

ANITA REYES-MESUGAS, PETITIONER, VS. ALEJANDRO AQUINO REYES, RESPONDENT.

G.R. No. 174835. March 22, 2010

Ponente: CORONA, J.

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CORONA, J.:

This is a petition for review on certiorari[1] seeking to reverse the June 23, 2006 and September 21, 2006 orders[2] of the Regional Trial Court of Makati (RTC), Branch 62 denying the petitioner's motion to cancel a notice of lis pendens.

Petitioner Anita Reyes-Mesugas and respondent Alejandro A. Reyes are the children of Lourdes Aquino Reyes and Pedro N. Reyes. Lourdes died intestate, leaving to her heirs, among others, three parcels of land, including a lot covered by Transfer Certificate of Title (TCT) No. 24475.

On February 3, 2000, respondent filed a petition for settlement of the estate of Lourdes,[3] praying for his appointment as administrator due to alleged irregularities and fraudulent transactions by the other heirs. Petitioner, her father Pedro and Arturo, a sibling of the petitioner, opposed the petition.

On August 30, 2000, a compromise agreement[4] was entered into by the parties whereby the estate of Lourdes was partitioned. A decision[5] dated September 13, 2000 was rendered by the RTC pursuant to the said compromise agreement. The compromise agreement with respect to TCT No. 24475 is reproduced below:

5. That the parties hereto hereby agree to recognize, acknowledge and respect:

5.1.

the improvements found on the parcel of land covered under TCT No. 24475 of the Registry of Deeds of Rizal consisting of two lots namely Lot 4-A and Lot 4-B of the new survey with two (2) residential houses presently occupied and possessed as owners thereof by Antonio Reyes and Anita Reyes-Mesugas to constitute part of their shares in the estate of Lourdes Aquino Reyes;

5.2

further, the improvement consisting of a bakery-store under lease to a third party. The proceeds thereof shall be shared by Antonio Reyes and Pedro N. Reyes;

5.3

that the expenses for the partition and titling of the property between Antonio Reyes and Anita Reyes-Mesugas shall be equally shared by them.

On December 7, 2004, petitioner filed a motion to cancel lis pendens annotation for TCT No. 24475[6] in the RTC in view of the finality of judgment in the settlement of the estate. Petitioner argued that the settlement of the estate proceeding had terminated; hence, the annotation of lis pendens could already be cancelled since it had

served its purpose.

Respondent opposed the motion and claimed that the parties, in addition to the compromise agreement, executed "side agreements" which had yet to be fulfilled. One such agreement was executed between petitioner[7] and respondent granting respondent a one-meter right of way on the lot covered by TCT No. 24475. However, petitioner refused to give the right of way and threatened to build a concrete structure to prevent access. He argued that, unless petitioner permitted the inscription of the right of way on the certificate of title pursuant to their agreement, the notice of lis pendens in TCT No. 24475 must remain.

In its order[8] dated January 26, 2006, the RTC denied the motion to cancel the notice of lis pendens annotation for lack of sufficient merit. It found that the cancellation of the notice of lis pendens was unnecessary as there were reasons for maintaining it in view of petitioner's non-compliance with the alleged right of way agreement between the parties. It stated that:

A careful perusal of the compromise agreement dated September 13, 2000 revealed that one of the properties mentioned is a parcel of land with improvements consisting [of] two hundred nine (209) square meters situated in Makati covered under TCT No. 24475 of the Registry of Deeds [of] Rizal in the name of Pedro N. Reyes married to Lourdes Aquino Reyes and form[s] part of the notarized right of way agreement on TCT No. 24475, considering that the movant Anita Reyes is still bound by the right of way agreement, the same should be complied with before the cancellation of the subject annotation.[9] (Citations omitted)

Petitioner filed a notice of appeal.[10] Because the denial of a motion to cancel the notice of lis pendens annotation was an interlocutory order, the RTC denied the notice of appeal as it could not be appealed until the judgment on the main case was rendered.[11] A motion for reconsideration was filed by petitioner but the same was also denied.[12]

Hence, this petition.

We find for petitioner.

A compromise is a contract whereby the parties, by making reciprocal concessions, avoid litigation or put an end to one already commenced.[13] Once submitted to the court and stamped with judicial approval, it becomes more than a mere private contract binding upon the parties; having the sanction of the court and entered as its determination of the controversy, it has the force and effect of any judgment.[14]

Consequently, a judgment rendered in accordance with a compromise agreement is immediately executory as there is no appeal from such judgment.[15] When both parties enter into an agreement to end a pending litigation and request that a decision be rendered approving said agreement, such action constitutes an implied waiver of the right to appeal against the said decision.[16]

In this instance, the case filed with the RTC was a special proceeding for the settlement of the estate of Lourdes. The RTC therefore took cognizance of the case as a probate court.

