

THE PLAZA, INC., PETITIONER, VS. AYALA LAND, INC., RESPONDENT.*G.R. No. 209537. April 20, 2015*

Ponente: PERLAS-BERNABE, J.

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Assailed in this petition for review on certiorari[1] are the Decision[2] dated April 10, 2013 and the Resolution[3] dated October 8, 2013 of the Court of Appeals (CA) in CA-G.R. SP. No. 107006 which annulled and set aside the Omnibus Resolutions dated October 26, 2007[4] and September 29, 2008[5] of the Regional Trial Court of Makati City, Branch 137 (RTC), allowing petitioner The Plaza, Inc.'s (Plaza) Motion for Restitution in Civil Case No. 01-1352, as well as ordering respondent Ayala Land, Inc. (ALI) to answer Plaza's written interrogatories filed in relation to said motion.

The Facts

On May 19, 1983,[6] Plaza entered into a contract of lease[7] with Ayala Corporation, whereby the latter leased to the former a 2,643-square meter parcel of land located within the Greenbelt Commercial Center in Ayala Center, Makati City, until December 2005,[8] including the parking areas and driveways surrounding the same.[9] Accordingly, Plaza constructed a building thereon, known as "The Plaza Building" (the Building), and leased its commercial spaces to various tenants.[10]

In 1988, Ayala Corporation transferred its real estate operations to ALI, which then embarked on a plan called "the redevelopment of the Greenbelt area"[11] (Redevelopment Plan).

In 2000, ALI commenced construction, and as part thereof, undertook the closure and boarding-up of the parking access road and driveway in front of the Building.[12] In effect, the Building's operations were greatly hampered and its customers and tenants were prejudiced.[13]

On August 28, 2001, Plaza filed an action for damages with prayer for the issuance of a writ of preliminary injunction against ALI before the RTC, docketed as Civil Case No. 01-1352, seeking to enjoin the construction under the Redevelopment Plan.[14]

Eventually, or on March 8, 2002, the parties entered into a Compromise Agreement[15] which the RTC approved in an Order dated March 20, 2002[16] (Compromise Judgment). Said agreement provided, among others, that the lease would expire on December 31, 2005, without any renewal, and that Plaza shall surrender the possession of the leased premises to ALI, subject to the former's right to demolish and remove any and all improvements built or introduced thereon since 1983, no later than March 31, 2006.[17]

Plaza claimed that it gave its tenants until January 6, 2006 within which to vacate the sub-leased premises. However, said tenants refused to follow Plaza's directive since ALI allegedly sent them letters informing them that they still have until March 31, 2006 to leave.[18] Upon learning this, Plaza immediately wrote ALI about the matter and demanded that the latter pay them the salvage value of the Building or give Plaza a period of ninety (90) days starting April 1, 2006 for its demolition.[19] In response, ALI offered Plaza P1,000,000.00 as payment

for the salvage value of the Building and all the improvements, but Plaza rejected such offer.[20]

After several exchanges, Plaza filed a motion on March 28, 2006 before the RTC, praying for the fixing of the period for the Building's demolition (Motion to Fix). Pending resolution thereof, ALI took possession of the Building on April 1, 2006.[21]

During the October 27, 2006 hearing on Plaza's Motion to Fix, ALI's counsel manifested that the Building had already been demolished.[22] With the Building's demolition, Plaza's previous motion was therefore mooted;[23] thus, it was constrained to file a motion for restitution, seeking from ALI the delivery of all scrap and salvageable materials derived from, and produced by its demolition of the Building, or in the alternative, pay the amount of P5,200,000.00 representing the value of said scrap and salvageable materials[24] (Motion for Restitution).

For its part, ALI filed a motion to defer the proceedings on Plaza's claim for restitution (Motion to Defer), arguing that Plaza's Motion for Restitution aims to resurrect Plaza's failed attempt to stop ALI from implementing the Redevelopment Plan; and that the same was used as means to get more money from it.[25] ALI also claimed that the RTC had no jurisdiction to hear the said motion.[26]

Meanwhile, Plaza served written interrogatories related to its Motion for Restitution on ALI's President, Mr. Jaime Ayala, which ALI opposed through a motion to quash (Motion to Quash). In turn, Plaza filed a motion to strike out ALI's motion to quash (Motion to Strike Out), as well as a motion to compel ALI to answer the written interrogatories (Motion to Compel), which motions ALI equally opposed.[27]

The RTC Ruling

In an Omnibus Resolution[28] dated October 26, 2007, the RTC, among others: (a) denied ALI's Motion to Defer,[29] ratiocinating that it has jurisdiction over Plaza's claim for restitution, which it found to be a matter inextricably linked to and a natural progression of the execution of its Compromise Judgment that covered the Building's demolition;[30] and (b) denied ALI's Motion to Quash and, in contrast, granted Plaza's Motion to Strike Out and Motion to Compel,[31] ruling that they were (i) served in a timely fashion, noting, in this relation, cases,[32] which state that the Rules of Court do not provide for any time limitation for serving written interrogatories and (ii) relevant, since they sought for information related to the Building's demolition.[33]

Aggrieved, ALI filed a motion for partial reconsideration which was, however, denied in an Omnibus Resolution[34] dated September 29, 2008; thus, ALI elevated its case to the CA on certiorari.

