

**SPOUSES ANICETO BALILA AND EDITHA S. DE GUZMAN, SPOUSES
ASTERIO DE GUZMAN AND ERLINDA CONCEPCION AND
ENCARNACION OCAMPO VDA. DE CONCEPCION, PETITIONERS, VS.
HONORABLE INTERMEDIA...**

G.R. No. 68477. October 29, 1987

Ponente: PARAS, J.

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PARAS, J.:

This is a Petition for Review on Certiorari of (1) the decision[1] of the Intermediate Appellate Court (IAC) affirming in toto the Order[2] dated April 26, 1983 in Civil Case No. U-3501 of the trial court which ordered the consolidation of ownership in favor of private respondent Guadalupe C. Vda. de del Castillo over two (2) parcels of land including the improvements thereon, situated in Villasis, Pangasinan namely, Lot No. 965, with an area of 648 square meters covered by TCT No. 93407 and Lot No. 16 with an area of 910 square meters covered by TCT No. 101794 and (2) the Order of the Intermediate Appellate Court (IAC) dated July 25, 1984 denying petitioners' Motion for Reconsideration.

The petition at bar began as an amicable settlement between petitioners and private respondents as defendants and plaintiffs in Civil Case No. U-3501, which was approved by the trial court and made as the basis of its Decision[3] dated December 11, 1980 ordering the parties to comply strictly with the terms and conditions embodied in said amicable settlement. The salient points therein show that defendants admitted "having sold under a pacto de retro sale the parcels of land[4] described in the complaint in the amount of P84,000.00" and that they "hereby promise to pay the said amount within the period of four (4) months but not later than May 15, 1981." [5]

On December 30, 1981 or more than seven months after the last day for making payments, defendants redeemed from plaintiff Guadalupe (one of the private respondents herein) Lot No. 52 with an area of 294 sq.m. covered by TCT 101352 which was one of the three parcels of land described in the complaint by paying the amount of P20,000.00.

On August 4, 1982, plaintiff filed a motion for a hearing on the consolidation of title over the remaining two (2) parcels of land namely Lot 965 and Lot 16 alleging that the court's decision dated December 11, 1980 remained unenforced for non-payment of the total obligation due from defendants. Defendants opposed said motion alleging that they had made partial payments of their obligation through plaintiffs attorney in fact and son, Waldo del Castillo, as well as to the Sheriff. On April 26, 1983, the lower court issued the questioned order affirming consolidation.

On June 8, 1983, while the Order of the lower court had not yet been enforced, defendants paid plaintiff Guadalupe Vda. de del Castillo by tendering the amount of P28,800.00 to her son Waldo del Castillo (one of the private respondents herein) thus leaving an unpaid balance of P35,200.00. A Certification dated June 8, 1983, (Annex D, rollo, page 31) and signed by Waldo shows that defendants were given a period of 45 days from date

or up to July 23, 1983 within which to pay the balance. Said Certification supported defendants' motion for reconsideration and supplemental motion for reconsideration of the Order reconsolidation of title, which motions were both denied by the lower court, prompting defendants to file a petition for certiorari, prohibition and mandamus with preliminary injunction with the Intermediate Appellate Court seeking to annul and set aside the assailed Order dated April 26, 1983 and the Order denying their motion for reconsideration. After due consideration of the records of the case, the appellate tribunal sustained the lower court, hence the present petition for certiorari, defendants relying on the following arguments:

(1) The appellate court erred in not declaring that the contract between the petitioners and private respondent Guadalupe is one of equitable mortgage and not a pacto de retro sale;

(2) The appellate court erred in not declaring that the decision dated December 11, 1980, based upon the agreement of the parties was novated upon subsequent mutual agreements of the said parties.

