



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Third Division, issued a Resolution dated **September 7, 2022**, which reads as follows:*

“G.R. No. 235776 (Spouses Rodolfo Q. Pineda and Lilia G. Pineda v. Joseph G. Hizon). – This resolves the Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court seeking to reverse and set aside the February 28, 2017 Decision² and October 29, 2017 Resolution³ of the Court of Appeals (CA) in CA-G.R. SP No. 143153. The challenged Decision granted the Petition for *Certiorari*⁴ filed by Joseph G. Hizon (respondent) and nullified the September 7, 2015⁵ and November 3, 2015⁶ Orders of the Regional Trial Court (RTC), Branch 32, Nueva Ecija in Civil Case No. 1266-G. The assailed CA Resolution denied Spouses Rodolfo Q. Pineda and Lilia G. Pineda’s (petitioners) motion for reconsideration.

The Antecedents

On March 2, 1994, Virginia Custodio (Virginia) executed, in favor of petitioners, a real estate mortgage on a certain property covered by Transfer Certificate of Title No. NT-205342 of the Registry of Deeds for the Province of Nueva Ecija to secure the payment of the sum of ₱1,500,000.00. The mortgage stipulated that within a period of six (6) months from its execution, Virginia shall pay petitioners ₱1,500,000.00, plus interest of 24% *per annum*.

¹ *Rollo*, pp. 10-26.

² *Id.* at 33-43; penned by Associate Justice Ramon A. Cruz with Associate Justices Marlene B. Gonzales-Sison and Henri Jean Paul B. Inting (now a Member of this Court), concurring.

³ *Id.* at 46-49.

⁴ *Id.* at 51-79.

⁵ *Id.* at 80; penned by Presiding Judge Ramon D. Pamular.

⁶ *Id.* at 82.

Virginia failed to pay her obligation on time. Petitioners demanded payment from Virginia, but to no avail.⁷

Consequently, petitioners filed a Complaint for Judicial Foreclosure of Real Estate Mortgage⁸ against Virginia. The case was docketed as Civil Case No. 1266-G and was raffled to Branch 32 of the RTC of Guimba, Nueva Ecija.

While the aforesaid civil case was pending, petitioners and Virginia entered into a Compromise Agreement (1st Compromise Agreement),⁹ which had the following stipulations:

COMPROMISE AGREEMENT

x x x x

1. That plaintiffs [petitioners] and defendant [Virginia] have agreed to amicably settle the instant case thru a compromise agreement;
2. That plaintiffs have agreed to receive, **by way of settlement**, and the defendant has undertaken to produce the sum of Nine Million Five Hundred Thousand (Php9,500,000.00) in favor of plaintiff (sic);
3. That both parties have agreed that the property subject matter of the case may be sold by the defendant in favor of a third party willing to buy the same at an agreed price;
4. That plaintiffs are amenable to receive the sum of Php9,500,000.00 directly from said third party who will pay for the said property, and the defendant shall be entitled to the balance, should the price of the property be higher, and shall be liable for the unpaid balance, should the price be lower;
5. That plaintiffs also agree to the following terms of payment:

Check to be issued dated November 30, 2008 upon signing of this compromise agreement Php4,500,000.00

The balance of P5,000,000.00 to be paid as follows:

On or before January 30, 2009	3,000,000.00
On or before April 30, 2009	<u>2,000,000.00</u>
TOTAL	<u>Php 9,500,000.00</u>

6. That in case of higher price, the balance to be paid to defendant may be the subject of a separate agreement between defendant and third party;

⁷ Id. at 34.
⁸ Id. at 84-87.
⁹ Id. at 92-93.

