

**REPUBLIC OF THE PHILIPPINES REPRESENTED BY THE
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH),
PETITIONER, VS. HEIRS OF ELIGIO CRUZ, REPRESENTED BY
CRISANTA OLIQUINO, AND HEIRS ...**

G.R. No. 208956. October 17, 2018

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-208956/>

CAGUIOA, J:

The Case

This is a Petition for Review on Certiorari[1] (Petition) filed under Rule 45 of the Rules of Court against the Decision[2] dated March 12, 2013 (Assailed Decision) and Resolution[3] dated September 5, 2013 (Assailed Resolution) in CA-G.R. SP. No. 123203 rendered by the Court of Appeals (CA), Sixteenth Division.

The Assailed Decision and Resolution stem from the Omnibus Order[4] dated July 25, 2011 (July 2011 Omnibus Order) and Order[5] dated November 28, 2011 (November 2011 Order) issued by the Regional Trial Court (RTC) of Quezon City, Branch 222 in an action for interpleader (Interpleader) filed by the Republic of the Philippines (Republic) and docketed as Special Civil Action No. Q09-65409[6].

The Interpleader was filed by the Republic in connection with the payment of just compensation corresponding to specific portions of Lot 643, a 41,745-square meter property situated in Quezon City.[7]

The Facts

Sometime in 1977, the Department of Public Works and Highways (DPWH), then Ministry of Public Highways; conducted the widening of Visayas Avenue, Quezon City.[8]

The construction encroached upon a 4,757-square meter portion (Disputed Portion) of Lot 643, identified as follows:

Lot

Area in square meters

Registered Owner

Lot 643-A-2

1,822

Virginia B. Uichanco

Lot 643-A-3

1,047

Julita B. Uichanco-Denoga

Lot 643-B

1,888

Eligio Cruz[9]

The Disputed Portion was subdivided, and thereafter registered in the name of the Republic. However, no payment of just compensation was made.[10]

RTC Proceedings

Subsequently, a certain Crisanta Oliquino (Oliquino) filed with the DPWH a claim for payment of just compensation for and on behalf of several heirs of Eligio Cruz, namely, Nieves Cruz, Gregorio Cruz, Ester Cruz-Bernardino and Remigio Cruz (the Oliquino group).[11]

Oliquino demanded just compensation for the Disputed Portion at the rate of Php15,000.00 per square meter, and engaged the services of Atty. Maximo Borja (Atty. Borja) to facilitate the claim.[12]

In exchange for Atty. Borja's services, Oliquino executed a Deed of Assignment ceding in his favor the amount of Php14,000,000.00 out of the Php71,355,000.00 she expected to receive from the Republic.[13] However, for reasons not apparent in the records, Oliquino later repudiated the deed, prompting the Republic to release the partial payment of Php39,533,239.13 in Oliquino's favor.[14]

Confronted with conflicting claims of ownership over the Disputed Portion of Lot 643 left unpaid, the Republic withheld further payments and demanded the claimants to settle their opposing claims through litigation.[15] Since the claimants failed to do so, the Republic was constrained to file the Interpleader, impleading as defendants the following claimants:

1. The Oliquino group, as heirs of Eligio Cruz;
2. Emilia Cruz-Agalabia represented by Diosdado C. Agalabia (the Agalabia group), as heirs of Eligio Cruz;
3. The estate and/or heirs of Virginia Uichanco (Estate of V. Uichanco); and
4. Atty. Borja.

Subsequently, Inisetas De Leon, Narciso Ignacio and Rebecca Basilio (the De Leon group) filed a Motion for Intervention, also claiming just compensation as heirs of Eligio Cruz. Said motion was granted by the RTC in its Order dated September 9, 2010.[16]

Thereafter, Atty. Desiderio Pagui (Atty. Pagui) filed a Motion for Summary Judgment, for and on behalf of the Estate of V. Uichanco.[17]

The case was later referred to the Philippine Mediation Center upon the manifestation of the Oliquino and Agalabia groups.[18]

After termination of the mediation, the Oliquino group presented before the RTC a Compromise Agreement for approval. While said agreement allocated the remaining balance of just compensation corresponding to the Disputed Portion among the defendants in the Interpleader, only the Oliquino and Agalabia groups agreed upon the allocation.[19]

The approval of the Compromise Agreement was opposed by the De Leon group and Atty. Borja.[20] Notwithstanding such opposition, the RTC issued a Partial Judgment Based on Compromise Agreement (Partial Judgment) on April 18, 2011 approving the terms of the Compromise Agreement. Consequently, a Writ of

Execution and Order of Delivery of Money were issued, followed by a Notice of Garnishment directed to the Development Bank of the Philippines.[21]

The De Leon group and Atty. Borja filed their respective motions for reconsideration of the Partial Judgment,[22] while the Estate of V. Uichanco filed a Motion to Dismiss.[23]

On the other hand, the Oliquino and Agalabia groups filed a Motion for Issuance of Writ of Execution.[24]

In the July 2011 Omnibus Order, the RTC ruled in favor of the Oliquino and Agalabia groups, thus:

WHEREFORE, the several motions for reconsideration and motion to dismiss are hereby DENIED.

