

SPOUSES ROBERTO AND G.R. NO. 219431 BEATRIZ GARCIA, PETITIONERS, VS. SPOUSES ARNEL CRICELA SORIANO, RESPONDENTS.

G.R. No. 219431. August 24, 2020

Ponente: INTING, J.

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INTING, J.:

Before the Court is a Petition for Review on Certiorari under Rule 45[1] of the Rules of Court assailing the Decision[2] dated December 2, 2013 and the Resolution[3] dated June 2, 2015 of the Court of Appeals (CA) in CA-G.R. CEB SP No. 05485.

The Antecedents

On February 13, 2004, Spouses Arnel and Cricela Soriano (respondents) filed an action for Consolidation of Ownership of Real Property against Spouses Roberto and Beatriz Garcia (petitioners) before Branch 9, Regional Trial Court (RTC), Tacloban City, docketed as Civil Case No. 2004-02-28.[4]

On September 14, 2005, the RTC referred the case for mediation proceedings. Subsequently, the parties reached an amicable settlement embodied in a compromise agreement dated October 29, 2005 (subject compromise agreement), which provides in part:

"That [petitioners] are given a grace period of six (6) months to one (1) year from date of signing this agreement to repurchase/redeem the two (2) parcels of land subject matter of this case and covered by TCT No. T-23868 and T.D. No. 3582. During this period, [petitioners] will look for an amount or buyers, and if able to dispose will give the amount of P300,000.00 to the [respondents] as repurchase/redemption price and interest/produce unearned interest for almost 14 years;

That should [petitioners] failed (sic) to produce such amount or sell the above-mentioned properties within (the) period granted, then [petitioners] shall immediately turnover and deliver possession and ownership of Lot No. 3 covered by TCT No. T-23868 with an area of 513 square meters located at Poblacion, Tanuan, Leyte, and that, a Deed of Absolute Sale shall be executed by [petitioners] in favor of [respondents];

That the other parcel of land covered by TD No. 3582, Cad. Lot No. 3210 with an area of 1.2971 hectares located at Guingawan, Tabontabon, Leyte shall be retained by the [petitioners], and that, [respondents] as (a) gesture of compassion and reconciliation are willing to part the said property in favor of [petitioners];

That the parties agreed to abide (by) the terms and conditions of this compromise agreement, and [respondents] are willing to withdraw the complaint against [petitioners];

x x x"[5]

On June 4, 2007, the RTC issued an Order (subject judgment based on compromise agreement) approving the aforesaid compromise agreement. Subsequently, petitioners failed to pay respondents the sum of f 300,000.00 within the one-year period under the subject judgment based on compromise agreement. Consequently, on

September 9, 2008, respondents moved for the execution of the judgment and prayed that petitioners be ordered to deliver possession and ownership of Lot 3 (subject property), covered by Transfer Certificate of Title (TCT) No. T-23868, and execute the corresponding deed of absolute sale in favor of respondents.[6]

On January 30, 2009, during the hearing on the motion for execution, the RTC extended the period until April 30, 2009 within which petitioners may pay respondents the sum of P300,000.00, viz.:

"As the Court extended its help to the parties to be able to come up with an amicable settlement, finally, the [petitioners] prayed the Court that he be given up to April 30, 2009 to comply with the Compromise Agreement, the Court, with the permission of the [respondents], approved it, provided it is the last the time the Court will give to [petitioners].

The Court, therefore, resets the hearing of this case to May 8, 2009 at 8:30 a.m.

SO ORDERED.[7]

On April 28, 2009, petitioners alleged that they informed respondents that they are ready and able to pay the sum of P300,000.00, but respondents refused to accept the payment. On even date, petitioners filed a manifestation before the RTC that they are willing to pay the aforesaid sum.[8]

On April 29, 2009, respondents filed a counter-manifestation stating that the subject judgment based on compromise agreement constituted res judicata between the parties and can no longer be disturbed; that the Order dated January 30, 2009 is defective for lack of consent of respondent Arnel Soriano who died on August 2, 2007; and that petitioners failed to pay the stipulated sum within the period set under the subject judgment based on compromise agreement; hence, the issuance of the writ of execution is proper.[9]

On May 14, 2009, the RTC granted respondents' motion for execution, to wit:

"Whereas, judgment rendered in accordance with a compromise is not appealable, and is immediately executory, hence, the same is now final and executory.