Petitioners contend that despite the rendition of the said decision by the appellate court, private respondent Guadalupe Vda. de del Castillo, represented by her son Waldo del Castillo as her attorney-in-fact, accepted payments from petitioners and gave petitioners several extensions of time to pay their remaining obligations thus:

"5.A. On July 8, 1984, private respondents accepted the amounts of P6,130.00 from petitioners and gave petitioners up to August 30, 1984 to pay the latter's balance of P23,870.00; (Certification, Annex "J", Petition);

"5.B. On September 9, 1984, private respondents accepted the amount of P1,100.00 from petitioners and gave petitioners up to October 30, 1984 to pay the latter's balance of P21,624.00 (Certification, Annex "I", Petition);

"5.C. On October 30, 1984, private respondents accepted the amount of P2,500.00 from petitioners and gave petitioners up to November 15, 1984 to pay the latter's balance of P19,124.00 (Receipt, Annex "N", Reply);

"5.D. On November 13, 1984, private respondents accepted the amount of P3,124.00 from petitioners and gave petitioners up to December 30, 1984 to pay the latter's balance of P16,000.00 and private respondent promised to deliver TCT Nos. 146360 and 146361 already in the name of private respondent Guadalupe Vda. de del Castillo, covering Lots 965 and 16, respectively, in favor of petitioners (Receipt, Annex "O", Reply);

5.E. On November 23, 1984, private respondents accepted the amount of P6,000.00 from petitioners and gave petitioners up to December 30, 1984 to pay the latter's balance of P10,000.00 and private respondents promised to deliver TCT Nos. 146360 and 146361, covering Lots 965 and 16, respectively, and promised to reconvey said lots in favor of petitioners (Receipt, Annex "P", Reply)."

(Memo for Petitioners, pp. 175-176, Rollo)

Petitioners likewise allege that private respondents Guadalupe Vda. de del Castillo and son Waldo, were nowhere to be found on December 30, 1984, the last day for petitioners to pay their balance of P10,000.00 and for private respondents to reconvey the lands in question (Lots 965 and 16) in favor of petitioners and to deliver TCT Nos. 146360 and 146361 already in the name of private respondent Guadalupe Vda. de del Castillo, covering said lots respectively. This incident compelled petitioners to deposit said amount with the Regional Trial Court as per receipt OR No. 9764172 (Annex "Q") accompanied by a motion to deposit (Annex "R") which motion was granted as per Order dated January 9, 1985 (Annex "S"). The aforementioned titles over the two parcels of lands are subject to Notice of Lis Pendens dated August 15, 1983 (Annex "T").

On the other hand, some of the private respondents do not deny they received the amounts stated in Annexes "D", "E", "J", "L", "N", "O", and "P". They aver however that the amicable settlement entered into by and between the parties duly assisted by their counsel was, with respect to Guadalupe, signed by her personally and that at no time thereafter did she ever appoint Waldo del Castillo who is one of her children to receive for her any sum of money

to be paid by the petitioners for the settlement of their obligations arising out of their amicable settlement. Guadalupe also questions the inclusion as private respondent of Waldo del Castillo in this Court and the inclusion of the alleged receipts of payments as these receipts were never offered in evidence before the trial court or the appellate court nor were the same admitted in evidence by said courts.

Petitioners' contentions deserve Our consideration.

The root of all the issues raised before Us is that judgment by compromise rendered by the lower court based on the terms of the amicable settlement of the contending parties. Such agreement not being contrary to law, good morals or public policy was approved by the lower court and therefore binds the parties who are enjoined to comply therewith.

However, the records show that petitioners made partial payments to private respondent Waldo del Castillo after May 15, 1981 or the last day for making payments, redeeming Lot No. 52 as earlier stated. (Annex "A", Petition).

There is no question that petitioners tendered several payments to Waldo del Castillo even after redeeming Lot No. 52. A total of these payments reveals that petitioners have fully paid the amount stated in the judgment by compromise. The only issue is whether Waldo del Castillo was a person duly authorized by his mother Guadalupe Vda. de del Castillo, as her attorney-in-fact to represent her in transactions involving the properties in question. We believe that he was so authorized in the same way that the appellate court took cognizance of such fact as embodied in its assailed decision, reading as follows:

"It may be mentioned that on May 25, 1981, Guadalupe Vda. de Del Castillo, represented by her attorney in fact Waldo Castillo, filed a complaint for consolidation of ownership against the same petitioners herein before the Court of First Instance of Pangasinan docketed as Civil Case No. U-3650, the allegations of which are identical to the complaint filed in Civil Case No. U-3501 of the same court. This case (U-3650) was, however, dismissed in an Order dated May 27, 1983, in view of the order of consolidation issued in Civil Case No. U-3501." (p. 37, Rollo) (Italics supplied).