7. That there is already a third party willing to buy the subject property in the person of Mr. Raoul DG. Cruz;
8. That at the option of said Mr. Raoul DG. Cruz, subject to the consent of plaintiff [sic], the balance of Php5,000,000.00 shall be the subject of a separate mortgage contract between Plaintiffs and Mr. Raoul DG. Cruz;
9. That defendant upon signing of this compromise agreement undertakes and shall execute a Deed of Absolute Sale and/or Assignment in favor of Mr. Raoul DG. Cruz upon payment in full satisfaction of the price of the property;
10. **That plaintiffs by virtue of this compromise agreement hereby waive all their claims against the defendant under the mortgage contract subject of this case.**
11. **That this compromise agreement shall take effect and be binding upon the parties herein upon approval of this Honorable Court [RTC].¹⁰ (Emphasis supplied)**

Finding the parties' compromise agreement not to be contrary to law, public order, morals, or public policy, the RTC approved the same. Subsequently, **the RTC rendered judgment approving the 1st Compromise Agreement and admonished the parties to comply therewith.**¹¹

Apparently, the 1st Compromise Agreement was not consummated because the sale of the mortgaged property to Raoul DG. Cruz (Cruz) did not materialize. Hence, petitioners filed a Motion for the Issuance of a Writ of Execution,¹² which the RTC granted through the Order¹³ dated April 14, 2011.

On May 25, 2011, the RTC issued a Writ of Execution,¹⁴ commanding the court sheriff to demand from Virginia, or any person/s claiming right under her, the sale of the subject property to pay off the mortgage debt and interest, plus 15% of the total amount due as attorney's fees and incidental expenses.¹⁵ The writ, however, was returned unsatisfied.¹⁶ The alleged attorney-in-fact of Virginia claimed that the 1st Compromise Agreement can no longer be executed because there are occupants in the subject property and Virginia intends to first file a judicial action before selling the property. Cruz,

¹⁰ Id.

¹¹ Id. at 100-102.

¹² Id. at 103-104.

¹³ Id. at 108.

¹⁴ Id. at 106-107.

¹⁵ Id.

¹⁶ Id. at 105.

on the other hand, countered that he had already paid a large amount of money to Virginia.¹⁷

Petitioners then filed a Motion to Proceed with the Judicial Foreclosure of Real Estate Mortgage, which the RTC granted in an Order¹⁸ dated June 4, 2013. Accordingly, the RTC ordered that Civil Case No. 1266-G be revived.

Thereafter, another Compromise Agreement¹⁹ (2nd Compromise Agreement) was entered into by petitioners this time with the Heirs of Virginia (represented by Fortune Eusebio),²⁰ Virginia allegedly having died on April 21, 2012.²¹

The pertinent stipulations in the 2nd Compromise Agreement read:

COMPROMISE AGREEMENT

x x x x

2. The parties herein, by virtue hereof have agreed to have the properties subject matter of this case be judicially foreclosed under the following terms and conditions:
 - a. The amount of obligation to be claimed and collected by plaintiffs is fixed at Nine Million Five Hundred Thousand Pesos (Php9,500,000.00);
 - b. **The properties subject of this case shall be judicially foreclosed thru a public auction to be conducted by the court appointed sheriff;**
 - c. **At the public auction to be conducted, plaintiffs shall make a minimum bid of Fifteen Million pesos (Php15,000,000.00) for the properties, wherein Nine Million Five Hundred Thousand Pesos (Php9,500,000.00) shall be applied to the amount of obligation and paid to plaintiffs, and the net proceeds of Five Million Five Hundred Thousand (Php5,500,000.00) shall pertain and be paid to herein defendants, Heirs of [Virginia];**
 - d. In the event that a bid be made higher than Php15,000,000.00, Php9,500,000.00 shall be applied to the obligation and be paid and delivered to plaintiffs, and the net proceeds, which is the amount in excess thereof after deducting the Php9,500,000.00 from the bid

¹⁷ Id.

¹⁸ Id. at 125.

¹⁹ Id. at 126-127.

²⁰ Id. at 127.