The motion for execution is hereby GRANTED.

Accordingly, let a writ of execution issue for the implementation of the aforesaid judgment based on Compromise Agreement dated April 18, 2011.

SO ORDERED.[25] (Emphasis supplied)

The Republic filed several motions[26] to avert execution.

On November 28, 2011, the RTC rendered the November 2011 Order, the dispositive portion of which reads, in part:

WHEREFORE, premises considered, the motions filed by [the Republic] and the [De Leon group] are hereby DENIED, for lack of merit.[27]

CA Proceedings

Aggrieved, the Republic filed before the CA a Petition for Certiorari with Prayer for Issuance of Writ of Preliminary Injunction and Temporary Restraining Order[28] (petition for certiorari). Said petition for certiorari imputed grave abuse of discretion to the RTC for rendering the July 2011 Omnibus Order and November 2011 Order.[29]

In said petition for certiorari, the Republic averred that the orders directing the execution of the Partial Judgment are premature and were issued without legal basis,[30] since the Partial Judgment "did not adjudicate nor (sic) settle the conflicting adversarial claims of the other impleaded defendants who are not parties to the [Compromise Agreement],"[31] namely, Atty. Borja and the De Leon group.

On March 12, 2013, the CA issued the Assailed Decision dismissing the Republic's petition for certiorari for lack of merit.[32] In so ruling, the CA held that since the Partial Judgment had attained finality, it may neither be amended nor corrected. Hence, "[t]he final and only action to be taken is to have the judgment executed in accordance with Rule 39 of the Rules of Court." [33] According to the CA, it is "immaterial" that the issue raised in the Interpleader has yet to be resolved,[34] as "[t]his does not derogate the judgment's susceptibility to execution." [35]

The Republic filed a motion for reconsideration, which was denied by the CA in the Assailed Resolution.[36]

The Republic received a copy of the Assailed Resolution on September 16, 2013.[37]

On September 25, 2013, the Republic filed a motion for extension before the Court, seeking an additional period of thirty (30) days from October 1, 2013, or until October 31, 2013 within which to file its Petition.[38]

On October 31, 2013, the Republic filed the present Petition.[39]

The Oliquino and Agalabia groups filed their respective comments to the Petition on February 14, 2014 and June 1, 2015.[40] Accordingly, the Republic filed its Reply on June 13, 2017.[41]

The Issue

The sole issue for the Court's resolution is whether the CA erred when it affirmed the validity of the July 2011 Omnibus Order and November 2011 Order directing the immediate execution of the Partial Judgment.

The Court's Ruling

The Petition is impressed with merit.

Article 2028 of the Civil Code defines a compromise as a "contract whereby the parties, by making reciprocal concessions, avoid x x x litigation or put an end to one already commenced."

A compromise intended to resolve a matter under litigation is referred to as a judicial compromise.[42] The effect of a judicial compromise is well established:

x x x Once stamped with judicial imprimatur, [a compromise agreement] becomes more than a mere 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 other judgment. It has the effect and authority of *res judicata*, although no execution may issue until it would have received the corresponding approval of the court where the litigation pends and its compliance with the terms of the agreement is thereupon decreed. x x x[43] (Emphasis supplied)

Before approving a compromise, courts are thus bound to strictly scrutinize the same to ensure that the compromise and its execution are compliant with the law and consistent with procedural rules.[44]

The Court finds that the RTC failed to exercise the degree of scrutiny required by law and jurisprudence when it ordered the immediate execution of the Compromise Agreement. Consequently, the CA erred when it dismissed the Republic's petition for certiorari and affirmed the July 2011 Omnibus Order and November 2011 Order issued by the RTC.

To recall, the Compromise Agreement divides the Republic's entire remaining balance between and among the defendants, in accordance with the terms agreed upon by the Oliquino and Agalabia groups. The allocation of the remaining balance was determined without the participation of all other claimants who likewise stand as parties to the Interpleader.

