

**REPUBLIC OF THE PHILIPPINES (NATIONAL IRRIGATION  
ADMINISTRATION, VS. HONORABLE ANDRES B. PLAN, IN HIS  
CAPACITY AS PRESIDING JUDGE, COURT OF FIRST INSTANCE OF  
ISABELA, BRANCH II,...**

*G.R. No. 56962. August 21, 1982*

Ponente: ABAD SANTOS, J.

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**ABAD SANTOS, J.:**

This is a petition to review the actuaciones of Judge Andres B. Plan of the Court of First Instance of Isabela, Branch II, at Cauayan, in Civil Case No. BR. II-1547.

The facts are the following:

Agustin L. Pua , Robert L. Taganas and Bonifacia Ubalde Vda . de Domondon filed Civil Case No. BR. II-1547 in the CFI aforementioned against Ruben L. Galutan and the National Irrigation Administration, represented by Project Engineer Benjamin Viola, for damages.

On January 9, 1979, a tractor owned by Agustin L. Pua collided with a NIA truck driven by Ruben Galutan, a NIA employee authorized to operate the truck. The plaintiffs alleged that the collision which resulted in the death of Godofredo Domondon, physical injuries to Pua and Robert L. Taganas who were aboard the tractor, and damages to Pua for the repair of the tractor and loss of income while it was under repair, was due to the fault of Galutan. Hence each plaintiff asked that the defendants be adjudged to pay solidarily the corresponding damages.

The Solicitor General filed an answer for the NIA where it denied the material allegations of the complaint and in turn submitted affirmative defenses.

On July 19, 1979, the Solicitor General sent a letter to Mr. David Rojas, Corporate Legal Counsel of NIA which reads as follows:

"We have received a Notice of Pre-Trial setting the pre-trial conference of this case on July 31, 1979, at 8:30 a. m. In this connection, please designate one of the members of your legal staff who is a special attorney to appear in the case for the NIA in representation of our office, with instructions to comply with the provisions of Rule 20 (Pre-Trial) of the Rules of Court."

The Solicitor General states that what took place thereafter was not made known to his Office until it received from NIA a letter dated January 6, 1981, whose relevant parts read:

"This has reference to Civil Case No. Branch II-1547, Agustin Pua, et. al. versus Ruben Galutan and the National Irrigation Administration represented by Engr. Benjamin Viola pending before the Court of First Instance of Isabela, First Judicial District, Second Branch, Cauayan, Isabela.

Our Project Office informed us that a Writ of Execution was issued by the Court based on its Order dated December 1, 1980. The latter order apparently confirmed an alleged Amicable Settlement entered into between

the parties.

Please be informed that Management was neither consulted nor was a signatory to the alleged Amicable Settlement. A copy of the alleged Amicable Settlement would show that apparently it was entered into only by our field lawyer, without participation on our part or that of your Office.

In our answer to the complaint, we have adopted the affirmative defense that the NIA is not liable for the tortious acts of its employees, being a government entity performing governmental functions.

In this connection, we are requesting your Office to institute the appropriate legal remedy to prevent the enforcement of the writ against NIA properties and the setting aside of the order of the Court, which was based on the alleged Amicable Settlement."

The NIA had insured the truck involved in the collision with the Government Service Insurance System under a policy with a P50 ,000.00 third party liability clause. According to the Solicitor General, "a claim not exceeding P50 ,000.00 may be settled by the GSIS and the field agency of NIA, without the settlement having to pass through the Administrator or Board of Directors of NIA." (Petition, par. 13.) The Solicitor General further informs that, "The GSIS, through one of its adjusters, settled the claims of the plaintiffs in Civil Case No. 1547, as follows: (a) the sum of P12 ,000.00 was paid to Bonifacia Ubalde Vda. de Domondon as full compensation for the death of her husband, Godofredo Domondon; (b) the sum of P5 ,000.00 was paid to Robert Taganas as full compensation for his physical injuries and other claims; (c) the sum of P4,500.00 was paid Agustin Pua (private respondent herein) as full compensation for his physical injuries; and (d) the sum of P28,500.00 was paid to Agustin Pua as partial payment for alleged repairs to be made on its tractor." (Petition, par. 14.) Thereafter the parties executed an Amicable Settlement as follows:

"COMES NOW, the PARTIES, in the above entitled case, assisted by their respective counsels, unto the Honorable Court respectfully submit this amicable settlement for judgment and approval, to wit:

"1. That the plaintiff, Bonifacia Ubalde Vda. de Domondon shall receive from the TPL Insurer of NIA MRMP (Dam Aspect) the amount of TWELVE THOUSAND (P12,000.00) PESOS, as full and final payment of third party death claim of her deceased husband, Godofredo Domondon;