²¹ Id. at 56.

amount, shall pertain and be paid to herein defendants, Heirs of [Virginia];

3. After the amount pertaining to defendants has been paid and received by them, defendants waive all and any of their rights, interests, and claims over the subject properties;
4. Plaintiffs, by virtue of this compromise agreement, after the property shall have been awarded to them as the winning bidder or the amount of the obligation has been delivered and paid to them, hereby waive all their claims against the defendants and releases the defendants and the subject properties free from any obligation;
5. This compromise agreement shall take effect and be binding upon the parties herein and their respective heirs, assigns and successors-in-interests upon approval of this Honorable Court;
6. Any and all previous compromise agreements or settlements previously made and entered into concerning the subject properties are deemed vacated, abandoned and of no force and effect;
7. The public auction shall be immediately scheduled, held and conducted at the earliest possible time after this Honorable Court shall have approved the Compromise Agreement.²² (Emphasis supplied)

On April 22, 2014, the RTC, through a Judgment,²³ approved the 2nd Compromise Agreement and dismissed Civil Case No. 1266-G.²⁴ Upon petitioners' Motion for Clarification and Modification of Judgment, the RTC issued a Supplemental Order to the Judgment dated April 22, 2014,²⁵ modifying the dispositive portion of said Judgment, *viz.* :

Wherefore, finding the compromise agreement not contrary to law, morals, public order and public policy, the same is hereby APPROVED, and **the defendant-mortgagor shall pay to the court or to the plaintiff-mortgagee within 90 days nor not more than 120 days from the entry of judgment, Nine Million Five Hundred Thousand Pesos (Php9,500,000.00)**, and that in default of such payment, the property shall be sold at public auction to satisfy the judgment upon proper motion from the plaintiff-mortgagee (Rule 68, Section 2, 1997 Rules of Civil Procedure).

Parties are hereby directed to comply with the tenor of by which the compromise agreement was executed, with the stern warning that non-compliance thereof shall be dealt with in accordance with law.²⁶ (Emphasis supplied)

²² Id. at 126-127.

²³ Id. at 131-133.

²⁴ Id. at 133.

²⁵ Id. at 135.

²⁶ Id.

On January 15, 2015, the mortgaged property was sold at public auction with Agriwaras Ventures, Inc. (AVI) emerging as the winning bidder for a bid price of ₱15,500,000.00. Consequently, a Certificate of Sale was issued by the sheriff to AVI.²⁷

The RTC Orders

Respondent, claiming to be an interested party, filed a Motion to Annul/Set Aside Foreclosure Sale²⁸ and asserted that he is the vendee and present legal occupant/possessor of the subject mortgaged property.²⁹ Respondent further alleged that Cruz (the third-party buyer in the 1st Compromise Agreement) merely acted for and on behalf of respondent and the late Gen. Servando M. Hizon (respondent's father) in the 1st Compromise Agreement. Hence, respondent claimed, he already had a vested right, as a buyer in good faith and for value, over the mortgaged property.³⁰ Respondent ultimately sought for the nullification of the foreclosure sale.³¹

In an Order³² dated March 31, 2015, the RTC denied respondent's motion on the ground that the Judgment based on the 2nd Compromise Agreement is already final and immutable.³³

Petitioners, for their part, moved for the confirmation of the sale to AVI.³⁴ AVI, on the one hand, filed a Motion for Issuance of a Writ of Possession.³⁵

On September 7, 2015, the RTC issued an Order dated September 7, 2015³⁶, essentially granting the respective motions of petitioners and AVI.³⁷ Consequently, the RTC confirmed the sale and issued a writ of possession in favor of AVI.³⁸

²⁷ Id. at 36.
²⁸ Id. at 150-153.
²⁹ Id. at 150.
³⁰ Id. at 150-151.
³¹ Id. at 152.
³² Id. at 176.
³³ Id.
³⁴ Id. at 177-178.
³⁵ Id. at 179-181.
³⁶ Id. at 80.
³⁷ Id. at 82.
³⁸ Id. at 182-183.

Respondent moved for reconsideration of the September 7, 2015 Order but was denied by the RTC through the Order³⁹ dated November 3, 2015.