The relevant terms of the Compromise Agreement read:

The parties, particularly, [the Agalabia group], [the Oliquino group], x x x entered into a COMPROMISE AGREEMENT dated March 24, 2011 hereunder quoted to read as follows:

x x x x

WHEREAS, x x x the above-listed parties, being the present immediate relatives of the late [Eligio Cruz], who were impleaded as defendants or have filed for intervention in [the Interpleader], have agreed to settle the proceeds of the remaining portions amounting to Php31,821,760.87.

NOW THEREFORE, for and in consideration of the above premises, the following are hereby stipulated:

GROUP I

- The [h]eirs of Emilia Cruz represented by Maximino C. Agalabia shall receive the amount of ELEVEN MILLION FIVE HUNDRED THOUSAND PESOS (Php11,500,000.00);

GROUP II

- The [h]eirs of Victorina Cruz will receive as follows:

2.1 The family of the late ESTHER CRUZ represented by [CRISANTA OLIQUINO] who shall receive the amount of [TWO MILLION TWO HUNDRED THOUSAND PESOS (Php2,200,000.00)]. Said amount to be equally divided by them.

2.2 The family of the late REMIGIO CRUZ, the first group is represented by [CRISANTA OLIQUINO] who shall receive the amount of [TWO MILLION TWO HUNDRED THOUSAND PESOS (Php2,200,000.00)]. Said amount to be equally shared by them.

2.3 The family of the late NIEVES CRUZ of the first group is represented by MILAGROS PASCO who shall receive the amount of [TWO MILLION TWO HUNDRED THOUSAND PESOS (Php2,200,000.00)]. Said amount to be equally shared by them.

2.4 BELEN CRUZ SINGH and MA. LOURDES CRUZ shall receive the amount of [ONE MILLION FOUR HUNDRED SIXTY SIX THOUSAND SIX HUNDRED SIXTY SIX AND 67/100] (Php1,466,666.67). Said amount to be equally shared by them.

- The remaining balance to be collected from the DPWH less the foregoing respective shares of the respective groups shall cover the taxes, attorney's fees, legal fees and other past and present expenses which were fully explained to the parties in the mediation proceedings and which they agreed to be likewise settled and released to [CRISANTA OLIQUINO].

- Relative to the claims of [the Estate of V. Uichanco] and [Atty. Borja], the two groups of heirs[45] agreed as follows:

a) To deposit in [c]omi the amount of [ONE MILLION TWO HUNDRED THOUSAND PESOS] (Php1,200,000.00), representing the claim of [the Estate of V. Uichanco] pending determination of [its] claim.

b) To deposit in [c]ourt the amount of [TWO HUNDRED THOUSAND PESOS] (Php200,000.00) representing the claim of [Atty. Borja] based on the principle of quantum meruit. x x x

c) And likewise relative to the claim of [the De Leon group], the two (2) groups of heirs further agreed to deposit the amount of [SEVEN HUNDRED THIRTY THREE THOUSAND THREE HUNDRED THIRTY THREE AND 33/100] (Php733,333.33) representing their share[.][46] (Emphasis and underscoring supplied)

Clearly, the immediate execution of the Partial Judgment approving the Compromise Agreement facilitates the premature distribution of the Republic's remaining balance without affording the De Leon group and Atty. Borja of the opportunity to establish their entitlement, if any, to compensation beyond the amounts unilaterally set by the Oliquino and Agalabia groups. This defeats the very purpose for which the Republic's Interpleader had been filed, as it opens the portals to protracted litigation not only among the opposing claimants, but also between said claimants and the Republic.

The Court's ruling in *Armed Forces of the Philippines Mutual Benefit Association, Inc. v. Court of Appeals*[47] lends guidance:

Adjective law governing judicial compromises annunciate that once approved by the court, a judicial compromise is not appealable and it thereby becomes immediately executory but this rule must be understood to refer and apply only to those who are bound by the compromise and, on the assumption that they are the only parties to the case, the litigation comes to an end except only as regards to its compliance and the fulfillment by the parties of their respective obligations thereunder. x x x

Where there are, along with the parties to the compromise, other persons involved in the litigation who have not taken part in concluding the compromise agreement but are adversely affected or feel prejudiced thereby,

should not be precluded from invoking in the same proceedings an adequate relief therefor. A motion to set aside the judgment to the extent he might feel aggrieved, or might justifiably fear to be at risk by acquiescence unless timely invoked, is such a remedy. A denial of the motion to set aside the judgment on the compromise agreement opens the door for its possible elevation to a higher court. If the motion is denied, he may, considering the special finality feature of the compromise judgment, albeit partial, and its susceptibility to execution, take an appeal from the order of denial under Rule 45 or even, when circumstances particularly warrant, the extraordinary remedy prescribed in Rule 65, of the Rules of Court. That appeal notwithstanding, the main case still subsists allowing him to have continued locus standi.[48] (Emphasis and underscoring supplied)

By affirming the July 2011 Omnibus Order and November 2011 Order, the CA erroneously exposed the Republic to the very risk against which it sought protection through its Interpleader.

