

HENRY GALUBA, PETITIONER, VS. SPOUSES ALFREDO AND REVELINA LAURETA, HON. JUDGE BRAULIO YARANON, THE SHERIFF OF BAGUIO CITY, RESPONDENTS.

G.R. No. 71091. January 29, 1988

Ponente: FERNAN, J.

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FERNAN, J.:

The issue in this petition for review on certiorari is whether the Regional Trial Court has jurisdiction to annul an amicable settlement arrived at by the parties through the mediation of the Lupong Tagapayapa, in the absence of a repudiation of said amicable settlement within the 10-day period provided for in Section 11 of Presidential Decree No. 1508.

In a quitclaim and waiver executed on July 10, 1982, Alfredo and Revelina Laureta ceded to petitioner all their rights and interests over a house and lot located in Quezon Hill, Baguio City for P70,000. Petitioner paid the Lauretas P50,000 with the balance payable later.

When P18,000 of the balance remained unpaid, the parties brought the matter before the barangay captain of Victoria Village in Baguio City. On February 10, 1984, the parties entered into an amicable settlement whereby they agreed that the P18,000 would be paid in monthly installments starting April, 1984 and that noncompliance therewith would "mean execution in accordance with the Barangay Law".[1]

A month later, petitioner discovered that the house he had bought was encroaching on the adjoining lot, that the owner thereof was demanding payment for such encroachment, and that there were arrears on electric bills and taxes amounting to P6,117. Consequently, on July 17, 1984, he filed in the office of the barangay captain of Victoria Village an unsworn complaint for the annulment of the amicable settlement. He alleged therein that his consent to said settlement had been vitiated by mistake or fraud and therefore, the amicable settlement should be annulled and a new one entered into by the parties.[2]

Meanwhile, the Lauretas filed in the Municipal Trial Court of Baguio City, Branch IV, a motion for the issuance of a writ of execution based on the amicable settlement. As the inferior court issued the writ, petitioner filed in the Regional Trial Court of Baguio City a complaint for the annulment of the amicable settlement with prayer for a writ of preliminary injunction and/or restraining order.[3]

The lower court denied the prayer for the issuance of a restraining order and/or writ of preliminary injunction. Thereafter, the Lauretas filed a motion to dismiss the complaint on the ground of lack of jurisdiction over the nature of the action. Alleging that in praying for a restraining order and/or writ of preliminary injunction, petitioner wanted to "circumvent the mandatory provisions of P.D. 1508", the Lauretas averred that "without the unmeritorious petition for preliminary injunction", the dispute between them and petitioner was subject to amicable settlement. They cited Section 6 of P.D. 1508 which provides:

"SEC. 6. Conciliation, pre-condition to filing of complaint.- No complaint, petition, action or proceeding

involving any matter within the authority of the Lupon as provided in Section 2 hereof shall be filed or instituted in court or any other government office of adjudication unless there has been a confrontation of the parties before the Lupon Chairman or the Pangkat and no conciliation or settlement has been reached as certified by the Lupon Secretary or the Pangkat Secretary, attested by the Lupon or Pangkat Chairman, or unless the settlement has been repudiated. However, the parties may go directly to court in the following cases:

[1] Where the accused is under detention;

[2] Where a person has otherwise been deprived of personal liberty calling for habeas corpus proceedings;

[3] Actions coupled with provisional remedies such as preliminary injunction, attachment, delivery of personal property and support pendente lite; and

[4] Where the action may otherwise be barred by the Statute of Limitations".

In his comment and opposition to the motion to dismiss, petitioner contended that the lower court had jurisdiction over the case because he had named as defendants therein the municipal trial court and the sheriff of Baguio City and hence, the complaint fell under the exceptions in Section 2 [2] of P.D. 1508. He also expressed doubt that the Lauretas were still residing in Baguio City as Alfredo Laureta had been considered "at large" in some pending criminal cases against him. He asserted that he had substantially complied with P.D. 1508 because he filed the aforementioned complaint of July 31, 1984 before the barangay captain and that after two months of trying to locate defendants, the barangay captain of Victoria Village as "Pangkat Chairman", issued a certification to file action on October 11, 1984.

Thereafter, the Lauretas filed an addendum to their motion to dismiss stating that the complaint did not state a cause of action as petitioner failed to repudiate the amicable settlement or to file a "petition for [the] nullification of the award" pursuant to Section 11 of P.D. 1508, and that said complaint should have been filed in the municipal trial court.[4]

In his opposition thereto, petitioner argued that the 10-day repudiation period having expired, he was left with no recourse but to file the action for nullification in court considering that Batas Pambansa Blg. 129, specifically Section 9[1] thereof which gives regional trial courts exclusive original jurisdiction in all civil actions in which the subject of litigation is incapable of pecuniary estimation, and its repealing clause under Section 47, should prevail over the provisions of P.D. 1508.

On January 9, 1985, the lower court issued an order granting the motion to dismiss on the grounds of lack of jurisdiction as well as cause of action. Citing Sections 11 and 13 of P.D. 1508, the lower court said: "x x x [T]here is no authorized judicial procedure under P.D. 1508 for the annulment of an amicable settlement. Only an arbitration award, which is different from an amicable settlement, may become the subject of a petition for nullification to be filed yet with the proper municipal trial court. x x x." The court noted the fact that petitioner failed to repudiate the amicable settlement within the 10-day period provided for in Section 11 of P.D. 1508 as the parties entered into said amicable settlement on February 10, 1984 and yet it was only on July 27, 1984 when petitioner repudiated it through an unsworn complaint for its annulment.

The lower court suggested that "an action for the annulment or rescission of the contract he had with private defendants with a prayer for injunction to restrain in the meantime the enforcement of the amicable settlement"

would perhaps be availed of by the petitioner.