The CA Ruling

Aggrieved, respondent elevated the twin Orders of the RTC to the CA via a Petition for *Certiorari*⁴⁰ under Rule 65.

On February 28, 2017, the CA rendered the challenged Decision granting the petition and nullifying the September 7, 2015 and November 3, 2015 Orders of the RTC.⁴¹

In gist, the CA held that the Judgment based on the 2nd Compromise Agreement is null and void because there was already a final and executory decision in Civil Case No. 1266-G, *i.e.*, the judgment which approved the 1st Compromise Agreement (between petitioners and Virginia). When a compromise agreement is given judicial approval, it becomes more than a contract binding upon the parties. Having been sanctioned by the court, it is entered as a determination of a controversy and has the force and effect of a judgment.⁴² The CA ruled that the RTC could not have revived the Civil Case No. 1266-G by the mere expedient of granting petitioners' motion to proceed (with the foreclosure). To be precise, at the time petitioners filed said motion, the said civil case had already been terminated with the rendition of the judgment on the 1st Compromise Agreement. The CA went on and further noted that there was nothing in the records to indicate that the judgment on the 1st Compromise Agreement has been set aside or declared null and void. Hence, said judgment was in full force and effect at the time the RTC ordered the "revival" of Civil Case No. 1266-G.⁴³ This conclusion is further supported by the fact that the RTC even issued a writ of execution to satisfy the judgment based on the 1st Compromise Agreement.⁴⁴ The Judgment on the 2nd Compromise Agreement being void, it never attained finality, and all proceedings arising or emanating therefrom, including the foreclosure sale and the September 7, 2015 and November 3, 2015 Orders of the RTC are likewise void and without any legal effect.⁴⁵

³⁹ Id. at 82.

⁴⁰ Id. at 51-79.

⁴¹ Id. at 41.

⁴² Id. at 38-39.

⁴³ Id. at 40.

⁴⁴ Id. at 39-40.

⁴⁵ Id. at 41.

Petitioners filed a motion for reconsideration, which was denied by the CA through the assailed October 29, 2017 Resolution.⁴⁶

Hence, the present petition.

The Issues

Petitioners present the following issues for resolution of this Court:

I.

WHETHER THE CA ERRED WHEN IT TOOK COGNIZANCE OF THE RESPONDENT'S PETITION FOR *CERTIORARI* DESPITE THE FACT THAT HE IS NOT A PARTY TO CIVIL CASE NO. 1266-G AND THE FINDING OF THE RTC THAT HE FAILED TO SUBSTANTIATE HIS CLAIM THAT HE IS THE BUYER OF THE SUBJECT PROPERTY.

II.

WHETHER THE CA ERRED WHEN IT ANNULLED AND SET ASIDE THE ORDERS DATED SEPTEMBER 7, 2015 AND NOVEMBER 3, 2015 OF THE RTC.⁴⁷

The Court's Ruling

Prefatorily, respondent manifests that the separate petition filed by AVI before this Court assailing the subject CA Decision and Resolution in CA-GR SP No. 143153 was already denied outright by the Court in a Resolution dated January 31, 2018 for failure to show any reversible error on the part of the CA that will warrant the exercise by the Court of its discretionary appellate jurisdiction.⁴⁸

The present petition is bereft of merit and is likewise doomed to fail.

Respondent is an aggrieved party and has a direct interest to challenge by way of certiorari the RTC Orders confirming the Certificate of Sale and directing the

⁴⁶ Id. at 46-49.

⁴⁷ Id. at 17.

⁴⁸ Id. at 232.