The CA Ruling

In a Decision[35] dated April 10, 2013, the CA granted ALI's petition, thereby annulling and setting aside the RTC's Omnibus Resolutions dated October 26, 2007 and September 29, 2008.

It held, among others, that: (a) Plaza's claim for restitution was merely a thinly veiled collection case that should be made in a separate action;[36] and (b) Plaza's written interrogatories (i) did not involve numerous or complicated issues, unlike in the case cited by the RTC,[37] which justify the applicability of the modes of discovery,[38] and (ii) were irrelevant since the questions propounded by Plaza are just inquiries as to the personal circumstances of the Board of Directors or officers of ALI.[39]

Dissatisfied, Plaza moved for reconsideration[40] but was, however, denied in a Resolution[41] dated October 8, 2013, hence, this petition.

The Issue Before the Court

The main issue in this case is whether or not the CA correctly annulled and set aside the RTC's Omnibus Resolutions.

The Court's Ruling

The petition lacks merit.

I.

At the onset, it should be pointed out that Civil Case No. 01-1352 – the case from which the present petition originates – comes before the Court at its execution stage. Notably, the Compromise Judgment, covering the surrender of the possession of the subject premises, as well as the demolition period of the Building and/or removal of the materials salvaged therefrom, is, by nature, "immediately executory, unless a motion is filed to set aside the compromise on the ground of fraud, mistake, or duress in which event an appeal may be taken from the order denying the motion." [42] With no such motion having been filed, the RTC is bound to issue a writ of execution to carry out the said judgment to its full force and effect. In *Far Eastern Surety & Insurance Co., Inc., v. Vda. de Hernandez*, [43] the duty of courts dealing with final and executory judgments was explained as follows:

[T]he court cannot refuse to issue a writ of execution upon a final and executory judgment, or quash it, or order its stay, for, as a general rule, the parties will not be allowed, after final judgment, to object to the execution by raising new issues of fact or of law, except when there had been a change in the situation of the parties which makes such execution inequitable or when it appears that the controversy has never been submitted to the judgment of the court; or when it appears that the writ of execution has been improvidently issued, or that it is defective in substance, or is issued against the wrong party, or that judgment debt has been paid or otherwise satisfied; or when the writ has been issued without authority. [44]

In this case, the RTC, however, had yet to direct the Compromise Judgment's execution as it first had to resolve Plaza's Motion to Set period for the Building's demolition and the removal of the materials therefrom. Although Section 6, Rule 135 of the Rules of Court provides that courts may issue orders necessary to carry into effect its exercise of jurisdiction acquired over a particular case, [45] and that Section 5 (d) of the same Rule authorizes every court to control the conduct of its ministerial officers (for, instance, those tasked to execute its final judgments) regarding matters connected with the case before it, [46] it should be clarified that the parties had already fixed the periods within which to demolish the Building and to remove the materials to be salvaged therefrom. The approved Compromise Agreement pertinently reads:

3. Surrender of Leased Premises – PLAZA acknowledges that the Contract of Lease will expire on 31 December 2005. PLAZA further acknowledges that it has no right whatsoever to retain or extend possession of the Leased Premises or any part thereof, after 31 December 2005 subject, however, to its right to demolish and remove any and all improvements as provided in the Contract of Lease dated 19 May 1983.

x x x [x]

ALI is authorized under this Agreement to enter and take possession of the premises, otherwise described as Leased Premises, at the first hour of 01 January 2006 or at any time or date thereafter. PLAZA and its sub-lessees are authorized to remove, at its cost and expense, all its properties from the Leased Premises not later than 31 March 2006, and any improvements or properties found therein after the aforesaid date shall be deemed abandoned. However, PLAZA's authority to remove its properties from the premises shall not be in any way construed as an extension or renewal of the lease contract. After 31 March 2006, ALI has the option to either demolish or remove any improvements or properties found in the premises and charge the cost thereof to PLAZA, or to occupy or appropriate improvements found at the premises, without obligation to reimburse PLAZA for the cost or value of such improvements.

