

SIMEON M. VALDEZ, PETITIONER, VS. FINANCIERA MANILA, INC., RESPONDENT.

G.R. No. 183387. September 29, 2009

Ponente: PERALTA, J.

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PERALTA, J.:

This is a petition for review under Rule 45 of the Rules of Court.

Petitioner Simeon M. Valdez comes to this Court seeking to nullify the Decision[1] dated March 18, 2008 of the Court of Appeals (CA) in CA-G.R. SP No. 100316 which partly affirmed the Orders dated February 26, 2007 and June 18, 2007 of the Regional Trial Court (RTC) of Quezon City, Branch 227 in Civil Case No. Q-98-35546.

The antecedent facts can be summarized as follows:

Petitioner and his wife, Lydia D. Valdez, among others,[2] filed a Complaint for a sum of money with prayer for preliminary attachment on September 18, 1998 against respondent Financiera Manila, Inc. and five of its corporate officers,[3] at Branch 227, RTC of Quezon City,[4] seeking to recover damages for failure of respondent Financiera and the corporate officers to pay petitioner's money market investments on their maturity dates. A preliminary attachment[5] was issued by the RTC against respondent Financiera which resulted into the levying of the latter's Account Nos. A-04-000324 to A-000355 with Scholarship Plan Philippines, Inc. (SPPI), including its parcels of land covered by Transfer Certificate of Title (TCT) Nos. T-36316 and T-36317 of the Register of Deeds of Tagaytay City and TCT Nos. T-235055 and T-235056 of the Register of Deeds of Manila.[6] Thereafter, the RTC rendered its Decision[7] finding respondent Financiera liable to plaintiffs in the said case for actual, moral, and exemplary damages, with attorney's fees. An appeal was then filed with the CA, which, in its Decision[8] dated November 14, 2002, affirmed the award of actual damages in the total amount of P4,069,439.90, with P3,920,313.24 going to petitioner Valdez and his spouse, P126,885.52, to Belen Guevara, P11,120.57 to Pauline R. Petelo and P11,120.57 to Teddy Aurelio; and remanded the case to the RTC for the determination of the award for moral and exemplary damages, as well as attorney's fees.

Subsequently, on December 18, 2002, Compromise Agreements were entered into among the parties in Civil Case No. Q-98-35546 before the RTC and between the Spouses Valdez and respondent Financiera in a case[9] pending before Branch 90, RTC of Quezon City. The said Compromise Agreements were approved by the courts concerned.[10] The Compromise Agreement[11] in Civil Case No. Q-98-35546 reads, among others:

1. For valuable consideration paid by defendant FINANCIERA Manila, Inc. (hereinafter called FINANCIERA, for short) to the plaintiffs, receipt of which is hereby acknowledged by the plaintiffs to their entire satisfaction, the plaintiffs have dropped, dismissed and withdrawn, as they hereby drop, dismiss and withdraw, their complaint in the above-entitled case, in favor of all the defendants, and they hereby acknowledge that they have no more claims, demands, complaint, or causes of action of any kind whatsoever against said defendants, their successors-in-interest and assigns, arising from or connected with any of the transaction or transactions that gave rise to plaintiffs' complaint, or anything else whatsoever.

2. With the dropping, dismissal and withdrawal of plaintiffs' complaint, plaintiffs have agreed, as they hereby agree to the lifting, cancellation and dissolution of the Writ of Preliminary Attachment issued by this Honorable Court dated October 13, 1998 by virtue of which plaintiffs had levied on/garnished/ attached FINANCIERA's certain real and personal properties.

2.1 The notices of levy which the plaintiffs had caused to be annotated on the following real properties of FINANCIERA by virtue of said Writ shall be, as same hereby, lifted and cancelled, to wit:

- a) A parcel of land in Manila City, covered by TCT No. 235055 of the Register of Deeds of Manila City;
- b) A parcel of land in Manila City, covered by TCT No. 235056 of the Register of Deeds of Manila City;
- c) A parcel of land in Tagaytay City, covered by TCT No. T-36316 of the Register of Deeds of Tagaytay City; and
- d) A parcel of land in Tagaytay City, covered by TCT No. T-36317 of the Register of Deeds of Tagaytay City.