Whereas, [respondents] on April 29, 2009 filed with the court motion for execution of the above-mentioned compromise agreement, and accordingly allowed the issuance of this Writ of Execution."[10]

On June 1, 2009, petitioners filed a motion to quash writ of execution on the ground that execution is premature and constitutes a denial of due process in view of the extension of time for petitioners to pay the stipulated sum granted by the trial court in its Order dated January 30, 2009; and that execution would result in injustice as petitioners exerted utmost effort to raise the stipulated sum in order to retain the subject property that they acquired through their hard work.[11]

On June 4, 2009, the RTC issued an Order denying petitioners' motion to quash.[12]

On July 28, 2009, petitioners filed a second motion to quash writ of execution. They argued that respondents agreed or consented to the extension of time for them (petitioners) to pay the stipulated sum; that there is no law or jurisprudence prohibiting the parties from amending or modifying a compromise agreement; and that the trial court's Order dated January 30, 2009 supersedes or cancels all its previous orders.[13]

On October 20, 2009, the RTC issued an Order denying the second motion to quash. However, on January 27, 2010, upon petitioners' motion for reconsideration, the RTC reversed its previous ruling and ordered respondents to receive the sum of P300,000.00 from petitioners in accordance with the subject compromise agreement.[14]

Aggrieved, respondents, in turn, moved for reconsideration, which the RTC denied in its Order dated April 13, 2010. Undeterred, on May 25, 2010, respondents' successors-in-interest filed a motion for execution to enforce the

subject judgment based on compromise agreement.[15]

On June 16, 2010, the RTC granted the aforesaid motion and issued a writ of execution (subject writ of execution).[16]

Petitioners, thereafter, moved for reconsideration which the RTC denied in its Order dated September 6, 2010.

Hence, petitioners sought recourse before the CA via a petition for certiorari.

Ruling of the CA

In the assailed Decision dated December 2, 2013, the CA held that a compromise agreement, once approved by final order of a court of competent jurisdiction, is final and executory. It has the force of law and is conclusive between the parties. Thus, it becomes a judgment subject to execution in accordance with the Rules of Court.

According to the CA, when the RTC approved the subject compromise agreement on June 4, 2007, it became a final and executory judgment which can no longer be modified or amended. As a result, the subsequent Order dated January 30, 2009 of the RTC which extended the period of payment beyond the terms of the subject compromise agreement was improper and erroneous. The RTC was without power to relieve petitioners from an obligation they had voluntarily assumed. It had no authority to impose on the parties a judgment different from or against the terms and conditions of their compromise agreement.

Under the subject judgment based on compromise agreement, petitioners had until June 4, 2008 (i.e., one year from the approval by the RTC of the subject compromise agreement on June 4, 2007) to pay the sum of P300,000.00, but they failed to do so. Thus, when respondents filed their motion for execution on September 9, 2008, in order to enforce the subject judgment based on compromise agreement, the issuance of the writ of execution became a matter of right and the RTC had the ministerial duty to issue such writ. Hence, the RTC did not commit grave abuse of discretion in issuing the subject writ of execution.

Petitioners moved for reconsideration which the CA denied in its assailed Resolution dated June 2, 2015.

Hence, this petition.

Issues

The Court deems the proper issues for resolution to be as follows:

I.

Whether petitioners availed themselves of the proper remedies.

II.

Whether the proper party litigants validly entered into a new or modified compromise agreement which superseded the judgment based on compromise agreement.

III.

Whether the RTC committed grave abuse of discretion when it issued the subject writ of execution to enforce the subject judgment based on compromise agreement.

The Court's Ruling

The Court affirms the ruling of the, CA but for different reasons.

At the outset, the Court notes that the execution proceedings subject of this case was unnecessarily drawn-out, because the RTC erroneously permitted petitioners to resort to improper remedies.

As narrated earlier, on June 1, 2009, petitioners filed a motion to quash writ of execution on the ground that execution is premature, unjust, and violates their right to due process principally because of the extension of time

to pay the stipulated sum granted to petitioners by the RTC in its Order dated January 30, 2009.

On June 4, 2009, however, the RTC issued an Order denying petitioners' motion to quash.

Thereafter, or on July 28, 2009, petitioners filed a second motion to quash writ of execution. Amplifying the previous grounds that they raised in their first motion to quash, petitioners argued that respondents agreed to the aforesaid extension of time for petitioners to pay their obligation, as stated in the Order dated January 30, 2009; that there is no law or jurisprudence prohibiting the parties from amending or modifying a compromise agreement; and that the RTC's Order dated January 30, 2009 supersedes or cancels all its previous orders.

Based on the foregoing, the Court finds that the RTC should have dismissed outright the second motion to quash for violating the Omnibus Motion Rule and for being the improper remedy.

