

TIMOTEO MAGNO, PETITIONER, VS. FLORENTINA BLANCO AND SESINANDO ACOSTA AND COURT OF APPEALS, RESPONDENTS.*G.R. No. 78595. April 10, 1989*

Ponente: FERNAN, C.J.

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This is a petition for review on certiorari seeking to reverse and set aside the decision of respondent Court of Appeals[1] in CA-G.R. No. CV-07742 entitled "Sesinando Acosta, et al. vs. Timoteo Magno," which set aside the decision of the Regional Trial Court (RTC) of Pangasinan, Branch XLV, Urdaneta in Civil Case No. U-3865, an action for Recovery of Ownership and Possession with Damages, which among others dismissed the complaint; declared null and void the Sheriff's sale of the two parcels of land in question and ordered the Register of Deeds to cancel the corresponding annotations on the title.

Petitioner Timoteo Magno, a pauper litigant, is the agricultural lessee of a parcel of land with an area of 10,290.5 square meters located at Sugcong, Urdaneta, Pangasinan owned by private respondents spouses Florentina Blanco and Sesinando Acosta. On June 3, 1971, petitioner filed with the Court of Agrarian Relations (CAR) a complaint against private respondents, docketed as CAR Case No. 2121-P'71, for reliquidation, leasehold and fixing of rentals with damages. Judgment was rendered therein on August 6, 1971 based on an amicable settlement between the parties providing as follows:

"1. That with respect to the 1/2 eastern portion which is the actual landholding of the plaintiff, the parties hereby agree that the plaintiff will temporarily pay annual rental in the amount of twenty (20) cavans of palay at 46 kilos without prejudice to the filing of personal cultivation by the defendant of which notice was already sent to the plaintiff;

"2. That with respect to the 1/2 western portion which the plaintiff has been a hired farm laborer for plowing and harrowing in the amount of P70.00, the parties agreed to terminate his being hired and pay him the amount of P70.00 corresponding to said plowing and harrowing for this agricultural year which he (has) already done and receipt of which is acknowledged by the plaintiff;

"3. That in case the plaintiff will plant second crop in the eastern 1/2 portion, he also agrees to pay the defendant 25% of the net produce; and

"4. That the parties agree to forego any and all claims and counterclaims which each has against the other."[2]

Thereafter, on April 17, 1974, petitioner filed in said case a motion to reduce the temporary annual rental of 20 cavans of palay agreed upon in the compromise agreement for being excessive. Over the opposition of private respondents, the CAR reopened the case and issued an extended Order dated October 22, 1976 reducing the rental to 8 1/4 cavans of palay at 46 kilos per cavan. On appeal, however, by private respondents, the Court of Appeals set aside the extended Order of October 22, 1976 and restored the decision of August 6, 1971, thereby maintaining the original lease rentals of 20 cavans of palay per year.

Despite this reversal by the appellate court of the October 22, 1976 extended order of the Agrarian Court, herein

petitioner allegedly paid only the reduced rental of 8 1/4 cavans of palay annually for the years 1976 to 1979 and totally stopped payment in 1980 resulting in a shortfall of 66.75 cavans in rental payments. To recover the unpaid rentals, private respondent filed in CAR Case No. 2121-P'71 a motion for the issuance of an alias writ of execution stating, among others, that petitioner incurred arrears of 66.75 cavans and that the prevailing price then of palay was P1.60 per kilo. The Agrarian Court issued an Order directing the issuance of an alias writ of execution to implement the August 6, 1971 decision in CAR Case No. 2121-P'71.

Consequently, Deputy Sheriff Benito Gil levied on two (2) parcels of land, both located at Villasis, Pangasinan, registered in the name of petitioner under Transfer Certificates of Title Nos. 119448 and 112470 and sold the same for the sum of P4,452.22 in a public auction sale to the highest bidder therein, private respondent Seginando Acosta. Upon expiration of the period of redemption and petitioner having failed to redeem the levied properties, a Sheriff's Final Sale^[3] was issued on August 26, 1982 in favor of Seginando Acosta. The levy and sale were duly annotated at the back of the aforesaid Transfer Certificates of Title.