2.2 The notices of garnishment which the plaintiffs had caused to be annotated/registered, likewise by virtue of said Writ, on the thirty (30) investment accounts of FINANCIERA with the SCHOLARSHIP PLAN PHILIPPINES, INC. (SPPI) under Account Nos. A-04-000-324 to A-04-000-330, Nos. A-04-000-332 to A-04-000-338 and Nos. A-04-000-340 to A-04-000-355, all of which had already matured with a total cash value of P3,160,000.00 are likewise canceled and lifted, to be disposed of by FINANCIERA in the following manner:

- a) The investment under Account No. A-04-000-355 with a cash value of P110,000.00 is hereby assigned and conveyed to FINANCIERA in favor of the plaintiffs to form part of the above-mentioned valuable consideration paid hereunder by FINANCIERA to the plaintiffs.
- b) The rest of the investment accounts with a total cash value of P3,050,000.00 are hereby assigned and conveyed by FINANCIERA in favor of the spouses SIMEON VALDEZ and LYDIA VALDEZ, as part of the valuable consideration to be paid to them by FINANCIERA in another civil case, entitled "The spouses Simeon Valdez and Lydia Valdez, plaintiffs, versus Financiera Manila, Inc., defendant", docketed as Civil Case No. Q-00-40877 of the Regional Trial Court of Quezon City, Branch 90, which civil case the said spouses have likewise agreed to amicably settle with FINANCIERA simultaneously with the execution of this Compromise Agreement.

3. Upon the execution of this Compromise Agreement, plaintiffs shall return and deliver to Financiera the originals of the following evidence of indebtedness subject matter of the complaint, consisting of Placement Advice Certificates and checks drawn on the Metropolitan Bank and Trust Company (Metrobank) previously issued by Fianciera to the plaintiffs, x x x

x x x x

4. This Compromise Agreement shall be a full and final settlement of all the claims and counterclaims filed by or against the parties in this case, or any of them, and specifically it shall be a full and complete satisfaction of the judgment rendered by this Honorable Court in favor of the plaintiffs as modified by the Court of Appeals in CA-G.R. CV No. 68286.

5. Plaintiffs hereby agree and bind themselves to sign, execute and deliver any and all other deeds, papers and documents, and to do and perform any and all other acts and things, that may be necessary or required to fully implement this Compromise Agreement, particularly the discharge and release of the levy/garnishment/attachment on defendant's aforesaid investments with the Bonifacio Land Corporation and the payment to the defendant by the latter of the cash value of said investments.

Respondent Financiera delivered to the plaintiffs therein Certificates of Payments and Passbooks covering its SPPI Investments under Account Nos. A-04-000324 to A-04-000330, A-04-000332 to A-04-000346, A-04-000347 to A-04-000354 and A-04-000355. On February 11, 2003, Hon. Reynaldo B. Daway of Branch 90 issued a Writ of Execution in Civil Case No. Q-00-40877 directing the transfer of the 29 SPPI Investments mentioned in the Compromise Agreement to the Spouses Valdez. The writ was served on SPPI on February 17, 2003, the same day the Spouses Valdez presented to SPPI the above Certificates and Passbooks.[12] On May 28, 2003, the SPPI Investments under Account Nos. A-04-000324 to A-04-000330, A-04-000332 to A-04-000338, and A-04-000340 to A-04-000354 were transferred in favor of petitioner Valdez and spouse, in accordance with the writ.[13]

A consolidation[14] of Civil Cases No. Q-98-35546 and Q-00-40877 was eventually made and assigned to the RTC of Quezon City, Branch 227. The plaintiffs in those cases filed a motion for the rescission of the Compromise Agreement in Civil Case No. Q-98-35546 on the ground that no payment was expected from respondent Financiera. The motion was denied by the court in an Order[15] dated January 12, 2005, including the subsequent motion for the issuance of a writ of execution against respondent Financiera's SPPI Investments of P3,160,000.00, which Order attained finality.[16]

Respondent Financiera filed an Urgent Motion for Execution[17] dated November 13, 2006 of the Compromise Agreement in Civil Case No. Q-98-35546, on the argument that, having conveyed and transferred its SPPI Investments to the plaintiffs concerned, the notices of levy annotated on TCT Nos. T-36316 and T-36317 could now be canceled. Petitioner Valdez, on the other hand, filed a motion for the execution of the Decision dated May 22, 2000 of RTC, Branch 227 as modified by the CA because he and the other plaintiffs had not received the cash value of the assigned SPPI Investments, particularly Account No. A-04-000355. The RTC of Quezon City, Branch 227 denied respondent Financiera's urgent motion and granted petitioner Valdez's motion for execution in the assailed Order dated February 26, 2007, ruling that it was the duty and obligation of Financiera to see to it that plaintiffs were fully paid their claim.[18] Consequently, the same court directed the issuance of a writ of execution for the enforcement of the final and executory decision as affirmed with modification by the CA. The writ was for the payment of the sum of P4,069,439.90 to the plaintiffs as actual damages.[19]

Thereafter, respondent Financiera filed its Motion for Reconsideration,[20] which was eventually denied,[21] prompting it to file a petition for certiorari[22] with the CA on the ground that the RTC had committed grave abuse of discretion amounting to lack of or excess of jurisdiction in issuing the Orders dated February 26, 2007 and June 18, 2007.

