution of the appeal, considering that the MOU was entered into between corporations not parties to the case.

Private respondent responded[14] to the MAB order stating that the claims which were the subject matter of the MOU between UCC and ECC were the very same claims covered by the case between it and petitioner and that private respondent had authorized ECC to execute the MOU on its behalf.

In a Manifestation and Comment[15] dated July 13, 2002, petitioner acknowledged that it had merged with UCC and that it was bound by the MOU. The pertinent portions of the manifestation and comment state:

Appellant does not deny the existence, genuineness, and due execution of the Memorandum of Understanding (MOU) between UNION CEMENT (UCC) AND EAGLE CEMENT CORPORATION (ECC); that it is a corporation which was subsequently merged into UNION CEMENT CORPORATION, the surviving corporation and that it is bound by the MOU; that it recognizes that Rock and Ore Industries, Inc., and ECC have identical controlling interests; and that both parties have agreed to settle this case, upon the swapping contemplated under the MOU.[16]

Petitioner, however, resisted the resolution of the appeal on the ground of prematurity. While admitting that it was bound by the MOU, it claims that the swapping of the claims that was at the heart of the MOU had yet to be consummated by the submission by private respondent of data that petitioner would compare with its own. Petitioner also reported that the parties agreed to prepare and submit a joint motion to dismiss to terminate the litigation. It prayed that the MAB hold in abeyance the dismissal of the appeal on the basis of the MOU until a joint motion of the parties is submitted.[17]

On August 2, 2002, the MAB[18] treated the comment filed by petitioner as an opposition and required the parties to iron out their differences and submit a joint motion for its consideration.

On August 12, 2002, Teng wrote a letter[19] to the MAB seeking an early resolution of the MAB case on the basis of the comment and manifestation submitted by the parties.

On August 29, 2002, the MAB handed down a dismissal resolution denominated as a decision,[20] with the following fallo:

WHEREFORE, the foregoing premises considered, the herein Motion for Reconsideration filed by the Appellant is hereby DISMISSED.

SO ORDERED.[21]

A reading of the MAB decision reveals that what was under consideration was the letter of Teng praying for the resolution of the case on the ground that the parties had already resolved the issue by virtue of the execution of the MOU. What was disposed by the MAB, however, was the motion for reconsideration filed by petitioner. At any rate, the MAB stated that after the parties failed to respond to its order for them to iron out their differences and file a joint motion, it had no other recourse but to resolve private respondent's plea to deny the motion for

reconsideration. The MAB stated:

Notwithstanding the two (2) Orders of the Chief of the MAB Secretariat, records show that the parties failed to answer the said Order, giving the MAB no other recourse but to resolve the Motion by Rock and Ore to dismiss the pending Motion for Reconsideration of Central Cement Corporation.

A thorough examination of the MOU shows that the same is duly executed between the parties. Such genuineness and due execution was expressly recognized and admitted by the Counsel of Central Cement in his Manifestation/Comment dated July 13, 2002. The relationship of the parties to the MOU and the parties of the case is also established. Union Cement Corporation is the surviving corporation of Central Cement while Eagle Cement Corporation is duly authorized by Rock and Ore to execute the MOU. In substance, the MOU hammered out certain points of convergence that have rendered moot and academic the issues in the instant case. Although the Appellant thru Counsel prays for holding in abeyance the resolution of the case in view of some internal matters that has to be ironed out by the parties, the Board is of the position that such matters can not, in any way, affect the agreements reached under the MOU.[22]

Petitioner filed a second motion for reconsideration[23] which was denied.[24] It then appealed to the CA.[25]CA Disposition

On March 2, 2006, the CA rendered a decision affirming that of the MAB, disposing as follows:

IN VIEW OF THE FOREGOING, the MAB issuances of August 29, 2002 and December 10, 2002 are AFFIRMED, with the directive that the parties observe the terms of the MOU dated September 26, 2001 as their compromise agreement.

SO ORDERED.[26]

The CA duly noted the oversight in the MAB's disposition, thus:

On August 29, 2002, only 27 days after its order to the parties, the MAB handed down the controversial resolution, which it calls a Decision, with this cryptic disposition: Wherefore, the foregoing premises considered, the motion for reconsideration filed by the appellant is dismissed.