Under Section 9,[17] Rule 15 of the Revised Rules of Civil Procedure,[18] the Omnibus Motion Rule states:

Subject to the provisions of Section 1 of Rule 9, a motion attacking a pleading, order, judgment, or proceeding shall include all objections then available, and all objections not so included shall be deemed waived.

The spirit or rationale of the foregoing rule is to require the movant to raise all available grounds for relief in a single opportunity in order to avoid multiple and piece-meal objections.[19] In the present case, the second motion to quash raised additional arguments to support or amplify those contained in the first motion to quash, but which arguments were already available prior to and at the time of filing of the first motion to quash. Thus, such additional arguments are deemed waived and can no longer be raised in the second motion to quash by virtue of the Omnibus Motion Rule.

Furthermore, from the denial of petitioners' first motion to quash, the proper remedy was not to file a second motion to quash, but to seek recourse to a higher court either by appeal (writ of error or certiorari) or by a special civil action of certiorari, prohibition, or mandamus,[20] if warranted under exceptional circumstances established by jurisprudence and upon compliance with any prerequisite (e.g., filing of a motion for reconsideration) required by the Rules. As the Court explained in *Limpin, Jr. v. Intermediate Appellate Court*,[21] although, as a general rule, no appeal lies from an order denying a motion to quash writ of execution,[22] there are exceptions to this rule:

Certain it is x x x that execution of final and executory judgments may no longer be contested and prevented, and no appeal should be therefrom: otherwise, cases would be interminable, and there would be negation of the overmastering need to end litigations.

There may, to be sure, be instances when an error may be committed in the course of execution proceedings prejudicial to the rights of a party. These instances, rare though they may be, do call for correction by a superior court, as where -

- 1) the writ of execution varies the judgment;
- 2) there has been a change in the situation of the parties making execution inequitable or unjust;
- 3) execution is sought to be enforced against property exempt from execution;
- 4) it appears that the controversy has never been submitted to the judgment of the court;
- 5) the terms of the judgment are not clear enough and there remains room for interpretation thereof; or,
- 6) 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 the judgment debt has been paid or otherwise satisfied, or the writ was issued without authority;

In these exceptional circumstances, considerations of justice and equity dictate that there be some mode available to the party aggrieved of elevating the question to a higher court. That mode of elevation may be either by appeal (writ of error or certiorari) or by a special civil action of certiorari, prohibition, or mandamus.[23]

Resultantly, flowing from the patent infirmities of the second motion to quash, the Order dated June 4, 2009 denying petitioners' first motion to quash attained finality; hence, the execution of the subject judgment based on compromise agreement should have proceeded as a matter of course.

At any rate, even if the Court was to disregard for the nonce the foregoing procedural infirmities that attended the subject execution proceedings and adjudicate this case on the merits, the instant petition still fails.

The CA principally relied on the doctrine of immutability of final judgments in concluding that the subject judgment based on compromise agreement can no longer be altered or modified; hence, the trial court's Order dated January 30, 2009 could not and did not extend the period of payment stipulated therein.

Petitioners, however, concede that the subject judgment based on compromise agreement is already final and executory, and instead, they argue that said final judgment was superseded by a new or modified compromise agreement, during the January 30, 2009 hearing on the motion for execution, where respondents allegedly agreed to give petitioners until April 30, 2009 within which to pay the sum of P300,000.00 as redemption or repurchase price of the subject property. In essence, petitioners argue that there is no law or jurisprudence which prohibits the parties from entering into a new or modified compromise agreement even after a judgment based on compromise agreement has attained finality.

Within the context of the present case, the Court finds that the applicable principle is the rule on compromise agreements after final judgment, and not the doctrine of immutability of final judgments. A final judgment based on compromise agreement has the same force and effect of a final judgment on the merits by a court of competent jurisdiction, and is, thus, subject to the same prevailing principles on compromise agreements after final judgment.

The rule of long standing is that rights may be waived or modified through a compromise agreement even after a final judgment has already settled the rights of the contracting parties.[24] The compromise, to be binding, must be shown to have been voluntarily, freely and intelligently executed by the parties, who had full knowledge of the judgment.[25] In consonance with the law on contracts, the compromise must not be contrary to law, morals, good customs and public policy.[26]

In *Magbanua v. Uy*,[27] the Court explained thus:

The issue involving the validity of a compromise agreement notwithstanding a final judgment is not novel. *Jesalva v. Bautista* upheld a compromise agreement that covered cases pending trial, on appeal, and with final judgment. The Court noted that Article 2040[28] (of the Civil Code) impliedly allowed such agreements; there was no limitation as to when these should be entered into. *Palanca v. Court of Industrial Relations* sustained a compromise agreement, notwithstanding a final judgment in which only the amount of back wages was left to be determined. The Court found no evidence of fraud or of any showing that the agreement was contrary to law, morals, good customs, public order, or public policy.