*issuance of a Writ of Possession in favor of
AVI.*

On the first issue, petitioners argue that respondent has no legal personality to intervene in Civil Case No. 1266-G, not being a party to said case nor an heir of Virginia. There was also no showing that respondent was allowed by the RTC to intervene in said civil case. More importantly, respondent has failed to substantiate his alleged right as the purported principal of Cruz. The CA therefore erred when it took cognizance and granted respondent's petition for *certiorari* assailing the RTC Orders in Civil Case No. 1266-G.⁴⁹

Respondent counters that he has legal personality to file the petition for *certiorari* before the CA because he was a party aggrieved of the RTC's issuance of the September 7, 2015 and November 3, 2015 Orders. Not only was respondent in actual and lawful possession of the mortgaged property, he was also a buyer in good faith thereof. Respondent reasserts that he and his father, through their attorney-in-fact, Cruz, bought the property from Virginia. As held by the CA, even the RTC recognized respondent's right as an interested party, albeit it ruled against him on the substantive issue for his alleged failure to support his claim of ownership. In fact, in an ejectment case filed by the Heirs of Virginia, the Municipal Circuit Trial Court of Quezon and Licab, Nueva Ecija ruled in favor of respondent upholding the latter's right to the physical possession of the subject property.⁵⁰

Respondent's arguments are well-taken.

The general rule is that a person **not** a party to the proceedings in the trial court **cannot** maintain an action for *certiorari* in the CA or the Supreme Court to have the order or decision of the trial court reviewed.⁵¹

In *Siguion Reyna Montecillo and Ongisako Law Offices v. Hon. Chionlo-Sia*,⁵² this Court elucidated:

The "aggrieved party" referred to in the above-quoted provision is one who was a party to the original proceedings that gave rise to the original action for *certiorari* under Rule 65. In *Tang v. Court of Appeals*,⁵³ we explained:

⁴⁹ Id. at 17-19.

⁵⁰ Id. at 233-238.

⁵¹ *Siguion Reyna Montecillo and Ongisako Law Offices v. Judge Chionlo-Sia*, 780 Phil. 228, 238 (2016).

⁵² Id.

⁵³ 382 Phil. 277 (2000).

Although Section 1 of Rule 65 provides that the special civil action of *certiorari* may be availed of by a “person aggrieved” by the orders or decisions of a tribunal, **the term “person aggrieved” is not to be construed to mean that any person who feels injured by the lower court’s order or decision can question the said court’s disposition via *certiorari*.** To sanction a contrary interpretation would open the floodgates to numerous and endless litigations which would undeniably lead to the clogging of court dockets and, more importantly, the harassment of the party who prevailed in the lower court.

In a situation wherein the order or decision being questioned underwent adversarial proceedings before a trial court, the “person aggrieved” referred to under Section 1 of Rule 65 who can avail of the special civil action of *certiorari* pertains to one who was a party in the proceedings before the lower court. The correctness of this interpretation can be gleaned from the fact that a special civil action for *certiorari* may be dismissed *motu proprio* if the party elevating the case failed to file a motion for reconsideration of the questioned order or decision before the lower court. **Obviously, only one who was a party in the case before the lower court can file a motion for reconsideration since a stranger to the litigation would not have the legal standing to interfere in the orders or decisions of the said court. In relation to this, if a non-party in the proceedings before the lower court has no standing to file a motion for reconsideration, logic would lead us to the conclusion that he would likewise have no standing to question the said order or decision before the appellate court via *certiorari*.**⁵⁴ (Emphasis supplied)

Nonetheless, the aforesaid rule is not without exceptions. In *Siguion Reyna*,⁵⁵ the Court upheld the personality of a counsel to challenge by way of a special civil action for *certiorari* an order of reimbursement issued by the RTC against the counsel, directing said counsel – in its personal capacity and not as counsel – to return the money received by its client. In this case, the Court found that it is the counsel who stands to be injured by the RTC’s order of reimbursement considering that it is being made to return the money received on behalf of, and already accounted to, the client.⁵⁶ In *Republic v. Hon. Judge Eugenio, Jr.*,⁵⁷ the Court allowed the wife of a respondent in two cases filed by the Anti-Money Laundering Council (AMLC) to assail *via certiorari* the inquiry orders issued by the respective RTCs. There, the Court found that the wife had adequately demonstrated her joint ownership of

⁵⁴ *Siguion Reyna Montecillo and Ongisako Law Offices v. Judge Chionlo-Sia*, supra note 51 at 237-238 citing *Tang v. Court of Appeals*, supra.