Notwithstanding the above-said provisions, the failure of PLAZA to vacate the premises after 31 December 2005 shall entitle ALI to a Writ of Execution in the Civil Case for the eviction of PLAZA without the necessity of filing a separate ejectment suit without prejudice, however, to PLAZA's right to demolish and remove any and all improvements introduced or built within the leased premises by 31 March 2006.[47] (Emphases supplied)

Thus, although the fixing of a period of demolition would have been merely incidental to the execution of the Compromise Judgment, as it covered, among others, the demolition of the Building, the parties' explicit agreement on said period precluded the RTC from resolving Plaza's Motion to Fix. As the CA aptly observed, to allow the RTC to fix such period would allow it to amend a substantial part of the parties' agreement. Verily, judges have the ministerial and mandatory duty to implement and enforce a compromise agreement. Absent any appeal or motion to set aside the judgment, courts cannot modify, impose conditions different from the terms of a compromise agreement, or set aside the compromises and reciprocal concessions made in good faith by the parties without gravely abusing their discretion,[48] as in this case.

The same principle applies with greater force to the RTC's cognizance of Plaza's Motion for Restitution which it (Plaza) later filed in view of the supervening demolition of the Building. Said motion prayed that ALI be ordered to deliver all scrap and salvageable materials derived from, and produced by its demolition, or in the alternative, pay the amount of P5,200,000.00 representing the value of said scrap and salvageable materials. However, as the Court sees it, this motion goes beyond the scope of the Compromise Judgment as restitution in view of the Building's supervening demolition was not even contemplated by the parties in their Compromise Agreement. As mentioned, the Compromise Judgment only covers the terms of surrender of the leased premises' possession, as well as the demolition period of the Building and/or removal of the materials salvaged therefrom. Confined as it is to such limitations, the RTC cannot extend the coverage of the execution proceedings to deal with a supervening event that carries with it a new cause of action. Neither do the RTC's inherent powers under Sections 5 and 6, Rule 135 of the Rules of Court justify this exercise as these provisions do not encompass matters that go beyond the scope of a particular case. Naturally, a court's exercise of jurisdiction should only extend to incidents related to the case for which it had acquired jurisdiction. Hence, if Plaza would pursue its cause of action for restitution, the proper remedy is for it to file a civil suit directly for this purpose. But, as it stands, the RTC had no authority to proceed with Plaza's Motion for Restitution. In fine, the CA correctly annulled the same.

II.

The fact that Plaza couches its Motion for Restitution as a relief against ALI's supposed violation of the Compromise Agreement, which thus makes it an off-shoot of the case, does not detract from the foregoing finding. The Court, in the recent case of *Gadrinab v. Salamanca*,[49] discussed the remedies in the event a compromise agreement is breached:

The issue in this case involves the non-compliance of some of the parties with the terms of the compromise agreement. The law affords complying parties with remedies in case one of the parties to an agreement fails to abide by its terms.

A party may file a motion for execution of judgment. Execution is a matter of right on final judgments.¹ Section 1, Rule 39 of the Rules of Court provides:

Section 1. Execution upon judgments or final orders. — Execution shall issue as a matter of right, on motion, upon a judgment or order that disposes of the action or proceeding upon the expiration of the period to appeal therefrom if no appeal has been duly perfected. (1a)

If the appeal has been duly perfected and finally resolved, the execution may forthwith be applied for in the court of origin, on motion of the judgment obligee, submitting therewith certified true copies of the judgment or judgments or final order or orders sought to be enforced and of the entry thereof, with notice to the adverse

party.

The appellate court may, on motion in the same case, when the interest of justice so requires, direct the court of origin to issue the writ of execution. (n)

If a party refuses to comply with the terms of the judgment or resists the enforcement of a lawful writ issued, an action for indirect contempt may be filed in accordance with Rule 71 of the Rules of Court:

Section 3. Indirect contempt to be punished after charge and hearing. — After a charge in writing has been filed, and an opportunity given to the respondent to comment thereon within such period as may be fixed by the court and to be heard by himself or counsel, a person guilty of any of the following acts may be punished for indirect contempt;

x x x x x x x x

(b) Disobedience of or resistance to a lawful writ, process, order, or judgment of a court, including the act of a person who, after being dispossessed or ejected from any real property by the judgment or process of any court of competent jurisdiction, enters or attempts or induces another to enter into or upon such real property, for the purpose of executing acts of ownership or possession, or in any manner disturbs the possession given to the person adjudged to be entitled thereto[.]