When petitioner refused to surrender possession of the subject lots, private respondents instituted in the Court of First Instance (now Regional Trial Court) of Pangasinan an action against herein petitioner for recovery of ownership and possession with damages.^[4] Resisting the complaint, petitioner attacked the sheriff's proceedings which was the source of Acosta's ownership over the subject lands and claimed that the sheriff exceeded his authority and/or was without authority in fact and in law to exercise judicial discretion in fixing the price of 66.75 cavans of palay owing to plaintiff-private respondent.

After hearing, the Regional Trial Court of Pangasinan found that CAR Case No. 2121-P'71 merely decreed the payment of an annual rental of 20 cavans of palay at 46 kilos per cavan but did not specify the price per kilo, thereby making said judgment "incomplete, not final and cannot be executed."^[5] It ruled that: "inasmuch as the decision failed to determine the value of the palay rental to be paid to the plaintiffs by the defendant, the implementing sheriff, being ignorant of the same, has certainly no authority to settle the matter which involved judicial discretion."^[6] Furthermore, the lower court said that if the defendant is truly delinquent, the remedy of therein plaintiff is to file a complaint against the defendant for non-payment of rentals and not to apply for an alias writ of execution in CAR Case No. 2121-P'71. On the basis of the foregoing, the lower court rendered a decision on June 26, 1985, the dispositive portion of which reads:

"WHEREFORE, in view of the foregoing considerations, judgment is hereby rendered as follows:

"1] Ordering the dismissal of the complaint;

"2] Declaring null and void the Sheriff's Sale of the two (2) parcels of land covered by Transfer Certificates of Title Nos. 119448 and 112470; and

"3] Ordering the Register of Deeds of Pangasinan, to cancel the annotations of the Certificates of Sale and Sheriff's Final Sale appearing at the back of Transfer Certificates of Title Nos. 119448 and 112470.

"The claim and counterclaim for damages by the parties are hereby denied for lack of merit.

"SO ORDERED."^[7]

On appeal, the appellate court held that herein petitioner Magno became a judgment debtor under the judgment by compromise agreement in CAR Case No. 2121-P'71 because this judgment imposed upon him the obligation to pay the stipulated rentals of 20 cavans of palay at 46 kilos a cavan which upon default, could be executed against him. The appellate court further said that although the decision in CAR Case No. 2121-P'71 did not mention the price of palay per kilo, the application of private respondents for the alias writ of execution which alleged the price of palay per kilo contains a handwritten Order approving the same and ordering the issuance of an alias writ

of execution. In other words, the appellate court said that in approving the motion, the court also approved the price per kilo of palay. Consequently, respondent Court of Appeals set aside the lower court's judgment, and declared private respondents (plaintiffs-appellants therein) as the actual owners of the two parcels of land subject of the execution sale in question.

The dispositive portion of said decision reads:

"WHEREFORE, having found no merit in the appeal, WE SET ASIDE the judgment a quo, and enter a new one -

"1] declaring the plaintiffs-appellants as the actual owners of the two parcels of land described in paragraph 2 of their complaint in consequence of their purchase thereof at public auction;

"2] ordering defendant-appellee Timoteo Magno to surrender to plaintiffs Transfer Certificate of Title Nos. 112470 and 119446;

"3] ordering defendant-appellee to deliver possession of the lands to plaintiffs-appellants." [8]

Hence, this petition.

We reverse. Contrary to respondent appellate court's supposition, petitioner was not a judgment debtor under the terms of the August 6, 1971 decision in CAR Case No. 2121-P'71. The phraseology of the amicable settlement leaves much to be desired, but judging from the nature of the case, which was for the fixing of rentals, what was decreed therein was the amount of rents to be paid thereafter by petitioner to private respondents (pars. 1 & 3). No back rentals were adjudged against petitioner as the parties "agreed to forego any and all claims and counterclaims which each has against the other" (par. 4), except the termination of petitioner's employment as a hired laborer with respect to the 1/2 western portion of the landholding and the payment of his wages in the amount of P70.00 (par. 2), which undertaking appeared to have been effected and carried out. As things stood, nothing was due from one party to the other, there was nothing in the decision to execute for or against either of the parties and thus, there was neither a judgment creditor nor a judgment debtor. The decision in CAR Case No. 2121-P'71 merely laid down the terms and conditions that would govern the future relationship and dealings between the parties. Thus, it has been held that where the decision of the appellate court "did not order the appellant to do anything for or to pay any amount to the appellee, but merely specified the nature of the contract between the parties and defined their rights thereunder, there nothing to be executed under such decision, and it was error for the lower court to direct appellee to ask for execution thereof." [9]