"2. That plaintiff Robert Taganas shall receive from the TPL Insurer of defendant NIA-MRMP (Dam Aspect) the amount of FIVE THOUSAND (P5,000.00) PESOS as final settlement of his serious bodily injuries and other claims against the defendants herein;

"3. That plaintiff Agustin Pua shall receive from the TPL Insurer of the defendant NIA (Dam Aspect) the sum of FOUR THOUSAND FIVE HUNDRED (P4,500.00) PESOS, as final and full settlement of his injury claims against the defendants;

"4. That defendant NIA-MRMP Dam Aspect, waives in favor of Agustin Pua the sum of TWENTY EIGHT THOUSAND FIVE HUNDRED (P28 ,500.00) PESOS, as partial payment of the repair of his tractor and its accessories now in the possession of NIA-MRMP Dam Aspect which amount is the balance of the proceeds of its TPL of FIFTY THOUSAND (P50,000.00) PESOS from the G.S.I.S. after satisfying claims mentioned in paragraphs 1, 2, and 3 hereof;

"5. That the defendants shall, jointly and severally, pay Agustin Pua the sum of SIXTY SEVEN THOUSAND FOUR HUNDRED FIFTEEN PESOS AND EIGHTY THREE CENTAVOS (P67,415.83) representing the balance for the repair, spare parts and labor of his tractor and its accessories, and NIA--MRMP Dam Aspect shall deliver to the plaintiff Agustin Pua the said tractor For 5000 - B187736, E 416510, which is covered by custody receipt issued by Antonio J. Javier, Chief Equipment Staff of Defendant NIA-MRMP Dam Aspect dated March 27, 1979;

"6. That the defendants shall jointly and severally, pay the plaintiff Agustin Pua only fifty per cent (50%) of his claims for delay, that is: instead of P200. 00 a day, it shall be only P100. 00 a day, or a total sum of THIRTY THOUSAND (P30 ,000.00) PESOS only from January 10, 1979 to November 15, 1979 or upon approval of this amicable settlement;

"7. That the plaintiffs forever waives all other claims connected hereto whatsoever;

"8. That the parties shall pay their respective counsels in connection with this case hence attorney's fees shall be borne by each party hereto.

"WHEREFORE, it is respectfully prayed of this Honorable Court, that the foregoing amicable settlement be approved and judgment in accordance thereto shall issue.

"Praying further for such other reliefs which are just and equitable in the premises.

" Cauayan, Isabela, this 15th day of November 1979.

(SGD) AGUSTIN PUA (SGD) RUBEN GALUTAN

Plaintiff Defendant

(SGD) ROBERT L. TAGANAS - Plaintiff

( Thumbmark)

BONIFACIA VDA. DE DOMONDON

Plaintiff

(SGD) DERICO G. NACION

Counsel for the Plaintiffs

(SGD) VIRGILIO T. VELASCO

Ilagan, Isabela

Counsel for Ruben Galutan

Echague, Isabela

NIA-MRMP DAM ASPECT

Defendant

Rep. by:

BENJAMIN V. VIOLA

Project Manager

(SGD) EMELINA L. CATTILING

Counsel for NIA-MRMP DAM ASPECT."

(Petition, Annex F.)

It was more than four months after the execution of the Amicable Settlement when Project Engineer Benjamin Viola gave a Special Power of Attorney to Atty. Cattiling. The Special Power of Attorney which is dated March 18, 1980, has the following operative paragraphs:

"1. To represent and to appear before the Court of First Instance of Isabela, Cauayan, Isabela during the Pre-Trial and subsequent hearing of the case en-titled: AGUSTIN PUA et al. versus RUBEN GALUTAN and NATIONAL IRRIGATION ADMINISTRATION.

"HEREBY GIVING AND GRANTING unto said Attorney-In-Fact full power and authority to sign and execute necessary papers/documents in order to realize the aforementioned acts and thereby confirming and ratifying all the acts of the Attorney-In-Fact as if I were personally present under the premises." (Petition, Annex G.)

The respondent judge approved the Amicable Settlement on December 1, 1980. On the same day, the respondent judge issued an Order as follows:

"When this case was called for hearing, Atty. Derico Nacion appeared for the defendants and Atty. Emelina Cattiling appeared for the NIA, who manifested that she has no objection to the specific performance except to the extent of the damage that must be com-puted only from January, 1979 up to the time the tractor was taken from the NIA, which is June 9, 1980, to be paid upon receipt of the order. Atty. Nacion conforms to the manifestation of Atty. Cattiling.

"WHEREFORE, defendant NIA is ordered to pay in accordance with the manifestation of Atty. Cattiling, upon receipt of this order." (Petition, Annex H.)

The manifestation of Atty. Cattiling referred to her conformity to a pleading, dated October 15, 1980, which had

been filed by Pua wherein he asked that the NIA be required to pay (a) P55,029.28 representing the balance due him under the Amicable Settlement for the repair of and the spare parts for his tractor, and the labor therefor; (b) P18, 547.00 representing the labor for a cost of missing parts; and (c) P64,300.00 representing damages for delay in the delivery of the tractor.