⁵⁵ Id.

⁵⁶ Id. at 238.

⁵⁷ 569 Phil. 98 (2008).

the accounts subject of the inquiry orders. Thus, notwithstanding the fact that she was not named as a respondent in the cases filed by the AMLC or identified as a subject of the inquiry orders, the Court ruled that her joint ownership of the accounts clothed her with standing to assail, via *certiorari*, the inquiry orders authorizing the examination of said accounts in violation of her statutory right to maintain said accounts' secrecy.⁵⁸

In declining to apply the general rule on an "aggrieved party," the Court was guided by the definition of a real party in interest, *i.e.*, one who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit,⁵⁹ or the party who will suffer (or has suffered) the wrong.⁶⁰ The Court likewise stressed that technical rules of procedures should be used to promote, not frustrate, the cause of justice.⁶¹ Thus, their strict and rigid application may, for good and deserving reasons, have to give way to, and be subordinated by, the need to aptly dispense substantial justice in the normal cause.⁶²

Here, records disclose that respondent was in actual and physical possession of the mortgaged property. In fact, the RTC sheriff, as a consequence of the Writ of Possession issued by the RTC in favor of AVI, issued a Notice to Vacate⁶³ directed against herein respondent commanding the latter to vacate the mortgaged property within 15 days from receipt thereof.⁶⁴ This, along with respondent's claim that Cruz (the purported buyer in the 1st Compromise Agreement), was merely his agent, clearly indicates that respondent is the party who will suffer in the event the Writ of Possession issued by the RTC is implemented. Clearly, respondent is an aggrieved party and has a direct interest to challenge by way of *certiorari* the RTC Orders confirming Certificate of Sale and directing the issuance of a Writ of Possession in favor of AVI.

***The RTC Judgment dated April 22, 2014
based on the 2nd Compromise Agreement is
null and void.***

Delving on the substantive issue, petitioners argue that assuming *arguendo* that respondent may institute the petition for *certiorari* before the CA, nonetheless, the CA erred in granting the same because respondent had not previously challenged the validity of the foreclosure sale. The issuance of

⁵⁸ Id. at 132.

⁵⁹ RULES OF COURT, Rule 3, Section 2.

⁶⁰ *Siguion Reyna Montecillo and Ongisako Law Offices v. Judge Chionlo-Sia*, supra note 51 at 242.

⁶¹ Id. at 241.

⁶² Id.

⁶³ *Rollo*, p. 184.

⁶⁴ Id.

the Certificate of Sale and the Writ of Possession are merely incidental to the foreclosure proceedings. Petitioners further argue that the rule on immutability of judgments has exceptions, one of which is when circumstances transpire after the finality of the decision rendering its execution unjust and inequitable. It is likewise petitioners' stance that parties may enter into a new compromise agreement even after the original judgment and the court may act on such new agreement. In this case, petitioners assert that the failure of the 1st Compromise Agreement was not due to the fault of the parties, but due to the fact that the sale to Cruz did not materialize. The 2nd Compromise Agreement was merely for the execution of the original judgment. Hence, the RTC correctly approved the 2nd Compromise Agreement and rendered judgment thereon. The RTC also did not commit grave abuse of discretion in directing the issuance of the Certificate of Sale and Writ of Possession in favor of AVI.⁶⁵

The Court is not persuaded.