Gatchalian v. Arlegui upheld the right to compromise prior to the execution of a final judgment. The Court ruled that the final judgment had been novated and superseded by a compromise agreement. Also, *Northern Lines, Inc. v. Court of Tax Appeals* recognized the right to compromise final and executory judgments, as long as such right was exercised by the proper party litigants.

x x x x

There is no justification to disallow a compromise agreement, solely because it was entered into after final judgment. The validity of the agreement is determined by compliance with the requisites and principles of contracts, not by when it was entered into. As provided by the law on contracts, a valid compromise must have the following elements: (1) the consent of the parties to the compromise, (2) an object certain that is the subject matter of the compromise, and (3) the cause of the obligation that is established.[29] (Emphasis and underscoring supplied.)

In the case at bar, there was nothing to prevent the parties from entering into a new or modified compromise agreement even after the subject judgment based on compromise agreement attained finality. Nonetheless, the Court holds that petitioners failed to convincingly show that respondents consented or agreed to this new or modified compromise agreement, which purported to supersede the subject judgment based on compromise agreement.

Respondent Cricela Soriano argue that she and her now deceased husband, respondent Arnel Soriano, did not agree to the aforesaid extension of time to pay, because: (1) during the January 30, 2009 hearing on their motion for execution, respondents' counsel objected[30] to the granting of the extended period (which petitioners do not dispute before the Court), however, the trial court insisted on giving petitioners more time to pay the obligation, despite the lapse of the period under the judgment based on compromise agreement, and (2) respondent Arnel Soriano had previously died on August 2, 2007, as evidenced by the original copy[31] of his death certificate, thus, making it impossible for him to have given his consent to the alleged modification of the original compromise agreement during the January 30, 2009 hearing.

Petitioners rely heavily on the wording of the trial court's Order dated January 30, 2009, which stated, in part, that the extension of time to pay was "with the permission of [respondents]." However, under the peculiar circumstances of this case, the Court cannot take such wording at face value precisely because of: (1) respondents' uncontroverted evidence that respondent Arnel Soriano had previously died on August 2, 2007; and (2) the lack of sufficient proof that respondent Cricela Soriano as well as respondent Arnel Soriano's heirs[32] were actually present during the January 30, 2009 hearing and gave their consent to the new or modified compromise agreement.

The Court finds that a greater degree of circumspection is warranted in this particular case, because the purported modification to the subject compromise agreement is in the nature of a unilateral concession in favor of petitioners (a form of pure gratuity) vigorously contradicted with proof by respondents, so that it was incumbent upon petitioners, who had the burden of proof, to convincingly show that the new or modified compromise agreement, which would have the effect of superseding the subject judgment based on compromise agreement, was voluntarily, freely and intelligently entered into by the proper party litigants. This, petitioners failed to do.

Thus, the Court is constrained to rule that the requisite consent to enter into a new or modified compromise agreement was lacking. Hence, no new or modified compromise agreement was validly entered into by the proper party litigants which would have superseded the subject judgment based on compromise agreement. Since it is undisputed that petitioners were in default of payment under the terms of the subject judgment based on compromise agreement, then the issuance by the trial court of the subject writ of execution to enforce said final judgment was, therefore, proper.

Be that as it may, even if we were to assume *arguendo* that the proper party litigants in this case validly entered into a new or modified compromise agreement, which superseded the subject judgment based on compromise agreement by extending the period of payment stipulated therein, the result would still be the same.

It will be recalled that the alleged extension as per the Order dated January 30, 2009 allowed petitioners to pay the

stipulated sum on or before April 30, 2009. On April 28, 2009, petitioners manifested before the trial court their willingness and ability to pay the said sum, but, according to petitioners, respondents allegedly rejected their offer of payment.[33] Instead, on April 29, 2009, respondents filed a counter-manifestation maintaining that the subject judgment based on compromise agreement is already final and executory; that the period to pay has already lapsed warranting the execution of the same; and that the Order dated January 30, 2009 is defective for lack of consent, because respondent Arnel Soriano had previously died on August 2, 2007.

Based on the alleged unjustified refusal of respondents to accept the said payment, the proper remedy of petitioners should have been the consignation of payment with the trial court in order to comply with their obligation under the new or modified compromise agreement. In *Allandale Sportsline, Inc., et al. v. The Good Dev't. Corp.*,[34] we held:

Tender of payment, without more, produces no effect; rather, tender of payment must be followed by a valid consignation in order to produce the effect of payment and extinguish an obligation.