The CA, in its Decision[23] dated March 18, 2008, ruled that the RTC gravely abused its discretion in varying the terms and conditions of the Compromise Agreement by ruling that it was the duty and obligation of respondent Financiera to see to it that plaintiffs were fully paid their claim, the same not having been expressly undertaken by petitioner under the Compromise Agreement. The dispositive portion of the Decision reads:

WHEREFORE, the instant petition is PARTLY GRANTED. The assailed Orders dated February 26, 2007 and June 18, 2007 of Branch 227, RTC of QC in Civil Case No. Q-98-35546 are SET ASIDE, only with respect to Sps. Valdez's interest. The court a quo is hereby ordered to issue a writ of execution directing the Register of Deeds of Tagaytay City to lift and/or cancel the notices of levy on attachment annotated on TCT Nos. T-36316 and T-36317 with respect only to the P3,920,313.24 interest of the Sps. Valdez.

SO ORDERED.

In a Resolution[24] dated June 6, 2009, the CA denied the motion for reconsideration[25] of petitioner Valdez; hence, the latter now resorts to the present petition and ascribes to the CA the following errors:

4.1 THE COURT OF APPEALS HAS NO JURISDICTION OVER THE PETITION FOR CERTIORARI FILED BY RESPONDENT.

4.2 THE QUESTIONED DECISION IS UTTERLY ILLOGICAL AND INCONCLUSIVE (sic) DONE IN VIOLATION OF SEC. 14, ART. VIII OF THE CONSTITUTION, AND SEC. 1, RULE 36 OF THE RULES OF COURT.

4.3 RESPONDENT'S ASSIGNMENT OF ITS SPPI INVESTMENT FAILED TO EXTINGUISH ITS OBLIGATION TO PAY PETITIONER UNDER OUR LAW AND JURISPRUDENCE.

4.4 THE COURT OF APPEALS HAS NO JURISDICTION TO LIFT THE ATTACHMENTS WHILE PETITIONER'S CLAIMS REMAIN UNPAID.

4.5 THE GROUNDS RELIED UPON BY PETITIONER FOR THE ALLOWANCE OF THIS PETITION INVOLVE PURELY QUESTIONS OF LAW.

In questioning the jurisdiction of the CA over the petition for certiorari filed by respondent Financiera, petitioner Valdez claims the following: (a) as jurisprudence[26] dictates, the proper remedy of the same respondent should have been to file an appeal, because it was the motion for execution of judgment that was denied; (b) the petition for certiorari was filed out of time, because respondent Financiera received the RTC Order of June 18, 2007 denying the latter's motion for reconsideration on June 29, 2007, but instead of filing a notice of appeal within the reglementary period lasting until July 14, 2007, respondent Financiera belatedly filed a petition for certiorari on August 28, 2007 when the questioned RTC Orders had already attained finality; (c) the final RTC Orders should not have been modified because, as ruled by this Court in a number of cases,[27] the said Orders are immutable and unalterable and may no longer be modified in any respect, even if the modification was meant to correct erroneous conclusions of fact and law, and whether it was made by the court that rendered it or by the highest court of the land; and (d) the subject matter of the petition for certiorari should not have been expanded, since the only subject matter elevated by respondent Financiera was that of SPPI Investment Account No. A-04-000-355 with a cash value of P110,000.00, and not the entire P10,195,833.33 unpaid claim under the Compromise Agreement, contrary to the pronouncement of this Court in various cases[28] that the nature of an action, as well as which court or body has jurisdiction over it, is determined based on the material allegations contained in the petition.

Petitioner Valdez claims that the decision of the CA was utterly illogical and inconclusive and done in violation of Section 14, Article VIII of the Constitution;[29] and Section 1, Rule 36 of the Rules of Court.[30] He states that respondent Financiera was cleared of all its obligations, except the debts due to his co-plaintiffs on the mere reasoning that the said co-plaintiffs were not impleaded as party-respondents in the petition for certiorari, and that they cannot be deprived of security for the satisfaction of their credits. Petitioner further states that, in so doing, the CA, in effect, actually upheld that respondent had not paid all the plaintiffs in Civil Case No. Q-98-35546, in which herein petitioner is one of the plaintiffs. He further argues that the questioned decision becomes more chaotic with the statement that the unpaid obligation due to his co-plaintiffs is P149,126.66, the sum adjudged under the summary judgment. This statement is clearly in conflict with the compromise judgment that they are entitled only to the cash value of P110,000.00 of SPPI Account No. A-04-000-355. Petitioner goes on to add that the decision indeed become topsy-turvy when it declared that the attachment shall be lifted to the extent of the interest of the Spouses Valdez in the amount of P3,920,313.24, the original claim upheld under the summary judgment, again in conflict with the P3,050,000.00 under the Compromise Agreement. The questioned decision became increasingly damaging by declaring in its fallo that petitioner's interest was in the sum of P3,920,313.24. The general rule is that where there is conflict between the dispositive portion or the fallo and the body of the decision, the fallo controls. This rule rests on the theory that the fallo is the final order, while the opinion in the

