

**RODOLFO B. INALDO & MANUEL B. INALDO, PETITIONERS, VS.
HON. CECILIO F. BALAGOT & JUSTINO R. VIGILIA,
RESPONDENTS.**

G.R. No. 57256. November 18, 1991

Ponente: MEDIALDEA, J.

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MEDIALDEA, J.:

This is a petition for certiorari assailing the Order (pp. 48-56, Rollo) dated February 9, 1981 of then Court of First Instance of Nueva Ecija stationed in Bayombong which held that the principal amount representing the legal services of Atty. Justino R. Vigilia had already been paid but that the interest thereon in the amount of P5,488.21 computed from June 1, 1959 had not been paid yet and the Resolution (pp 55-57, Rollo) of the same court dated May 15, 1981 denying the motion for reconsideration.

The claim for attorney's fees was filed by private respondent Atty. Justino R. Vigilia in Special Proceedings No. 54 entitled, "Re: Intestate Estate of the spouses Pedro Inaldo and Consuelo Bariuan." Atty. Vigilia acted as counsel of all the heirs of the deceased spouses, including the administrators, Rodolfo Inaldo and Manuel Inaldo. The claim alleged that his legal fees had not been settled for the last fifteen (15) years since January 8, 1955 (p. 22, Rollo) by the heirs-administrators, Rodolfo and Manuel Inaldo and the estate.

On May 28, 1974, the court, then presided by Judge Jesus Arlegui, issued an Order fixing Atty. Vigilia's fees, the pertinent portion of which states:

"The movant counsel's fees, however, is from 1955 to 1963, inclusive (pp. 111-116, and 413-414, Record); when at the latter year he ceased to render services, as appears on the record, or 8 years of valuable and important legal works and services. In working for correction of accounting of the income and expenses of the administration of the estate, movant counsel obtained a court order for balances to the guardianship of P411.67 and to the estate in the sum of P31,532.67 for the period from March 1, 1948 to December 31, 1954 alone (pp. 230-231, Record).

"The delay in the payment of movant counsel's legal service fees is manifestly unwarranted and unreasonable, hence, interest of 6% is meted to the heirs administrators from the judicial demand on May 30, 1959 (Art. 2209, New Civil Code). What is more, the purchasing power of the peso from 1959 has gone to a very low level, which is of judicial knowledge (Re Pantoja, 25 SCRA 460).

"WHEREFORE, the legal service fees of Mr. Justino R. Vigilia, whose legal fees remain unpaid, is hereby fixed in the sum of P6,358.00 from 1955 to 1963, inclusive, with legal interest thereon at 6% from date of judicial demand on May 30, 1959 (p. 259, Record), to this date, and until each and all are paid for, which are all hereby ordered to be paid as expenses of the administration."

"IT IS SO ORDERED." (p. 25, Rollo).

On June 17, 1974, the heirs-administrators filed a motion to vacate the order of May 28, 1974; to re-open the claim of Atty. Vigilia and to admit evidence to resist said claim for attorney's fees on the following grounds: 1)

that neither the heirs-administrators nor their counsel received a copy of the motion of Atty. Vigilia; 2) that Atty. Vigilia's claim had already been paid; and 3) that granting that the said claim had not been paid yet, the same had already prescribed (pp. 26-28, Rollo).

On July 31, 1974, Atty. Vigilia filed an urgent motion for inscription of attorney's lien in the titles of some properties of the estate on the ground that the heirs had depleted the immovable properties of the estate and that said heirs had not paid the attorney's fees awarded by the trial court on May 28, 1974 (pp. 30-31, Rollo).

On July 29, 1974, the trial court denied the motion (pp. 36-37, Rollo) of the heirs-administrators to vacate the May 28, 1974 order and to re-open the claim for attorney's fees filed by Atty. Vigilia for lack of merit and for failure of the movants to appear at the scheduled hearing of the motion. The heirs-administrators filed an appeal from the denial of their motion.