This resolution opens with the statement that for consideration was the letter dated May 14, 2002 of the respondent's Teng praying for the resolution of the case on the ground that the parties have already resolved the issue by virtue of the execution of the MOU, and ends by denying the petitioner's motion for reconsideration. Motion for reconsideration of what? The resolution seems to labor under the impression that the respondent's letter was asking for the denial of the motion for reconsideration of the petitioner with respect to the MAB's original decision of January 4, 2001 affirming the Panel of Arbitrators – an interpretation that is not borne out by its language. As the words make clear, the respondent was only seeking a resolution of the case on the ground that the parties have already resolved the issue between them by virtue of the MOU. This is not the same as saying that it wanted the denial of the motion for reconsideration of the decision of January 4, 2001. But in the context in which it looked at the May 14, 2002 letter, the MAB held that after the parties failed to respond to its order to them to iron out their differences and file a motion, it had no other recourse than to resolve the respondent's plea to deny the motion for reconsideration.[27]

In deciding for the validity of the MOU as a compromise agreement between petitioners and private respondent, the CA ratiocinated:

As we said, we have perceived that the MAB's original decision on the merits of January 4, 2001 is no longer in question here. While it is true that the petitioner filed a motion for reconsideration of this decision, the parties had since then come to an amicable settlement in the form of the MOU. The dispute had funneled into the narrow question of whether the resolution of the case on the basis of the MOU should be held in abeyance until the parties ironed out their differences under the agreement. The objective of the petition for certiorari is,

at root, the maintenance of the Order of August 2, 2002, in effect, allowing the parties time to dispose of the case through a joint motion.

The reasons underlying a plea for the deferment of the resolution of the case are not convincing. The petitioner claims that the MAB had acted capriciously when it resolved the case unilaterally against its earlier order to give the parties the right to file the joint motion. But as incisively observed by the Solicitor General, the fact that the MAB came out with a resolution of the motion for reconsideration only 27 days after directing the parties to resolve their differences and file a motion does not reflect an arbitrary and whimsical change of judgment. The records bear out that the MAB endeavored to have the parties resolve their differences by themselves and only when they failed to submit the motion for resolution of the case did the MAB issue its decision. The lapse of a period of 27 days before it acted was well within the range of a reasonable discretion considering that this was an administrative case that had to be resolved with dispatch. The motion that was resolved was ripe for resolution before the parties even began to set the mechanics of settlement in motion. The MAB surely had the right and duty to resolve the case at once given the failure of the parties to act promptly on its directive.

The Solicitor General has concluded that the MAB ruled for the denial of the motion for reconsideration on the ground that the parties had arrived at a resolution of their controversy through the MOU. Everybody seems to agree. The respondent said that the motion for reconsideration was denied by MAB on August 29, 2002 because the MOU rendered the dispute moot and academic. This has been the constant refrain throughout the discussion. The MAB's intent to consider the case mooted by the MOU may be drawn from its final statement in the August 29, 2002 resolution that whatever internal matters must be ironed out by the parties, they do not affect the agreements reached under the MOU.

It is hard to ignore the logical and legal implications of this ruling. It can only mean that the original MAB decision of January 4, 2001 has become *functus officio*, the rights and obligations of the parties thereunder being substituted by the rights and obligations of the parties under the MOU. The MOU, in a word, was a compromise agreement. This is the view of the respondent, and we agree. A compromise agreement is a contract where the parties undertake reciprocal obligations to avoid a litigation or put an end to one already commenced. *San Antonio v. Court of Appeals*, 371 SCRA 536. If the MOU is to be properly understood, the two parties to the case had freely entered into it for the purpose of undertaking reciprocal obligations to put an end to a controversy between them. Once the compromise was perfected, the parties were bound to abide by it in good faith. *Ramnani v. Court of Appeals*, 360 SCRA 645.

Under Article 2037 of the Civil Code, a compromise has upon the parties the effect and authority of *res judicata*, but there will be no execution except in compliance with a judicial compromise. Although the MAB did not categorically declare the MOU as approved, it achieved this result when it denied the motion for reconsideration and held that the MOU was not affected by the fact that there were still matters to be threshed out within its framework. We only regret that the MAB could not be as articulate as the situation would demand to make clear a very important right. It is for us in the interest of justice to bridge the divide.