body is merely a statement ordering nothing.[31]

In arguing that respondent Financiera's assignment of its SPPI Investment failed to extinguish its obligation to pay, petitioner Valdez cites Article 1249 of the New Civil Code and *Cebu International Finance Corp. v. Court of Appeals*.^[32] Furthermore, he posits that the assignment of SPPI Investments by respondent Financiera did not extinguish its obligation, because he was left with no remedy against SPPI, which was not a signatory to the Compromise Agreement, and because respondent Financiera breached its warranty that the said investments had matured with cash value when in fact they had not.

Finally, in stating that the CA has no jurisdiction to lift the attachments while the money claims remain unpaid, petitioner Valdez relied on the ruling of this Court in *Sonny Lo v. KJS Eco-Formwork System Phil., Inc.*^[33]

Respondent Financiera, in its Comment^[34] dated November 7, 2008, opposed the grounds set forth by petitioner Valdez in the instant petition by enumerating the following grounds:

I.

FINANCIERA CORRECTLY FILED A PETITION FOR CERTIORARI BEFORE THE COURT OF APPEALS TO ASSAIL THE ORDERS OF THE COURT A QUO DIRECTING THE EXECUTION OF A COURT DECISION WHICH HAD BEEN SUPPLANTED AND COMPLETELY SATISFIED BY THE PARTIES THROUGH THE EXECUTION OF A COURT-APPROVED COMPROMISE AGREEMENT.

II.

THE COURT OF APPEALS CORRECTLY RULED THAT:

A. THE COURT A QUO GRAVELY ABUSED ITS DISCRETION IN VARYING THE TERMS AND CONDITIONS OF THE PARTIES' COMPROMISE AGREEMENT;

B. THE PARTIES' COURT-APPROVED COMPROMISE AGREEMENT IS VALID AND MUST BE ENFORCED IN ACCORDANCE WITH THE TERMS THEREOF; AND,

C. FINANCIERA HAD PERFORMED ITS OBLIGATIONS UNDER THE COURT-APPROVED COMPROMISE AGREEMENT AND IS NOW ENTITLED TO THE LIFTING OF THE LEVY ON ATTACHMENT ON ITS REAL PROPERTIES, PARTICULARLY T.C.T. NOS. T-36316 AND T-36317.

According to respondent Financiera, it filed a petition for certiorari before the CA because the enforcement of the court a quo's February 26, 2007 and June 18, 2007 Orders rendered nugatory the force and effect of the parties' court-approved Compromise Agreement. Respondent adds that the enforcement of the same Orders would cause irreparable injury as it was directed to pay petitioner Valdez and others the sum of P4,069,439.90, when it had already assigned and transferred to them its SPPI investment accounts pursuant to the parties' court-approved Compromise Agreement.

In stating that the CA did not commit grave abuse of discretion, respondent Financiera reasons that the CA was correct in ruling that it was the RTC that committed grave abuse of its discretion in varying the terms and conditions of the parties' Compromise Agreement, which was already valid and enforceable in accordance with the terms thereof, and respondent had already performed its obligations under the same agreement.

The petition is meritorious.

One of the issues raised by petitioner Valdez is jurisdiction. According to him, the CA had no jurisdiction over respondent Financiera's petition for certiorari. The proper remedy was an appeal, as the case had proceeded from a denial of a motion for execution of a judgment. Under Rule 41 of the Rules of Court, an appeal can be resorted to

when:

SECTION 1. Subject of Appeal. - An appeal may be taken from a judgment or final order that completely disposes of the case, or of a particular matter therein when declared by these Rules to be appealable.

No appeal may be taken from:

- (a) An order denying a motion for new trial or reconsideration;
- (b) An order denying a petition for relief or any similar motion seeking relief from judgment;
- (c) An interlocutory order;
- (d) An order disallowing or dismissing an appeal;
- (e) An order denying a motion to set aside a judgment by consent, confession or compromise on the ground of fraud, mistake or duress, or any other ground vitiating consent;
- (f) An order of execution;
- (g) A judgment or final order for or against one or more of several parties or in separate claims, counterclaims, cross-claims and third-party complaints, while the main case is pending, unless the court allows an appeal therefrom; and
- (h) An order dismissing an action without prejudice.