Settled is the rule that a probate court is a tribunal of limited jurisdiction. It acts on matters pertaining to the estate but never on the rights to property arising from the contract.[17] It approves contracts entered into for and on behalf of the estate or the heirs to it but this is by fiat of the Rules of Court.[18] It is apparent therefore that when the RTC approved the compromise agreement on September 13, 2000, the settlement of the estate proceeding came to an end.

Moreover, a notice of lis pendens may be cancelled when the annotation is not necessary to protect the title of the party who caused it to be recorded.[19] The compromise agreement did not mention the grant of a right of way to

respondent. Any agreement other than the judicially approved compromise agreement between the parties was outside the limited jurisdiction of the probate court. Thus, any other agreement entered into by the petitioner and respondent with regard to a grant of a right of way was not within the jurisdiction of the RTC acting as a probate court. Therefore, there was no reason for the RTC not to cancel the notice of lis pendens on TCT No. 24475 as respondent had no right which needed to be protected. Any alleged right arising from the "side agreement" on the right of way can be fully protected by filing an ordinary action for specific performance in a court of general jurisdiction.

More importantly, the order of the probate court approving the compromise had the effect of directing the delivery of the residue of the estate of Lourdes to the persons entitled thereto under the compromise agreement. As such, it brought to a close the intestate proceedings[20] and the probate court lost jurisdiction over the case, except only as regards to the compliance and the fulfillment by the parties of their respective obligations under the compromise agreement.

Having established that the proceedings for the settlement of the estate of Lourdes came to an end upon the RTC's promulgation of a decision based on the compromise agreement, Section 4, Rule 90 of the Rules of Court provides:

Sec. 4. Recording the order of partition of estate. - Certified copies of final orders and judgments of the court relating to the real estate or the partition thereof shall be recorded in the registry of deeds of the province where the property is situated.

In line with the recording of the order for the partition of the estate, paragraph 2, Section 77 of Presidential Decree (PD) No. 1529[21] provides:

Section 77. Cancellation of Lis Pendens - xxx xxx xxx

xxx xxx

At any time after final judgment in favor of the defendant, or other disposition of the action such as to terminate finally all rights of the plaintiff in and to the land and/or buildings involved, in any case in which a memorandum or notice of lis pendens has been registered as provided in the preceding section, the notice of lis pendens shall be deemed cancelled upon the registration of a certificate of the clerk of court in which the action or proceeding was pending stating the manner of disposal thereof. (emphasis supplied)

Thus, when the September 13, 2000 decision was recorded in the Registry of Deeds of Rizal pursuant to Section 4, Rule 90 of the Rules of Court, the notice of lis pendens inscribed on TCT No. 24475 was deemed cancelled by virtue of Section 77 of PD No. 1529.

WHEREFORE, the petition is hereby GRANTED. The Orders of the Regional Trial Court of Makati, Branch 62 dated June 23, 2006 and September 21, 2006 are SET ASIDE. The notice of lis pendens annotated on TCT No. 24475 is hereby declared CANCELLED pursuant to Section 77 of the PD No. 1529 in relation to Section 4, Rule 90 of the Rules of Court.

SO ORDERED.

Velasco, Jr., Nachura, Peralta, and Abad, JJ.[*], concur.

[*] Additional member per raffle dated March 17, 2010 in lieu of Justice Jose Catral Mendoza.

[1] Under Rule 45 of the Rules of Court.

- [2] Penned by Judge Selma Palacio Alaras. Rollo, pp. 25-26.
- [3] Docketed as SP No. M-4984.
- [4] Dated August 30, 2000. Id., pp. 50-56.
- [5] Penned by Judge Roberto C. Diokno. Id., pp. 57-62.
- [6] Two hundred nine (209) sq. m. situated in Makati.
- [7] With sibling Antonio.
- [8] Id., pp. 27-28.
- [9] Id., p. 27.
- [10] Dated March 9, 2006. Id., p. 29.
- [11] Order dated July 26, 2006. Id., p. 25.
- [12] Order dated September 21, 2006. Id., p. 26.
- [13] Article 2028, New Civil Code.
- [14] Domingo v. Court of Appeals, 325 Phil. 469 (1996).
- [15] Id.
- [16] Id.
- [17] Pio Baretto Realty Dev., Inc. v. Court of Appeals, No. L-62432, 3 August 1984, 131 SCRA 606.
- [18] Rule 89 of the Rules of Court. See also Article 2032, New Civil Code.
- [19] Section 14, Rule 13 of the Rules of Court.
- [20] Santiesteban v. Santiesteban, 68 Phil. 367 (1939); Philippine Commercial and Industrial Bank v. Escolin, G.R. No. L-27860, 29 March 1974, 50 SCRA 266.
- [21] Property Registration Decree. Presidential Decree No. 1529.

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