Subsequently, on June 4, 1975, the heirs-administrators and Atty. Vigilia entered into a compromise agreement regarding the latter's claim for attorney's fees. The parties agreed that the award granted in the trial court's order of May 28, 1974 be reduced by two-thirds (2/3), to be payable in two equal installments (pp. 38-39, Rollo). For their part, the heirs-administrators' would withdraw their appeal. The corresponding order of the trial court, through another judge, Gabriel Dunuan, approving the compromise agreement was issued by the court on June 19, 1975, the pertinent portion of which is quoted hereunder:

"The records of this case shows (sic) that on May 28, 1974, this Court issued an order fixing the legal fees of Atty. Vigilia in the sum of P6,358.00 from 1955 to 1963, inclusive with legal interest thereon at 6% per annum from May 30, 1959 until fully paid. In the Compromise Agreement now under consideration, the parties agreed that only (2/3) of said amount will be paid by the administrator in two equal installments, the first installment to be delivered on the date of the signing of the said document and the second to be delivered within three months thereafter; and that the Heirs administrators withdraw (sic) their appeal.

"WHEREFORE., the order of this Court dated May 28, 1974 is hereby amended and the Administrator is ordered to pay two thirds (2/3) of the amount stated in said order in two equal installments as stipulated by the parties in their Compromise Agreement. The appeal made by the Heir-Administrator is hereby withdrawn." (p. 40, Ro11o)

On June 6, 1975, Rodolfo B. Inaldo paid the first installment in the sum of P2,119.33. The second installment, in the same amount, was paid on September 8, 1975 (p. 18, Rollo).

About a year after the order approving the compromise agreement was issued by the trial court, or on May 10, 1976, Atty. Vigilia -filed with the same trial court an urgent motion for payment of counsel's fees (pp. 41-43, Rollo). The motion alleged that so far, the heirs-administrators had paid only P4,236.66 which under the law should be applied first to the interest starting from May 30, 1959 (date of judicial demand) up to May 1976. The motion also alleged that the total interest amounted to P4,321.40. The motion further claimed that payment of the principal amount of two-thirds (2/3) of P6,358.00 had not been made yet.

On June 4, 1976, the heirs-administrators filed an opposition to the motion. They alleged that Atty. Vigilia's claim was duly settled when they paid in two installments the total amount of P4,238.66, the only amount granted him in the compromise agreement (pp. 44-47, Rollo).

The motion of Atty. Vigilia was resolved five (5) years after it was filed. On February 9, 1981, the trial court, through another judge, Cecilio F. Balagot, issued an order (pp. 48-51, Rollo) granting Atty. Vigilia's motion and holding that the principal of the legal services of Atty. Vigilia had already been paid but the interest thereon remain unsettled. The dispositive portion of the order read:

"WHEREFORE, this Court hold(s) that the principal or the legal services of Atty. Justino R. Vigilia have (sic) already been paid but has (sic) not been paid the interest of P5,488.21 computed from June 1, 1959 to December 30, 1980 or 259 months at P21.19 per month." (p. 51. Rollo)

The motion for reconsideration filed by the heirs-administrators was denied by the trial court in its resolution dated May 15, 1981.

Aggrieved, the heirs-administrators filed this petition before Us.

The petition alleged that the order approving the compromise agreement and the compromise agreement itself never made mention of any interest charges owing to private respondent Atty. Vigilia. It alleged further that since the said order had already become final, the trial court acted without jurisdiction when it altered or amended the order by granting the interests payments claimed by private respondent.

There is merit in this petition.

In the May 28, 1974 order of the trial court, Atty. Vigilia was adjudged entitled to legal fees amounting to "P6,358.00 from 1955 to 1963 inclusive, with legal interest thereon at 6% from the date of judicial demand on May 30, 1959." This order of the court however, was superseded by the compromise agreement entered into by the parties. The said compromise agreement provided that:

"x x x"

"1. It is hereby agreed that only two-thirds of the sums as stated in the order of May 28, 1974 which is deemed incorporated as part hereof will be paid by Mr. Rodolfo B. Inaldo in his behalf as administrator and of his co-administrators and in behalf of the said intestate estate, which shall be considered as full and complete payment without any deductions whatsoever of the same as computed therein;"

"2. That the payment of the above mentioned sums shall be paid in two equal monthly installments, the first installment to be delivered on the date of signing of this compromise agreement and the second to be delivered within three (3) months from this date;"

"x x x" (p. 38, Rollo)

A compromise agreement is final and executory. Such a final and executory judgment cannot be modified or amended. If an amendment is to be made, it may consist only of supplying an omission, or striking out a superfluity or interpreting an ambiguous phrase therein in relation to the body of the decision which gives it life [Republic v. CA, 41 SCRA 422 (1971); Central Bank v. CA, 61 SCRA 348 (1974), cited in Commercial Credit Corporation of Cagayan de Oro v. CA, G.R. No. 78315, January 2, 1989, 169 SCRA 1].