Tender of payment is but a preparatory act to consignation. It is the manifestation by the debtor of a desire to comply with or pay an obligation. If refused without just cause, the tender of payment will discharge the debtor of the obligation to pay but only after a valid consignation of the sum due shall have been made with the proper court.[35]

In the present case, petitioners failed to perform such valid consignation of payment. Before the Court, and up to this point in these proceedings, they merely reiterate that they are willing and able in earnest to pay the sum of P300,000.00 to respondents, if so ordered.[36] The net effect of their lack of valid consignation of payment is that petitioners would have been, likewise, in default under the terms of the new or modified compromise agreement; thus, giving rise to the right of respondents to move for execution of the subject judgment based on compromise agreement. In short, the issuance of the subject writ of execution would still be proper.

Finally, petitioners invoke the equity jurisdiction of the Court to allow them to make a belated payment under the subject compromise agreement. However, as we have often ruled, equity, which has been aptly described as "justice outside legality," is only applied in the absence of, and never against statutory law or judicial rules of procedure.[37]

This legal controversy stemmed from petitioners' failure to pay their obligation to respondents in order to redeem or repurchase the subject property. Petitioners neither deny the existence of this obligation (and their corresponding breach thereof) nor contest its validity. During the mediation proceedings on October 29, 2005, the parties entered into the subject compromise agreement that gave petitioners another opportunity to pay the sum owed, but again they failed to do so. Their plea for equity cannot, therefore, prevail over the clear legal consequences of the breach of their obligation to respondents who, after giving valuable consideration to petitioners, have long awaited and are entitled to the satisfaction of their just claims.

WHEREFORE, the petition is DENIED. The Decision dated December 2, 2013 and the Resolution dated June 2, 2015 in CA-G.R. CEB SP No. 05485 are AFFIRMED.

SO ORDERED.

Perlas-Bernabe (Chairperson), Lazaro-Javier,[*] Delos Santos and Baltazar-Padilla,[*][*] JJ., concur.

[*]Designated additional member per Raffle dated August 19, 2020.

[**]On official leave.

[1]Rollo, pp. 10-22.

[2]Id. at 23-36; penned by Associate Justice Ma. Luisa C. Quijano-Padilla with Associate Justices Ramon Paul L. Hernando (now a Member of the Court) and Carmelita Salandanan-Manahan, concurring.

[3]Id. at 37-39; penned by Associate Justice Ma. Luisa C. Quijano-Padilla with Associate Justices Marilyn B. Lagura-Yap and Renato C. Francisco, concurring.

[4]Id. at 24.

[5]Id. at 24-25.

[6]Id. at 25-26.

[7]Id. at 26.

[8]Id. at 26-27.

[9]Id. at 27.

[10]Id. at 27-28.

[11]Id. at 28.

[12]Id.

[13]Id. at 28-29.

[14]Id. at 29-30.

[15]Id. at 30.

[16]Id.

[17]Formerly Section 8, Rule 15 of the 1997 Rules of Civil Procedure.

[18]Administrative Matter No. 19-10-20-SC (Approved: 15 October 2019; Effectivity: 01 May 2020).

[19]Manacop v. Court of Appeals, 290 Phil. 271, 279 (1992).

[20]Limpin, Jr. v. Intermediate Appellate Court, 231 Phil. 466, 474 (1987). Citations omitted.

[21]Id.

[22]Reburiano v. CA, 361 Phil. 294, 301-302 (1999).

[23]Limpin, Jr. v. intermediate Appellate Court, supra note 20 at 472-474.

[24]Magbanua v. Uy, 497 Phil. 511, 525-526 (2005).

[25]Id.

[26]Id.

[27]Id.

[28]ARTICLE 2040. If after a litigation has been decided by a final judgment, a compromise should be agreed upon, either or both parties being unaware of the existence of the final judgment, the compromise may be rescinded.

Ignorance of a judgment which may be revoked or set aside is not a valid ground for attacking a compromise.

[29]Magbanua v. Uy, supra note 24. at 521-522. Citations omitted.

[30]Rollo, p. 52.

[31]Id. at 61.

[32]There is an unreruted allegation by respondents that respondents Spouses Cricela and Arnel Soriano have children, id. at 57.

[33]Id. at 13.

[34]595 Phil. 265 (2008).

[35]Id. at 277.

[36]Rollo.p. 18.

[37]Zabat, Jr. v. CA, 226 Phil. 489 (1986).

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