In coming this far, we have actually passed upon the issues raised in the second motion for reconsideration.[28]

As already intimated, petitioner's motion for reconsideration was denied with finality on July 13, 2006.[29] Hence, the present recourse.

Issues

Petitioner ascribes the following errors to the CA:

I.

The Honorable Court of Appeals, it is respectfully submitted, committed reversible error when it ruled that the

Mines Adjudication Board did not commit grave abuse of discretion amounting to lack or excess of jurisdiction in dismissing the first Motion for Reconsideration of its decision on the merits dated January 4, 2001 which, in effect, reinstated the decision of the Panel of Arbitrators adjudicating MPSA-P-III-117 to respondent Rock and Ore Industries, Inc., under the guise of implementing a judgment on a compromise agreement in the form of a Memorandum of Understanding, thereby denying herein petitioner of property without due process of law in contravention of its constitutional rights.

II.

Assuming without conceding the validity of the Memorandum of Understanding which stipulates for the swapping and adjudication of mining rights as upheld by the Mines Adjudication Board, the Honorable Court of Appeals erred in not finding grave abuse of discretion amounting to lack or excess of jurisdiction on the part of the Mines Adjudication Board when it reached a unilateral, one-sided and biased adjudication in favor of respondent Rock and Ore Industries, Inc., in violation of the letter and spirit of the Memorandum of Understanding as a contract between the parties and thereby impaired the petitioner's constitutional guarantee of the obligations of contracts.

III.

In any event, the Honorable Court of Appeals committed reversible error when it ruled that, in effect, there was an implementation of a judgment on compromise in the form of a Memorandum of Understanding when the said agreement was conditioned upon the performance of contractual obligations by the respective parties. Besides, by its very provisions, the Memorandum of Understanding has already expired without any of its conditions having been fulfilled.[30] (Underscoring supplied)

On October 2, 2006, private respondent filed a Comment[31] on the petition. The Solicitor General also filed a comment[32] on behalf of the MAB essentially batting for the affirmance of the CA decision.

Our Ruling

The petition is devoid of merit.

Essentially, based on its discussion, petitioner raises two issues for Our consideration. The first is the procedural question of whether or not the CA erred in affirming the MAB dismissal of the appeal, without any joint motion to dismiss filed by petitioner CCC and private respondent ROII. The second is the substantive issue of whether or not the CA erred in upholding the MOU between petitioner and private respondent as a valid compromise agreement, which had the effect of finally terminating the case between them.

I. Resolution of a motion can be deferred
but not indefinitely; speedy or efficient
disposition of cases is a constitutional
duty of all courts and administrative bodies.

In its bid to invalidate the MAB dismissal of its appeal, petitioner harps on the absence of the parties' joint motion to dismiss. It argues that the absence of the joint motion shows that there was no valid compromise agreement between the parties.[33] Petitioner insists that the MAB should have deferred the dismissal of the appeal until after a joint motion to dismiss is filed by it and private respondent.

We are not persuaded. It was well within the power of the MAB to dispose of the appeal even without a joint motion to dismiss filed by petitioner and private respondent. Records disclose that an MOU had been executed between petitioner and private respondent. This was brought to the attention of the MAB. The MOU is a compromise agreement that finally settled the dispute between them. Petitioner does not contest the validity and

due execution of the MOU. It even admitted that it was bound by the terms of the MOU. On the basis of the MOU and the admission of the parties, the MAB may dismiss the appeal outright because the issues raised in the appeal have become moot and academic.

That the MAB deferred to the request of petitioner to await a joint motion to dismiss before it resolves the appeal should not be interpreted as a condition precedent to its power to order the dismissal of the appeal. This applies even more because petitioner and private respondent failed to comply with the MAB order to submit a joint motion to dismiss. The MAB certainly cannot wait indefinitely for the joint motion in order to resolve the appeal. That would put the wheels of justice on hold and leave the resolution of cases to the whims and caprices of the parties. We cannot let that happen. The MAB correctly resolved the case on the basis of the MOU after the parties failed to file a joint motion to dismiss.

The speedy resolution of cases is a constitutional duty.[34] In a litany of cases, We have consistently held that courts and administrative bodies must resolve cases speedily and efficiently. The speedy disposition of cases is paramount in the administration of justice. It is a truism that justice delayed is justice denied.