In all the above instances where the judgment or final order is not appealable, the aggrieved party may file an appropriate special civil action under Rule 65.

In connection therewith, this Court has ruled^[35] that certiorari is not the proper substitute for a lost appeal. However, it admits of several exceptions, thus:

Doctrinally entrenched is the general rule that certiorari is not a substitute for a lost appeal. However, Justice Florenz D. Regalado lists several exceptions to this rule, viz.: "(1) where the appeal does not constitute a speedy and adequate remedy (*Salvadades vs. Pajarillo, et al.*, 78 Phil. 77), as where 33 appeals were involved from orders issued in a single proceeding which will inevitably result in a proliferation of more appeals (*PCIB vs. Escolin, et al.*, L-27860 and 27896, Mar. 29, 1974); (2) where the orders were also issued either in excess of or without jurisdiction (*Aguilar vs. Tan*, L-23600, June 30, 1970, Cf. *Bautista, et al. vs. Sarmiento, et al.*, L-45137, Sept., 231985); (3) for certain special consideration, as public welfare or public policy (See *Jose vs. Zulueta, et al.* L-16598, May 31, 1961 and the cases cited therein); (4) where in criminal actions, the court rejects rebuttal evidence for the prosecution as, in case of acquittal, there could be no remedy (*People vs. Abalos*, L-29039, Nov. 28, 1968); (5) where the order is a patent nullity (*Marcelo vs. De Guzman, et al.*, L-29077, June 29, 1982); and (6) where the decision in the certiorari case will avoid future litigations (*St. Peter Memorial Park, Inc. vs. Campos, et al.*, L-38280, Mar. 21, 1975)."^[36] Even in a case where the remedy of appeal was lost, the Court has issued the writ of certiorari where the lower court patently acted in excess of or outside its jurisdiction,^[37] as in the present case.

A petition for certiorari under Rule 65 of the Rules of Court is appropriate and allowable when the following requisites concur: (1) the writ is directed against a tribunal, board or officer exercising judicial or quasi-judicial functions; (2) such tribunal, board or officer has acted without or in excess of jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction; and (3) there is no appeal or any plain, speedy and adequate remedy in the ordinary course of law.^[38]

From the above provisions of the pertinent laws, it is apparent that a denial of a motion for the execution of judgment is appealable under Section 1, Rule 41 of the Rules of Court. Respondent Financiera justifies the mode

of appeal it resorted to by stating that the enforcement of the court a quo's Orders dated February 26, 2007 and June 18, 2007, respectively, rendered nugatory the force and effect of the parties' court-approved Compromise Agreement; therefore, there was a need to file a petition for certiorari. However, a close reading of the petition filed by respondent Financiera with the CA clearly shows that what it sought to be nullified and set aside were the Order of the RTC dated February 26, 2007 denying respondent's motion for the enforcement of the Compromise Agreement dated December 18, 2002, and granting petitioner Valdez's motion for execution of the Decision dated May 22, 2000 as modified by the CA; and the Order of the RTC dated June 18, 2007 denying respondent's motion for reconsideration of the earlier mentioned Order. Thus, by reason of the prayer in the petition for certiorari, the subject of the same petition was inappropriate, if not inapplicable. Rule 65 of the Rules of Court reads:

SECTION 1. Petition for certiorari. - When any tribunal, board or officer exercising judicial or quasi-judicial functions has acted without or in excess of its or his jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction, and there is no appeal, or any plain, speedy, and adequate remedy in the ordinary course of law, a person aggrieved thereby may file a verified petition in the proper court, alleging the facts with certainty and praying that judgment be rendered annulling or modifying the proceedings of such tribunal, board or officer, and granting such incidental reliefs as law and justice may require.

Considering that an appeal was still available as a remedy for the assailed Orders of the RTC, and that the case did not fall within the exceptions, the filing of the petition for certiorari was an attempted substitute for an appeal, after respondent failed to avail itself of the latter remedy. Necessarily, it must be noted that the petition for certiorari was filed on August 28, 2007 when the questioned RTC Orders had already attained finality. The Order became final when respondent Financiera received the RTC Order of June 18, 2007 denying the former's motion for reconsideration on June 29, 2007. Instead of filing a notice of appeal within the reglementary period lasting until July 14, 2007, respondent filed a petition for certiorari, way beyond the reglementary period. Hence, the CA had no jurisdiction to decide the said petition for certiorari.