A Motion for Execution dated December 10, 1980, was filed by Pua to secure payment of the sums mentioned above. On December 11, 1980, the respondent judge granted the motion.

On December 16, 1980, Pua filed another motion to require the NIA thru the Project Manager Viola to pay the money judgment. The motion was filed because Viola had averred that he had to refer the matter to Commission on Audit in order to avoid liability for illegal disbursement of funds. On the next day, Judge Plan granted the motion by ordering Viola to pay Pua otherwise he would be cited for contempt of court. Viola issued two checks, one for P73 ,576.78 and another for P51,900 but they were not honored when presented for payment because they lacked the auditor's signature and his advice of payment. As a result, upon motion of Pua, Judge Plan cited Viola, NIA Chief Administrative Officer Celso Oblena and Project Auditor Emilio Magbiro for contempt. Each respondent filed a separate explanation seeking exculpation.

On January 9, 1981, Atty. Cattiling filed a motion to quash the writ of execution on the ground, inter alia:

"2. That counsel of record for defendant NIA misinterpreted the Special Power of Attorney executed by the Project Manager, NIA-MRMP (Dam Aspect), dated March 18, 1980, a copy of which is hereto attached as Annex "A" and made an integral part of this motion, by taking the same as her special authority from both the Administrator NIA and the Solicitor General to represent them in the execution of said amicable settlement dated November 15, 1979, hence, did not bind her principals (Sec. 23, Rule 138, Revised Rules of Court; see also *ARCENAS, et al. vs. SISON, et al.*, No. L-17011, August 30, 1963)." (Petition, Annex U.)

Thereafter the Solicitor General filed a memorandum in support of the motion to quash the writ of execution. He argued that the amicable settlement was not binding on the NIA, hence the writ of execution was not valid and the contempt citation had no basis.

On February 14, 1981, Judge Plan denied the motion to quash the writ of execution and on April 22, 1981, he denied a motion for reconsideration. The instant petition seeks the following reliefs:

"(a) A restraining order or writ of preliminary injunction immediately issue prohibiting respondent from implementing the Order dated December 1, 1980 approving the Amicable Settlement and the Order dated January 8, 1981 requiring Messrs. Benjamin V. Viola, Celso Oblena, and Emiliano B. Magbiro to show cause why they should not be cited for contempt of court;

(b) After hearing, the Order dated February 14, 1981, denying petitioner's motion to quash the writ of execution, the Order dated April 22, 1981, denying petitioner's motion for reconsideration, and the Order dated January 8, 1981 requiring Messrs. Viola, Oblena, and Magbiro to show cause why they should not be cited for contempt of court;

(c) The Order dated December 1, 1980 of respondent Judge approving the Amicable Settlement be set aside; and

(d) Petitioner be granted such further and other reliefs just and equitable in the premises."

In support of the petition, the Solicitor General has raised the following issues:

"1. ATTY. EMELINA CATTILING, NIA'S FIELD LAWYER, WAS NOT EMPOWERED TO COMPROMISE NIA'S CASE, HENCE, THE AMICABLE SETTLEMENT DATED NOVEMBER 15, 1979 AND THE ORDER APPROVING THE SAME MAY NOT BE ENFORCED AGAINST NIA.

2. NIA IS IMMUNE FROM SUIT AND EVEN ASSUMING THE CONTRARY, EXECUTION DOES NOT LIE AGAINST IT.

3. PROJECT MANAGER VIOLA, NIA ADMINISTRATIVE STAFF CHIEF OBLENA, AND COA PROJECT AUDITOR MAGBIRO MAY NOT BE HELD IN CONTEMPT OF COURT, THERE BEING NO LEGAL BASIS FOR SUCH PROCEEDING."

The petition can be resolved on the basis of the first issue alone uncluttered by the second and third issues. And the resolution does not need a lengthy rationalization.

A reading, superficial or otherwise, of Annex G which is the Special Power of Attorney given to Atty. Cattiling who did not know the limits of her authority, will readily show that she was not em-powered to compromise on anything, not by Viola who signed the document and certainly not by the NIA who is not even a party to it and if NIA had to give the power it could be only by virtue of an appro-priate resolution of its board of directors, which is absent.

Since Atty. Cattiling had no power to compromise, the Amicable Settlement, Annex F, was void and ineffectual; its approval by Judge Plan who should have known better, could not legalize it; and all proceedings based thereon are likewise void and ineffectual.

WHEREFORE, the petition is hereby granted and the orders of the respondent judge mentioned in the prayer thereof are set aside. No costs.

**SO ORDERED.**

Barredo, (Chairman), Aquino, Concepcion, Jr., Guerrero, De Castro, and Escolin, JJ.,concur.

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