In *Lopez v. Office of the Ombudsman*,[35] this Court stated:

The constitutional right to a “speedy disposition of cases” is not limited to the accused in criminal proceedings but extends to all parties in all cases, including civil and administrative cases, and in all proceedings, including judicial and quasi-judicial hearings. Hence, under the Constitution, any party to a case may demand expeditious action on all officials who are tasked with the administration of justice.

The need to observe the said constitutional duty was reiterated in *Republic v. Sandiganbayan*,[36] thus:

The law looks with disfavor on long, protracted and expensive litigation and encourages the speedy and prompt disposition of cases. That is why the law and the rules provide for a number of devices to ensure the speedy disposition of cases.

We apply the same principle here. The MAB, as a quasi-judicial body, is constitutionally required to resolve the appeal efficiently and with dispatch. We find that there is more reason that the MAB speedily resolve the appeal because the parties have already amicably settled their dispute. There is no justification why the MAB should still await a joint motion to comply with its constitutional duty. We note that the parties were given ample opportunity to submit a joint motion but they ignored the MAB order. The MAB had no other recourse but to resolve the appeal based on records and the admission of the parties.

We agree with the position of the Solicitor General that the MAB did not gravely abuse its discretion in resolving petitioner’s motion for reconsideration. The Solicitor General contended:

The MAB’s August 2, 2002 Order in which it stated that it gave substance and credence to petitioner’s opposition must not be construed as a source of substantive right for petitioner.

The MAB merely acknowledged petitioner’s opposition. But to say that the MAB is thereafter constrained to decide it only in petitioner’s favor is to improperly stretch one’s imagination to false insinuations.

The MAB’s resolution was only rendered after a thorough evaluation of the pertinent pleadings before them. It reasonably ruled for the dismissal of the motion for reconsideration on the ground that the parties have substantially arrived at a resolution to the pending controversy.

The fact that petitioner is apprehensive of a possibility that its agreement with private respondent will uneventfully not materialize does validate its accusation against the MAB that it committed grave abuse of discretion in rendering the questioned decision. Furthermore, the MAB must not be faulted if petitioner was taken by surprise by its rendered decision. Having submitted itself to the jurisdiction of the MAB, petitioner

must respectfully abide by its ruling which was arrived at after a deliberate consideration of the issue.

Certiorari under Rule 65 of the Revised Rules of Court is not the proper remedy to contest a judgment, which is unfavorable to ones cause of action, absent any showing of grave abuse of discretion.[37]

Worth quoting with Our approval is the observation of the CA along this line:

The reasons underlying a plea for the deferment of the resolution of the case are not convincing. The petitioner claims that the MAB had acted capriciously when it resolved the case unilaterally against its earlier order to give the parties the right to file the joint motion. But as incisively observed by the Solicitor General, the fact that the MAB came out with a resolution of the motion for reconsideration only 27 days after directing the parties to resolve their differences and file a motion does not reflect an arbitrary and whimsical change of judgment. The records bear out that the MAB endeavored to have the parties resolve their differences by themselves and only when they failed to submit the motion for resolution of the case did the MAB issue its decision. The lapse of a period of 27 days before it acted was well within the range of a reasonable discretion considering that this was an administrative case that had to be resolved with dispatch. The motion that was resolved was ripe for resolution before the parties even began to set the mechanics of settlement in motion. The MAB surely had the right and duty to resolve the case at once given the failure of the parties to act promptly on its directive.[38]

II. A memorandum of understanding
with the requisites of a contract
is a valid compromise agreement;
it can be executed upon its perfection,
not consummation.

Petitioner claims that there are outstanding matters, such as deeds of assignment[39] and other pertinent data,[40] which need to be prepared and submitted by the parties before the MOU can be regarded as a binding agreement between them. Petitioner argues that these matters render the MOU conditional. Since these conditions were not fulfilled, petitioner contends that the MOU was not perfected.[41]

Article 2028 of the Civil Code spells out the nature of a compromise as a contract whereby the parties, by making reciprocal concessions, avoid litigation or put an end to one already commenced.[42] Parties to a compromise are motivated by the hope of gaining, balanced by the dangers of losing.[43] It contemplates mutual concessions and mutual gains to avoid the expenses of litigation, or, when litigation has already begun, to end it because of the uncertainty of the result.[44]

As a contract, a compromise agreement must comply with the following basic elements: (1) consent of the contracting parties; (2) object certain which is the subject matter of the contract; and (3) cause of the obligation which is established.[45]

All these elements are present in this case.