Having ruled on the jurisdiction of CA, this Court shall now proceed to the merits of the case.

Was the RTC correct in denying respondent Financiera's motion for the enforcement of the Compromise Agreement and in granting petitioner Valdez's motion for execution of the trial court's decision?

This Court rules in the affirmative.

In a case^[39] decided by this Court, it was held that:

Compromise agreements are contracts, whereby the parties undertake reciprocal obligations to resolve their differences,^[40] thus, avoiding litigation,^[41] or put an end to one already commenced.^[42]

It is a cardinal rule in contract interpretation that the ascertainment of the intention of the contracting parties is to be discharged by looking to the words they used to project that intention in their contract, that is, all the words, not just a particular word or two, and words in context, not words standing alone.^[43]

Article 1374 of the Civil Code requires that the various stipulations of a contract shall be interpreted together, attributing to the doubtful ones that sense which may result from all of them taken jointly.^[44]

It is clear from the above ruling that the substance of a compromise agreement can be inferred from a careful perusal of all the stipulations in their entirety and all the words used, as they are connected with one another.

The Compromise Agreement entered into by petitioner Valdez and the other plaintiffs and respondent Financiera was for a valuable consideration paid by the latter in order for the former to drop, dismiss and withdraw their complaint; and to acknowledge that they had no more claims, demands, complaints, or causes of action of any kind whatsoever against said respondent. By dropping, dismissing and withdrawing their complaint, petitioner

Valdez and the other plaintiffs agreed to the lifting, cancellation and dissolution of the Writ of Preliminary Attachment issued by the RTC dated October 13, 1998, by virtue of which they had levied on, garnished and attached certain real and personal properties of respondent Financiera. The stipulations of the Compromise Agreement read as follows:

2.1 The notices of levy which the plaintiffs had caused to be annotated on the following real properties of FINANCIERA by virtue of said Writ shall be, as same are hereby, lifted and cancelled, to wit:

- a) A parcel of land in Manila City, covered by TCT No. 235055 of the Register of Deeds of Manila City;
- b) A parcel of land in Manila city, covered by TCT No. 235056 of the Register of Deeds of Manila City;
- c) A parcel of land in Tagaytay City, covered by TCT No. T-36316 of the Register of Deeds of Tagaytay City; and
- d) A parcel of land in Tagaytay City, covered by TCT No. T-36317 of the Register of Deeds of Tagaytay City.

2.2 The notices of garnishment which the plaintiffs had caused to be annotated/registered, likewise by virtue of said Writ, on the thirty (30) investment accounts of FINANCIERA with the SCHOLARSHIP PLAN PHILIPPINES, INC. (SPPI) under Account Nos. A-04-000-324 to A-04-000-330, Nos. A-04-000-332 to A-04-000-338 and Nos. A-04-000-340 to A-04-000-355, all of which had already matured (emphasis ours) with a total cash value of P3,160,000.00 are likewise canceled and lifted, to be disposed of by FINANCIERA in the following manner:

- a) The investment under Account No. A-04-000-355 with a cash value of P110,000.00 is hereby assigned and conveyed by FINANCIERA in favor of the plaintiffs to form part of the above-mentioned valuable consideration paid hereunder by FINANCIERA to the plaintiffs.
- b) The rest of the investment, accounts with a total cash value of P3,050,000.00 are hereby assigned and conveyed by FINANCIERA in favor of the spouses SIMEON VALDEZ and LYDIA VALDEZ, as part of the valuable consideration to be paid to them by FINANCIERA in another civil case, entitled "The spouses Simeon Valdez and Lydia Valdez, plaintiffs, versus Financiera Manila, Inc., defendant", docketed as Civil Case No. Q-00-40877 of the Regional Trial Court of Quezon City, Branch 90, which civil case the said spouses have likewise agreed to amicably settle with FINANCIERA simultaneously with the execution of this Compromise Agreement.

The above stipulations state in detail the properties whose attachments were sought to be lifted and canceled. Of particular importance is the assignment and conveyance of the 30 investment accounts of respondent Financiera with SPPI with a total cash value, as stated in the Compromise Agreement, of P3,160,000.00, because these accounts formed part of the valuable consideration paid by respondent to petitioner and the other plaintiffs. There is no dispute that the said investment accounts with SPPI were eventually assigned by respondent Financiera. The problem lies in whether there was full compliance with the said stipulation in the Compromise Agreement.