The compromise agreement dated June 4, 1975 and the trial court's order approving the agreement contained no specific provision regarding the award of interests in addition to the award of 2/3 of the principal amount granted by the court in its order of May 28, 1974.

The trial court, in resolving the motion for reconsideration of its February 9, 1981 order held that:

"x x x"

"As correctly pointed out by the claimant in this case, the order of May 28, 1974 is still the controlling order. The only amendment made in the order of June 19, 1975 is as regards the principal amount. This Court, however, maintains that the same order of May 28, 1974, ordering the payment of legal interest from the date of judicial demand has not been done away with or amended by the order of June 19, 1975, because the said order of June 19, 1975 specifically states that 'the order this Court dated May 28, 1974 is hereby amended and the Administrator is ordered to pay two thirds (2/3) of the amount stated in said order xx xx). Inasmuch as the

order of May 28, 1974 mentions about interest, the order of June 19, 1975, therefore, necessarily means that the interest is included in the 2/3 of the amount to be given to the claimant in this case, Atty. Justino R. Vigilia (pp. 56-57, Rollo).

However, the acts of the parties subsequent to the execution of the compromise agreement show that they intended to forego with the interest claims awarded in the May 28, 1974 Order of the trial court.

Thus, pursuant to the agreement, Rodolfo Inaldo complied with his part of the deal by delivering to the private respondent the amount of P2,119.33 on June 6, 1975, representing one-half of P4,238.67 the reduced amount of that originally granted to private respondent in the May 28, 1974 Order of the trial court. An equal amount was delivered to the private respondent three (3) months after on September 8, 1975, again pursuant to the compromise agreement.

Considering the amount of two-thirds of P6,358.00 plus interest at 6% to be computed from the date of the judicial demand (May 30, 1959), private respondent expected a total payment of P8,053.43, computed as follows:

$$2/3 \times P6,358.00 = P4,238.67$$

Add: Interest

$$(P4,238.67 \times 0.06$$

$$\times 15 \text{ (years)} = 3,814.80$$

$$\text{Total P8,053.80}$$

If it were true, as claimed by him, that interests on the principal amount was not excluded in the agreement, he should have objected to the payment of the first installment of only P2,119.33 which was not half of the amount he expected to receive. It should be noted that the compromise agreement provided that petitioners' liabilities would be payable in two equal installments only. Since the first installment delivered to him was short of what was allegedly agreed upon by them, private respondent should have brought the matter to the attention of the petitioners. But, he did not. Neither did he interpose any objection when the second installment in the same amount was paid to him.

The agreement itself equipped the private respondent with a remedy in case of default or non-compliance with any of its terms. Paragraph 5 thereof provides:

"5. The effectivity of this compromise agreement upon its signing shall be retroactive to this date and writ of execution shall issue upon default of any of its terms or of the order herein incorporated as integral portion hereof (p. 39, Rollo).

Instead of availing of this remedy, the private respondent waited for eight (8) months after the petitioners complied with their part of the agreement before bringing an action. His silence for an unreasonable length of time after the payment to him of the last installment payment revealed that as far as he was concerned, there was already a full satisfaction of his claims.

Thus, while the May 28, 1974 order mentions about interests, the failure of the compromise agreement to categorically provide therefor meant that it had been excluded. The reference in the compromise agreement to the amount stated in the May 28, 1974 order of the court pertains to the amount specifically stated therein which was only the principal.

In addition, the failure of private respondent to object or protest to the amount of the installment payments delivered to him, revealed that the parties actually agreed that only the reduced amount of the principal stated in

the May 28, 1974 order of the trial court would be paid to him. Private respondent is estopped from claiming otherwise.

The respondent trial court gravely abused its discretion and acted without jurisdiction when it granted the motion of private respondent for payment of his legal fees when there had already been a complete and full satisfaction of the claim eight months back.

ACCORDINGLY, the petition is GRANTED. The Order of the trial court dated February 9, 1981 is SET ASIDE and the motion of the private respondent dated May 10, 1976 praying for payment of his legal fees is DENIED.

SO ORDERED.

Narvasa, (Chairman), Cruz, Feliciano, and Grino-Aquino, JJ., concur.

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