The fact therefore remains that the amount of P84,000.00 payable on or before May 15, 1981 decreed by the trial court in its judgment by compromise was novated and amended by the subsequent mutual agreements and actions of petitioners and private respondents. Petitioners paid the aforesaid amount on an installment basis and they were given by private respondents no less than eight extensions of time to pay their obligation. These transactions took place during the pendency of the motion for reconsideration of the Order of the trial court dated April 26, 1983 in Civil Case No. U-3501, during the pendency of the petition for certiorari in AC-G.R. SP-01307 before the Intermediate Appellate Court and after the filing of the petition before Us. This answers the claim of the respondents on the failure of the petitioners to present evidences or proofs of payment in the lower court and the appellate court. We have touched on this issue, similarly, in the case of *De los Santos vs. Rodriguez*[6] wherein We ruled that:

"As early as *Molina vs. De la Riva*[7] the principle has been laid down that, when, after judgment has become final, facts and circumstances transpire which render its execution impossible or unjust, the interested party may ask the court to modify or alter the judgment to harmonize the same with justice and the facts.

" For this reason, in *Amor vs. Judge Jose*[8] we used the following language:

"The 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, 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 issued against the wrong party or that judgment debt has been paid or otherwise satisfied; or when the writ has been issued without authority." (Italics supplied).

Likewise in the case of *Dormitorio vs. Fernandez*,^[9] We held:

"What was done by respondent Judge in setting aside the writ of execution in Civil Case No. 5111 finds support in the applicable authorities. There is this relevant excerpt in *Barretto v. Lopez*,^[10] this Court speaking through the then Chief Justice Paras: "Alleging that the respondent judge of the municipal court had acted in excess of her jurisdiction and with grave abuse of discretion in issuing the writ of execution of December 15, 1947, the petitioner has filed the present petition for certiorari and prohibition for the purpose of having said writ of execution annulled. Said petition is meritorious. The agreement filed by the parties in the ejectment case created as between them new rights and obligations which naturally superseded the judgment of the municipal court." In *Santos v. Acuna*,^[11] it was contended that a lower court decision was novated by the subsequent agreement of the parties. Implicit in this Court's ruling is that such a plea would merit approval if indeed that was what the parties intended, x x x

WHEREFORE, finding merit in the petition, the same is hereby given DUE COURSE and the assailed decision, SET ASIDE. Private respondents are hereby ordered to reconvey and deliver Lot No. 965 and Lot No. 16 as covered by TCT Nos. 146360 and 146361 respectively in favor of petitioners. Should private respondents fail to do so, the Clerk of Court of the Regional Trial Court concerned is ordered to execute the necessary deed of reconveyance, conformably with the provisions of the Rules of Court. The local Register of Property is ordered to register said deed of reconveyance. Private respondents are hereby authorized to withdraw the balance in the amount of P10,000 consigned by petitioners on January 9, 1985 with the trial court as per OR No. 9764172 (Annex "O") a full payment of petitioners' obligation.

This decision is immediately executory and no motion for extension of the period within which to file a motion for reconsideration will be granted.

SO ORDERED.

Yap (Chairman), Melencio-Herrera, Padilla, and Sarmiento, JJ., concur.

[1] Penned by Hon. Justice Jose F. Raceia, Jr. with the concurring votes of Hon. Justices Simeon M. Gopengco and Lino Patajo, promulgated on M 31, 1984 in AC-G.R. SP No. 01307, Annex "G".

[2] Decided by Hon. Judge Florante S. Abasalo, Annex "A".

[3] Promulgated by Hon. Judge Rosalio C. Segundo, Annex "C".

[4] Lot 965, Lot 16 and Lot 52.

[5] Annex "C" p. 29, Rollo.

[6] 22 SCRA451, 458.

[7] 8 Phil. 569.

[8] 77 Phil. 703.

[9] 72 SCRA 388, 393.

[10] 83 Phil. 734.

[11] 100 Phil. 230, 237.

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