Since a judgment on compromise agreement is effectively a judgment on the case, proper remedies against ordinary judgments may be used against judgments on a compromise agreement. Provided these are availed on time and the appropriate grounds exist, remedies may include the following: a) motion for reconsideration; b) motion for new trial; c) appeal; d) petition for relief from judgment; e) petition for certiorari; and f) petition for annulment of judgment.[50] (Emphases supplied)

Moreover, in *Genova v. De Castro*,[51] the Court stated that a party's violation of a compromise agreement may give rise to a new cause of action, which may be pursued in a separate action as it is not barred by *res judicata*:

[P]etitioner's violation of the terms of the compromise judgment gave rise to a new cause of action on the part of respondent, i.e., the right to enforce the terms thereof. When she failed to obtain this by mere motion filed with the trial court, she was constrained to institute the proper suit for ejectment. The filing of a separate case based on a cause of action that arises from the application or violation of a compromise agreement is not barred by *res judicata* in the first action.[52]

Noticeably, Plaza's Motion for Restitution is not one of the remedies that can be availed against ALI's purported violation of the Compromise Agreement. On the contrary, the same is a new cause of action arising therefrom.

III.

Anent Plaza's written interrogatories, the Court observes that the same were filed only to aid the RTC in resolving its Motion for Restitution. Hence, given that Plaza's principal motion was already struck down for the reasons herein discussed, the RTC's order allowing Plaza's written interrogatories was equally defective. That being said, the Court finds it unnecessary to delve on the ancillary issues arising from said written interrogatories, lest it engages in needless academic discourse.

WHEREFORE, the petition is DENIED. The Decision dated April 10, 2013 and the Resolution dated October 8, 2013 of the Court of Appeals in CA-G.R. SP. No. 107006 are hereby AFFIRMED.

SO ORDERED.

Sereno, C.J. (Chairperson), Leonardo-De Castro, Bersamin, and Perez, JJ., concur.

[1] Rollo, pp. 15-37.

[2] Id. at 42-57. Penned by Associate Justice Elihu A. Ybañez with Associate Justices Japar B. Dimaampao and Victoria Isabel A. Paredes concurring.

[3] Id. at 40-41.

[4] Id. at 58-85. Penned by Presiding Judge (now Deputy Court Administrator) Jenny Lind R. Aldecoa-Delorino.

[5] Id. at 86-92.

[6] Inadvertently dated "1993" in the petition; see id. at 16.

[7] Not attached to the rollo.

[8] The lease agreement was for a 12-year period, but was later renewed in 1994, thus extending the same up until December 2005; id. at 43.

[9] Id. at 16 and 43.

[10] Id. at 17.

[11] Id. at 43.

[12] Id. at 17.

[13] Id. at 43.

[14] Id.

[15] See excerpts of the Compromise Agreement; id. at 17-18 and 118-120.

[16] See id. at 44 and 58.

[17] Id. at 44. See also id. at 59.

[18] See id. at 18-19 and 44.

[19] See id. at 19.

[20] Id. at 19 and 44.

[21] Id. at 20 and 44.

[22] Id. at 44.

[23] Id. at 21.

[24] Id. at 44-45. See also id. at 22.

[25] Id. at 79.

[26] Id. at 80.

[27] See id. at 22 and 45.

[28] Id. at 58-85.

[29] Id. at 85.

[30] Id. at 83-84.

[31] Id. at 84.

[32] Cited cases are *Producers Bank v. CA*, 349 Phil. 311 (1998) and *East Asiatic Company, Ltd. v. Court of Industrial Relations*, 148-B Phil. 401, 425 (1971).

[33] Rollo, pp. 67-69.

[34] Id. at 86-92.

[35] Id. at 42-57.

[36] Id. at 53.

[37] See *East Asiatic Company, Ltd. v. Court of Industrial Relations*, *supra* note 32.

[38] Rollo, p. 50.

[39] Id. at 51.

[40] Dated April 30, 2013. Id. at 93-106.

[41] Id. at 40-41.

[42] *Piano v. Cayanong*, 117 Phil. 415, 421 (1963).

[43] 160-A Phil. 406 (1975).

[44] Id. at 410-411.

[45] Section 6. Means to carry jurisdiction into effect. — When by law jurisdiction is conferred on a court or judicial officer, all auxiliary writs, processes and other means necessary to carry it into effect may be employed by such court or officer; and if the procedure to be followed in the exercise of such jurisdiction is not specifically pointed out by law or by these rules, any suitable process or mode of proceeding may be adopted which appears conformable to the spirit of the said law or rules. (Emphasis and underscoring supplied)

[46] Section 5. Inherent powers of court. — Every court shall have power:

x x x x x x x x

(d) To control, in furtherance of justice, the conduct of its ministerial officers, and of all other persons in any manner connected with a case before it, in every manner appertaining thereto[.]

[47] Rollo, p. 59.

[48] *Gadrinab v. Salamanca*, G.R. No. 194560, June 11, 2014.

[49] See *id.*

[50] See *id.*, citation omitted.

[51] 454 Phil. 662 (2003).

[52] Id. at 676.

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