First, petitioner and private respondent freely and voluntarily entered into the MOU. Petitioner admits that it authorized Francisco Viray to sign the MOU,[46] while private respondent was duly represented by Ramon Ang.[47] The authority of the agents is evidenced by duly executed board resolutions of the respective companies.

Second, there is identity of the parties and subject matter. Petitioner admits that it has merged with CCC, which entered into the MOU. In its Manifestation[48] dated July 13, 2002, petitioner acknowledged:

Appellant does not deny the existence, genuineness, and due execution of the Memorandum of Understanding (MOU) between UNION CEMENT (UCC) and EAGLE CEMENT CORPORATION (ECC); that it is a

corporation which was subsequently merged into UNION CEMENT CORPORATION, the surviving corporation and that it is bound by the MOU; that it recognizes that Rock and Ore Industries, Inc., and ECC have identical controlling interests; and that both parties have agreed to settle this case, upon the swapping contemplated under the MOU.[49]

The mining claims, MPSA-P-III-117 and MPSA-P-III-24, which are the subject matter of the MOU are the same claims covered by the MAB case between the parties. The pertinent portions of the MOU provide:

This Memorandum of Understanding made and entered into this 26th day of September, 2001, by and between: UNION CEMENT CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office address at 166 Salcedo Street, Legaspi Village, Makati City, represented herein by its Senior Executive Vice-President, Dr. Francisco L. Viray, hereinafter referred to as “UCC”;

EAGLE CEMENT CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office address at Ground Floor, Alegria Building, 2229 Pasong Tamo St., Makati City, represented herein by Ramon S. Ang, hereinafter referred to as “ECC.”

WHEREAS, UCC has in its favor Mineral Production Sharing Agreement (MPSA) No. P-III-31 covering certain parcels of land located in San Ildefonso, Bulacan;

WHEREAS, UCC has in its favor MPSA No. 161-2000-III (previously numbered P-III-24), covering certain parcels of land also located in San Ildefonso, Bulacan;

WHEREAS, UCC and ECC have overlapping mining claims and/or surface ownership rights over certain parcels of land located in San Ildefonso, particularly on the following:

A: Land Ownership – Lot Nos. 3153 and 3977

B: Mining Claims – MPSA 161-2000-III; MPSA-P-III-31; MPSA-P-III-116[50]

Third, the parties intended the MOU as a compromise agreement to amicably settle the mining dispute with the MAB. This is clear from the MOU itself, which provides:

WHEREAS, the parties hereto wish to amicably settle their overlapping claims in a fair and equitable manner;

WHEREAS, the parties hereto also wish to consolidate their ownership of certain contiguous parcels of land, necessitating the transfer of certain lots or portions of lots owned by a party to the other party and vice-versa;

WHEREAS, they further wish to maintain the present access road branching from the provincial road and leading to UCC’s cement plant by donating the same to the Municipality of San Ildefonso as road lot/s.[51]

Fourth, both parties are bound by the terms of the MOU. Petitioner admitted this in its Manifestation and Comment.[52]

In fine, all the basic elements of a contract are present. The MOU is a valid compromise agreement between petitioner and private respondent.

Article 1315 of the Civil Code provides that a contract is perfected by mere consent, which is manifested by the meeting of the offer and the acceptance upon the thing and the cause which are to constitute the contract. Here, there is no dispute that the MOU was already “perfected” as manifested by the parties’ assent to it. They freely and voluntarily signed the MOU.

Petitioner confuses the concept of “perfection” of contract with the “consummation” of contract. A contract undergoes three distinct stages: (1) preparation or negotiation; (2) perfection; and (3) consummation. Negotiation

begins from the time the prospective contracting parties manifest their interest in the contract and ends at the moment of agreement of the parties. The perfection or birth of the contract takes place when the parties agree upon the essential elements of the contract. The last stage is the consummation of the contract wherein the parties fulfill or perform the terms agreed upon in the contract, culminating in its extinguishment.[53]