The risk of protracted litigation becomes even more apparent in light of the letter-communication dated February 19, 2013 sent by Rodolfo M. Ordanes (OIC Ordanes), Officer-in-Charge of the Quezon City Assessor's Office to Atty. Carlo Alcantara, Register of Deeds of Quezon City, a copy of which had been appended[49] to the Republic's Petition. Thereunder, OIC Ordanes makes the following certification which casts doubt on the Oliquino and Agalabia groups' claim of ownership:

x x x Prior to the death of Eligio Cruz on April 19, 1983, i.e., from 1950 to [the] present, all derivative lots of Lot 643 had already been sold and undergone several changes/transfer of names or ownerships (sic) and nothing was left to Eligio Cruz. All 41,745 [square meters] which are derivatives of Lot 643 Piedad Estate were already declared for realty tax purposes.[50] (Emphasis and underscoring supplied)

WHEREFORE, the Petition is GRANTED. The Decision and Resolution respectively dated March 12, 2013 and September 5, 2013 issued by the Court of Appeals Sixteenth Division in CA-G.R. SP. No. 123203 are REVERSED and SET ASIDE.

The Omnibus Order dated July 25, 2011 and Order dated November 28, 2011 issued by the Regional Trial Court of Quezon City, Branch 222 (RTC) in Special Civil Action No. Q09-65409 are hereby declared NULL and VOID.

The case is REMANDED to the RTC for proper disposition and determination of the issue raised in the Complaint-in-Interpleader filed by the Republic of the Philippines.

SO ORDERED.

Carpio, Senior Associate Justice, (Chairperson), Perlas-Bernabe, A. Reyes, Jr., and J. Reyes, Jr.,[*] JJ., concur.

[*] Designated additional Member per Special Order No. 2587 dated August 28, 2018.

[1] Rollo, pp. 10-56, excluding Annexes.

[2] Id. at 57-71. Penned by Associate Justice Zenaida T. Galapate-Laguilles, with Associate Justices Mariflor P. Punzalan Castillo and Amy C. Lazaro-Javier concurring.

[3] Id. at 72-74.

[4] Id. at 161 to 163-A. Penned by Judge Edgar Dalmacio Santos.

[5] Id. at 190-193.

[6] Also appears as Q-09-65409 in some parts of the rollo.

[7] Rollo, p. 58.

[8] Id. at 59.

[9] Id. at 60.

[10] Id.

[11] Id.

[12] Id. at 60-61.

[13] Id. at 61.

[14] Id.

[15] See id. at 19.

[16] Id. at 61.

[17] Id.

[18] Id. at 20, 61.

[19] See id. at 21.

[20] See id.

[21] Id. at 63.

[22] Id. at 21-22.

[23] Id. at 22.

[24] See id.

[25] Id. at 163-A.

[26] Id. at 64-65, 164-169 and 175-188. Motion for Reconsideration (on the Omnibus Order dated July 25, 2011), Motion to Quash (Writ of Execution and Order of Delivery of Money), and Motion to Lift Notice of Garnishment.

[27] Id. at 192.

[28] Id. at 194-231.

[29] See id. at 65-66.

[30] Id.

[31] Id. at 219.

[32] Id. at 70.

[33] Id. at 67.

[34] Id.

[35] Id.

[36] Id. at 72-74.

[37] Id. at 11.

[38] Id. at 2-6, 11.

[39] Id. at 10.

[40] Id. at 335-344, 358-364.

[41] Id. at 398-408.

[42] Armed Forces of the Philippines Mutual Benefit Association, Inc. v. Court of Appeals, 370 Phil. 150, 163 (1999).

[43] Id. at 163.

[44] Fil-Estate Properties, Inc. v. Reyes, G.R. Nos. 152797, 189315 & 200684, October 21, 2015 (Unsigned Resolution).

[45] The Oliquino and Agalabia groups.

[46] Rollo, pp. 61-63.

[47] Supra note 42.

[48] Id. at 164-165.

[49] Annex "CC," rollo, p. 325.

[50] Id. at 48, 325.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.