The stipulation states categorically that the 30 investment accounts of respondent Financiera with SPPI had already matured. However, the cash value of the said investment accounts were never given because SPPI, not being a party to the Compromise Agreement, could not be compelled to pay respondent Financiera's unpaid obligation to petitioner Valdez. The only legal effect of the non-inclusion of a party in a compromise agreement is that said party cannot be bound by the terms of the agreement.[45] Thus, the valuable consideration referred to by respondent Financiera in the Compromise Agreement has yet to be fulfilled. The very essence of the stipulation, as gleaned from the literal, as well as the implied, meaning of the words contained therein is the eventual payment of petitioner Valdez's claim. As ruled[46] by this Court, in a compromise agreement, the literal meaning of its stipulations must control.[47] It "must be strictly interpreted and x x x understood as including only matters

specifically determined therein or which, by necessary inference from its wording, must be deemed included." [48] Therefore, the non-maturity of the 30 investment accounts of respondent Financiera with SPPI makes the Compromise Agreement unenforceable. In *Abinujar v. Court of Appeals*, [49] as cited in *Alonzo, et al. v. Jaime and Perlita San Juan*, [50] this Court even went further and declared that the non-fulfillment of the terms and conditions of a compromise agreement approved by the court justifies execution thereof, and the issuance of a writ for the said purpose is the court's ministerial duty enforceable by mandamus. In this particular case, since the Compromise Agreement's enforceability depends on the maturity of the subject SPPI shares, the RTC could not compel SPPI to deliver the cash value of the said investment accounts, simply because the latter was not a party to the Compromise Agreement. Hence, the RTC did not commit any grave abuse of discretion amounting to lack of or excess of jurisdiction when it granted petitioner Valdez's motion for execution in its Decision dated May 22, 2000.

In short, as the stipulations in the Compromise Agreement remain unfulfilled, respondent Financiera is still obligated to pay its original indebtedness.

WHEREFORE, the Petition is GRANTED. The Decision dated March 18, 2008 of the Court of Appeals in CA-G.R. SP No. 100316 is hereby NULLIFIED and SET ASIDE. The Orders of the Regional Trial Court of Quezon City, Branch 227, dated February 26, 2007 and June 18, 2007, are hereby REINSTATED.

SO ORDERED.

Ynares-Santiago, (Chairperson), Chico-Nazario, Velasco, Jr., and Nachura, JJ., concur.

[1] Penned by Associate Justice Estela M. Perlas-Bernabe, with Associate Justices Portia Aliño- Hormachuelos and Lucas P. Bersamin (now Associate Justice of the Supreme Court), concurring; rollo, pp. 30-36.

[2] Belen Guevara, Pauline P. Petelo and Teddy Aurelio

[3] Arturo A. Sena; Ricardo S. Castañeda; Hector Y. Uy; Fausto C. Tiu, Financiera's Vice-President and Treasurer; and Mariano C. Tiu, its Vice-President for Money Market Department and Branch Operation, and ex-officio member of its Executive Committee. (CA Decision, CA rollo, p. 210.)

[4] Docketed as Civil Case No. Q-98-35546.

[5] Resolution dated October 13, 1998, CA rollo, pp. 39-41.

[6] As mentioned in the Order dated February 26, 2007, CA rollo, pp. 33-36.

[7] Id.

[8] CA rollo, pp. 46-56.

[9] Civil Case No. Q-00-40877.

[10] The Compromise Agreement in Civil Case No. Q-98-35546 was approved in the Order dated May 3, 2004 (CA rollo, p. 59), while the Compromise Agreement in Civil Case No. Q-00-40877 was approved in an Order dated January 16, 2003, as mentioned in CA Decision dated March 18, 2008. (CA rollo, p. 210.)

[11] CA rollo, pp. 59-62.

[12] Contained in SPPI's Manifestation (Re: Motion for Contempt) in Civil Case No. Q-00-40877, as mentioned in CA Decision dated March 18, 2008, CA rollo, p. 211.

[13] As shown in the Certification dated May 28, 2003 issued by SPPI, CA rollo, p. 64.

[14] As mentioned in petitioner's Comment dated September 21, 2007, CA rollo, p. 110.

[15] CA rollo, pp. 65-66.

[16] Per CA Resolutions dated April 11, 2005 and June 15, 2005 in CA-G.R. SP No. 89049, CA rollo, pp. 68-69 and 71-72, respectively, and SC Resolution dated July 27, 2005 in G.R. No. 168547, CA rollo, p. 73.

[17] CA rollo, pp. 76-82.

[18] Id. at 35.

[19] Id. at 36.

[20] Id. at 83-97.

[21] Order dated June 18, 2007, id. at 37-38.

[22] CA rollo, pp. 2-31.

[23] Id. at 209-215.

[24] Id. at 240.

[25] Id. at 219-224.