The delivery of pertinent data and the execution of the Deeds of Assignment are not part of the “perfection” stage. They are part of the “consummation” stage of the MOU. This is clear from the MOU itself. A reading of the MOU shows that the manifest intention of the parties was the consolidation of rights to certain mining areas to be vested in a single party. To this end, petitioner and private respondent agreed to swap mining rights for certain parcels of land. This was the essence of the compromise agreement. The pertinent portions of the MOU provide:

- Assignment of UCC’s Mining Rights/Claims – In order to settle the conflicting mining rights and claims of the parties, UCC shall assign in favor of ECC such portions of its various mining rights and/or claims within MPSA 161-2000-III and MPSA P-III-31 as indicated in Annex B-1, and more particularly described as that area bounded by coordinates defines in Annex B-2. UCC is amenable to allow ECC to quarry and extract shale raw materials from the lots that may still be owned by ECC but situated within MPSA 161-2000-III and MPSA P-III-31, under terms and conditions that will be defined later.

- Assignment of ECC’s Mining Rights/Claims – ECC shall reciprocally assign in favor of UCC, all its various mining rights and claims, including those named under its nominees or other entities or persons under its control, over lots or parcels of land whose areas are in conflict with or located within MPSA 161-2000-III and MPSA P-III-31, after excluding therefrom the areas of the mining rights and/or claims assigned and transferred pursuant to Part III, paragraph 1 above, as indicated in Annex C-1, and more particularly described as those areas bounded by coordinates defined in Annex C-2.

- Consolidation of Rights in Each Area – It is understood that the parties intend that surface rights and mining rights shall be both vested in a single party for each particular area. Consequently, ECC shall sell to UCC the remaining parcels of land over which the former holds ownership or other rights or interests, and which parcels are covered by the UCC’s MPSA 161-2000-III and P-III-31, excluding the shale areas mentioned in Part III, Item 1 and those earlier assigned by UCC to ECC. Reciprocally, UCC shall sell to ECC such parcels of land over which it has ownership or other rights or interests that are covered by ECC’s mining claims or agreements.[54]

Nor are the execution of the deeds of assignment and the delivery of pertinent data conditions precedent to the validity of the MOU. This is inferable from Section 5, Part IV of the MOU which provides:

- The parties agree to execute and deliver such further deeds, documents, and instruments and to perform such further acts that are or may be necessary to fully implement and effectuate the transactions contemplated in this MOU.[55]

The above clause requires the parties to execute deeds and perform acts that will be necessary to effectuate the agreement. They are performed after the contract is perfected. Here, the execution of the necessary Deeds of Assignment and the delivery of pertinent data are acts that go into the consummation of the MOU. They are not conditions precedent to its validity.

To put it mildly, petitioner prefers certain matters to be completed before the MAB may dismiss the appeal. It wants private respondent to first deliver some pertinent data which it will compare with its own and then decide on whether to agree to the dismissal of its pending appeal. If We accept this position, the MAB will have to wait indefinitely until after all the terms of the MOU have been completed before it may dismiss the appeal. This is certainly absurd because the consummation of the terms[56] of the MOU will take a minimum of two years. By the reckoning of petitioner, the MAB should archive the appeal for at least two years before it is resolved. This is

certainly contrary to the main objective of a compromise agreement which is the amicable resolution of the pending case expeditiously.

Prescinding from Our ruling that the MOU was a valid compromise agreement between petitioner and private respondent, the terms of the MOU must be enforced. The MOU substitutes for a judgment on the merits and binds the parties. It is enforceable by a writ of execution. In *Magbanua v. Uy*,^[57] the Court ruled:

When a compromise agreement is given judicial approval, it becomes more than a contract binding upon the parties. Having been sanctioned by the court, it is entered as a determination of a controversy and has the force and effect of a judgment. It is immediately executory and not appealable, except for vices of consent or forgery. The nonfulfillment of its terms and conditions justifies the issuance of a writ of execution; in such an instance, execution becomes a ministerial duty of the court.

Accordingly, if the parties fail to comply with the terms of the MOU, the proper remedy is to apply for a writ of execution. Petitioner may apply for a writ to compel private respondent to perform its part of the bargain under the MOU. Private respondent, in turn, may compel petitioner to execute deeds and documents in accordance with the terms of the MOU.