That petitioner agreed to the amount of rentals stated in the amicable settlement did not thereby make him a judgment debtor, as he did not likewise agree to have judgment executed against him in case he defaults in the payment thereof. When petitioner agreed to pay the stipulated amount, what was created was a right of action in favor of private respondents in case of default, which must however be enforced by filing the corresponding complaint in court and not through an application for an alias writ of execution in CAR Case No. 2121-P'71, particularly since there was no proviso in said decision with respect to future default of petitioner.

As earlier stated, the covenant between the parties as embodied in the amicable settlement in question covered only the amount of rentals. It did not extend to the manner of enforcement of said obligation. This being the case, the alias writ of execution issued in CAR Case No. 2121-P'71 is null and void for lack of any legal basis, exceeding as it does the tenor of the decision in said case. A Writ of execution not warranted by the decision or judgment which gives it life or cause to exist has no validity. [10]

Another important factor which vitiates the proceedings leading to the issuance of the alias writ of execution is that the procedural short-cut employed by private respondents deprived petitioner of his right to due process. The

application for the alias writ of execution being ex-parte, no opportunity was accorded the petitioner to air his side and present his defense, if any. The degree of prejudice caused to petitioner becomes more apparent when we consider Section 2 of P.D. No. 816 (1975) which provides:

"Section 2. That any agricultural lessee of a rice or corn land under Presidential Decree No. 27 who deliberately refuses and/or continues to refuse to pay the rentals or amortization payments when they fall due for a period of two (2) years shall, upon hearing and final judgment, forfeit the Certificate of Land Transfer issued in his favor, if his farmholding is already covered by such Certificate of Land Transfer, and his farmholding;"

Since the deliberate refusal of the agricultural lessee to pay the rentals for a period of two (2) years carries with it the grave penalty of forfeiture of the landholding, it is imperative under the law that every opportunity must be given the lessee to be heard on his side of the controversy relating to the non-payment of rentals. And certainly, the procedure followed by private respondents falls short of this mandate.

The private respondents themselves must have realized the untenability of merely applying for a writ of execution in CAR Case No. 2121-P'71 for the purpose of recovering unpaid rentals from petitioner, for with respect to the unpaid rentals for the years 1981-1982, they filed a complaint against petitioner before the RTC of Pangasinan (Agrarian Case No. 137-UP'82) for said rentals' collection, which case likewise ended in a compromise agreement dated April 22, 1983.

The subject alias writ of execution being null and void, it follows that the proceedings had thereon, the levy and sale, are likewise null and void and of no effect whatsoever.

WHEREFORE, the Decision of the Court of Appeals in CA-G.R. CV No. 07742 is hereby set aside, and judgment of the Regional Trial Court of Pangasinan, Branch XLV in Urdaneta, dated June 26, 1985 is hereby reinstated. No costs.

SO ORDERED.

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

[1] Penned by Justice Serafin E. Camilon and concurred in by Justices Ricardo L. Pronove, Jr. and Bonifacio A. Cacdac, Jr.

[2] RTC Decision, Annex "C", Petition, pp. 20-21, Rollo

[3] pp. 14-15, Rollo

[4] Civil Case No. U-3865, Annex "A", Petition, pp. 11-13, Rollo

[5] pp. 23-24, Rollo

[6] p. 24, Rollo

[7] pp. 24-25, Rollo

[8] pp. 33-34, Rollo

[9] *Capalungan v. Medrano*, No. L-13783, May 18, 1960, 108 Phil. 22 (Underscoring ours.)

[10] *Velez v. Martinez and Chacon*, 63 Phil. 231

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