[26] Syllabus in Socorro v. Ortiz, G.R. No. L-23608, December 24, 1964, 12 SCRA 641; and Shugo Noda & Co., Ltd. v. Court of Appeals, G.R. No. 107404, March 30, 1994, 231 SCRA 620.

[27] Jacobus Bernhard Hulst v. PR Builders, Inc., G.R. No. 156364, September 3, 2007, 532 SCRA 74, 95, citing Peña v. Government Service Insurance System (GSIS), 502 SCRA 383, 404 (2006); Siy v. National Labor Relations Commission, 468 SCRA 154, 161-162 (2005); Sacdalan v. Court of Appeals, 428 SCRA 586, 599 (2004).

[28] Trans Middle East (Phils.) v. Sandiganbayan, G.R. No. 172556, June 9, 2006, 490 SCRA 455. See Guiang v. Co, G.R. No. 146996, July 30 2004, 435 SCRA 556, 561-562; Intestate Estate of Alexander Ty v. Court of Appeals, G. R. No. 112872 & 114672, April 19, 2001, 356 SCA 661, 666.

[29] Sec. 14, Art. VIII of the Constitution provides: "No decision shall be rendered by any court without expressing clearly and distinctly the facts and the law on which it is based."

[30] Sec. 1, Rule 36 of the Rules of Court requires that "A judgment or final order determining the merits of the case shall be in writing, personally and directly prepared by the judge, stating clearly and distinctly the facts and the law on which it is based, signed by him, and filed with the clerk of court."

[31] Mt. Carmel College v. Resuena, G.R. No. 173076, October 10, 2007, 535 SCRA 518, 539, citing Poliand Industrial Limited v. National Development Company, 467 SCRA 500, 550 (2005); Mendoza, Jr. San Miguel, Inc., 458 SCRA 664, 676-677.

[32] G.R. No. 123031, October 12, 1999, 316 SCRA 488.

[33] G.R. No. 149420, October 8, 2003, 413 SCRA 182.

[34] Rollo, pp. 182-203.

[35] Argana v. Republic G.R. No. 147227, November 19, 2004, 443 SCRA 184,

- [36] Remedial Law Compendium, Vol. 1, p. 708 (1997).
- [37] *Philippine National Bank v. Florendo*, G.R. No. 62082, February 26, 1992, 206 SCRA 582, 589. See also *Heirs of Mayor Nemencio Galvez v. Court of Appeals*, G.R. No. 119193, March 29, 1996, 255 SCRA 672, 689.
- [38] Rules of Court, Rule 65, Sec. 1. *Sanchez v. Court of Appeals*, 345 Phil 155, 178-179 (1997). See *Cochingyan, Jr. v. Cloribel*, G.R. Nos. L-27070-71, April 22, 1977, 76 SCRA 361, 385.
- [39] *Alonzo v. Sps. Jaime and Perlita San Juan*, G.R. No. 137549, February 11, 2005, 451 SCRA 45.
- [40] *Regal Films, Inc. v. Concepcion*, 414 Phil. 807, 812 (2001).
- [41] *Mactan-Cebu International Airport Authority (MCIAA) v. Court of Appeals*, G.R. No. 139495, November 27, 2000, 346 SCRA 126.
- [42] *Sanchez v. Court of Appeals*, G.R. No. 108947, September 29, 1997, 279 SCRA 647, cited in *San Antonio v. Court of Appeals*, 371 SCRA 536 (2001).
- [43] *Limson v. Court of Appeals*, G.R. No. 135929, April 20, 2001, 357 SCRA 209; *China Banking Corporation v. Court of Appeals*, G.R. No. 121158, December 5, 1996, 265 SCRA 327.
- [44] *The Insular Life Assurance Company, Ltd. v. Court of Appeals*, G.R. No. 126850, April 28, 2004, 428 SCRA 79.
- [45] *Domingo Realty, Inc. v. Court of Appeals*, G.R. No. 126236, January 26, 2007, 513 SCRA 40, 61.
- [46] *Manila International Airport Authority (MIAA) v. ALA Industries Corpo.*, 467 Phil. 229. (2004).
- [47] *Inter-Asia Services Corp. (Int'l) v. CA Special Fifteenth Division*, 331 Phil. 708, 718-719. (1996).
- [48] Tolentino, *Commentaries and Jurisprudence on the Civil Code of the Philippines*, Vol. V, p. 491 (1992).
- [49] G.R. No. 104133, April 18, 1995, 243 SCRA 531, 535, citing *Maceda, Jr. v. Moreman Builders Co., Inc.*, 203 SCRA 293 (1991).
- [50] *Supra*.

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