From said order, petitioner filed a notice of appeal to this Court. The records of the case having been erroneously transmitted to the Court of Appeals, said court certified the case to this Court on March 19, 1985.[5]

In his petition for review on certiorari, petitioner contended that "there must be a provision of judicial procedure that supplements the deficiency of P.D. 1508". Finding it in Rule 143 of the Rules of Court, petitioner averred that P.D. 1508 being a special law, the Rules of Court may be applied by analogy or in a suppletory character. Thus, under Rule 39, his remedy against an executory amicable settlement which, by analogy is a final judgment, is an action to annul it. Moreover, petitioner asserts that he has a cause of action because of the fraudulent act or misrepresentation of private respondents herein.

As private respondents failed to file a timely comment on the petition, they filed an explanation, apology and comment alleging that during the extended period for the filing of said comment, petitioner partially satisfied the "judgment of the barangay court,"[6] by paying them P2,000 thus misleading them to believe that petitioner had abandoned the petition; that on December 6, 1985, the deputy sheriff received from Mrs. Elizabeth Galuba, wife of petitioner, four [4] checks in the total amount of P10,000 representing full satisfaction of Galuba's obligation to them; that petitioner himself requested the municipal trial court of Baguio City to issue a certification that he had fully settled his obligation in Barangay Case No. 76 which certification was issued by the clerk of said court on May 28, 1986; that as petitioner himself requested for said certification, they thought that petitioner would take the initiative of filing a motion to dismiss the petition; that having settled his obligation in said case, petitioner is estopped from questioning the jurisdiction of the barangay captain, and that they admit that they erred in not informing this Court of the settlement of the case.

In his reply to said explanation, apology and comment, the petitioner alleged that he was forced to satisfy his obligation because "there was nothing more to stay the execution of the amicable settlement" [sic] after the municipal trial court had issued the writ of execution. He insisted that "the absence of 'authorized judicial procedure under PD 1508' must be supplemented by the Revised Rules of Court in conjunction with the Judiciary Reorganization Act of 1980, BP Blg. 129".

We vote to deny the petition for review on certiorari.

Section 6 of P.D. 1508 is mandatory in character. Thus, in *Morata v. Go*, 125 SCRA 444, *Vda. de Borromeo v. Pogoy*, 126 SCRA 216 and *Peregrina v. Panis*, 133 SCRA 72, We accordingly held that the conciliation process at the barangay level is a condition precedent for the filing of a complaint in court. In *Royales v. Intermediate Appellate Court*, 127 SCRA 470, We ruled that non-compliance with the condition precedent prescribed by P.D. 1508 could affect the sufficiency of the plaintiff's cause of action and make his complaint vulnerable to dismissal on the ground of lack of cause of action or prematurity.

Once the parties have signed an amicable settlement, any party who finds reasons to reject it must do so in accordance with Section 13 of P.D. 1508 which states:

"SEC. 13. Repudiation.- Any party to the dispute may, within ten [10] days from the date of the settlement, repudiate the same by filing with the Barangay Captain a statement to that effect sworn to before him, where the consent is vitiated by fraud, violence or intimidation. Such repudiation shall be sufficient basis for the issuance of the certification for filing of a complaint, provided for in Section 6, hereof."

Pursuant to P.D. 1508, Section 12, Rule VI of the Katarungang Pambarangay Rules which were promulgated "for the amicable settlement of disputes at the barangay level, without judicial recourse", also provides that "[f]ailure to repudiate the settlement or the arbitration agreement within the time limits respectively set [in Section 10

thereof], shall be deemed a waiver of the right to challenge on said grounds", i.e., fraud, violence or intimidation.

Any party, therefore, who fails to avail him-self of the remedy set forth in Section 13 must face the consequences of the amicable settlement for he can no longer file an action in court to redress his grievances arising from said settlement.

It should be emphasized that under Section 11 of said law, "[t]he amicable settlement and arbitration award shall have the force and effect of a final judgment of a court upon the expiration of the ten [10] days from the date thereof unless repudiation of the settlement has been made or a petition for nullification of the award has been filed before the proper city or municipal court".

Hence, the lower court correctly held that P.D. 1508 does not provide for a judicial procedure for the annulment of an amicable settlement because the remedy of repudiation supplants the remedy of a court annulment. An aggrieved party may only resort to a court action after he has repudiated the settlement in accordance with Section 13 as Section 6 clearly states that repudiation is a pre-condition to the filing of a complaint regarding any matter within the authority of the Lupong Tagapayapa. It should be clarified, however, that the "petition for nullification" mentioned in Section 11 refers to an arbitration award pursuant to Section 7 of the same law and not to an amicable settlement.

The primordial objective of P.D. 1508 is to reduce the number of court litigations and prevent the deterioration of the quality of justice which has been brought about by the indiscriminate filing of cases in the courts. To allow court actions assailing unrepudiated amicable settlements would exacerbate congestion of court dockets. This is repugnant to the spirit of P.D. 1508.

Having failed to repudiate the amicable settlement within the ten-day period, petitioner is left with no recourse but to abide by its terms. He, therefore, acted correctly when he eventually fully satisfied his obligation pursuant to the amicable settlement, thereby, rendering his case moot and academic.

ACCORDINGLY, the petition for review on certiorari is hereby DENIED. Costs against the petitioner.

Gutierrez, Jr., Feliciano, Bidin, and Cortes, JJ., concur.

[1] Record of Civil Case No. 397-R, p. 8

[2] Record of Civil Case No. 397-R, pp. 23-24

[3] Civil Case No. 397-R

[4] Record in Civil Case No. 397-R, p. 26

[5] Rollo, p. 3

[6] Rollo, p. 36

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