Again, We sustain the holding and observation of the CA on the legal implications of the execution of the MOU, thus:

It is hard to ignore the logical and legal implications of this ruling. It can only mean that the original MAB decision of January 4, 2001 has become *functus officio*, the rights and obligations of the parties thereunder being substituted by the rights and obligations of the parties under the MOU. The MOU, in a word, was a compromise agreement. This is the view of the respondent, and we agree. A compromise agreement is a contract where the parties undertake reciprocal obligations to avoid a litigation or put an end to one already commenced. *San Antonio v. Court of Appeals*, 371 SCRA 536. If the MOU is to be properly understood, the two parties to the case had freely entered into it for the purpose of undertaking reciprocal obligations to put an end to a controversy between them. Once the compromise was perfected, the parties were bound to abide by it in good faith. *Ramnani v. Court of Appeals*, 360 SCRA 645.

Under Article 2037 of the Civil Code, a compromise has upon the parties the effect and authority of *res judicata*, but there will be no execution except in compliance with a judicial compromise. Although the MAB did not categorically declare the MOU as approved, it achieved this result when it denied the motion for reconsideration and held that the MOU was not affected by the fact that there were still matters to be threshed out within its framework. We only regret that the MAB could not be as articulate as the situation would demand to make clear a very important right. It is for us in the interest of justice to bridge the divide.

In coming this far, we have actually passed upon the issues raised in the second motion for reconsideration.^[58]

WHEREFORE, the petition is hereby DENIED. The Court of Appeals Decision is AFFIRMED in full.

SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, Corona, and Carpio-Morales, JJ., concur.

* Vice Associate Justice Minita V. Chico-Nazario. Justice Nazario is on official leave per Special Order No. 484 dated January 11, 2008.

** Designated as additional member vice Associate Justice Antonio Eduardo B. Nachura per raffle dated December 10, 2007. Justice Nachura participated as Solicitor General in the present case.

[1] Rollo, pp. 47-57. Penned by Associate Justice Mario L. Guariña III, with Associate Justices Roberto A. Barrios and Santiago Javier Ranada, concurring.

[2] Id. at 83-91.

[3] Id. at 13.

[4] Id. at 48-49.

[5] Id. at 49.

[6] Id. at 49-50.

[7] Id. at 83-91.

[8] Id. at 87-90.

[9] Id. at 92-99.

[10] Id. at 101.

[11] Id. at 102-112.

[12] Id. at 51.

[13] Id. at 100.

[14] Id. at 114-116.

[15] Id. at 117-118.

[16] Id. at 117.

[17] Id. at 117-118.

[18] Id. at 119.

[19] Id. at 113.

[20] Id. at 120-126.

[21] Id. at 164.

[22] Id. at 163-164.

[23] Id. at 127-132.

[24] Id. at 135-137.

[25] Id. at 68-80. Docketed as CA-G.R. SP No. 75745.

[26] Id. at 57.

[27] Id. at 52-53.

[28] Id. at 55-57.

[29] Id. at 61.

[30] Id. at 20-21.

[31] Id. at 265-281.

[32] Id. at 300-314.

[33] Id. at 33.

[34] Constitution (1997), Art. III, Sec. 16 provides:

Sec. 16. All persons shall have the right to a speedy disposition of their cases before all judicial, quasi-judicial, or administrative bodies.

[35] G.R. No. 140529, September 6, 2001, 364 SCRA 569.

[36] G.R. No. 152154, July 15, 2003, 406 SCRA 190.

[37] Rollo, pp. 193-194.

[38] Id. at 55.

[39] Id. at 33.

[40] Id. at 117.

[41] Id. at 33.

[42] New Civil Code, Art. 2028.

[43] Philippine Journalist, Inc. v. National Labor Relations Commission, G.R. No. 166421, September 5, 2006, 501 SCRA 75.

[44] Id.

[45] New Civil Code, Art. 1318.

[46] Rollo, p. 117.

[47] Id. at 116.

[48] Id. at 117-118.

[49] Id. at 117.

[50] Id. at 102.

[51] Id.

[52] Id. at 117.

[53] Gateway Electronics Corporation v. Land Bank of the Philippines, G.R. Nos. 155217 & 156393, July 30, 2003, 407 SCRA 454.

[54] Rollo, p. 105.

[55] Id. at 106.

[56] Id. Memorandum of Understanding, Part V, Clauses 6 and 7.

[57] G.R. No. 161003, May 6, 2005, 458 SCRA 184, 191.

[58] Rollo, pp. 56-57.

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