“[A]n amicable settlement or a compromise is a contract whereby the parties, by making reciprocal concessions, avoid a litigation or **put an end to one already commenced**. It may be judicial or extrajudicial; the absence of court approval notwithstanding, the agreement can become the source of rights and obligations of the parties.”⁶⁶

Corollarily, a judgment based on a compromise agreement is a judgment on the merits of the case.⁶⁷ It has the effect of *res judicata* and is immediately executory.⁶⁸ Furthermore, a judgment that is final and executory becomes immutable and unalterable, and courts, ordinarily, have the ministerial duty to grant its execution.⁶⁹

It is not disputed that Civil Case No. 1266-G culminated with the RTC's approval of the 1st Compromise Agreement and rendition of judgment thereon. The RTC even admonished the parties to comply with the terms and conditions of the 1st Compromise Agreement, where it was clearly stated that petitioners (as plaintiffs), by virtue of said Agreement, “**waive all their claims against the defendant under the mortgage contract subject of this case.**”⁷⁰

⁶⁵ Id. at 20-24.

⁶⁶ *Iloilo Traders Finance Inc. v. Heirs of Sps. Soriano, Jr.*, 452 Phil. 82, 90 (2003). (Emphasis supplied)

⁶⁷ *Gadrinab v. Salamanca*, 736 Phil. 279, 290 (2014).

⁶⁸ Id. at 291.

⁶⁹ *Garcia v. Silao*, OCA IPI No. 19-3061-MTJ, June 14, 2021.

⁷⁰ *Rollo*, p. 93.

The 1st Compromise Agreement effectively abated petitioners' action for judicial foreclosure of mortgage.

Also, the 1st Compromise Agreement expressly provided for the sale of the mortgaged property to a willing third-party buyer to satisfy Virginia's obligation to petitioners. It is noteworthy to point out that nowhere in the said 1st Compromise Agreement was it stated that Virginia could only sell the property to Cruz and no other. Thus, to the mind of the Court, even if Cruz indeed failed to purchase the mortgaged property, still, there would not be a failure of the parties' agreement because Virginia was not precluded to sell the subject property to another buyer. Neither was it shown that the sale of the mortgaged property to a party, other than Cruz, would be unjust or inequitable to either Virginia or petitioners. Notably, it was only at the time of the enforcement of the writ of execution that Virginia apparently had a change of heart and manifested, through her attorney-in-fact, that the sale could no longer proceed because she would first file an action to eject the alleged occupant of the mortgaged land, who, it turned out, was herein respondent. This just bolstered respondent's claim that he has, at the very least, an interest over the mortgaged property.

True, Article 2041⁷¹ of the Civil Code recognizes the right of an aggrieved party to **either** (1) enforce the compromise by a writ of execution **OR** (2) regard it as rescinded and insist upon his original demand, upon the other party's failure or refusal to abide by the compromise.⁷² It is clear from the language of the law that a party to a compromise agreement has two options: 1) to enforce the compromise; or 2) to rescind the same and insist upon his original demand. Petitioners, however, cannot avail of both of these options. Petitioners cannot ask for rescission of the compromise agreement after they already enjoyed the first option of enforcing the compromise by asking for a writ of execution.⁷³ Simply put, the remedies under Article 2041 are alternative and not cumulative.

As borne by the records, petitioners opted to avail of the first remedy when they moved for execution of the 1st Compromise Agreement, which was favorably acted upon by the RTC. The RTC then issued a writ of execution. That Virginia and/or her heirs subsequently refused to abide by the terms of the 1st Compromise Agreement and/or the writ of execution did not give the RTC the power to relieve the parties of their obligations under said agreement, and, consequently, "revive" the judicial foreclosure case, more so considering that the reason proffered by Virginia's alleged attorney-in-fact was never

⁷¹ Article 2041. If one of the parties fails or refuses to abide by the compromise, the other party may either enforce the compromise or regard it as rescinded and insist upon his original demand.

⁷² *Chavez v. Maybank Philippines, Inc.*, GR No. 242852, July 29, 2019.

⁷³ See *The Pasay City Government v. CFI of Manila, Branch X*, 217 Phil. 153, 163-164 (1984).

stipulated in the 1st Compromise Agreement as a condition precedent to the sale of the mortgaged property to Cruz or to any willing third-party buyer. To stress, the judgment on the 1st Compromise Agreement dated November 27, 2008⁷⁴ had already become final and executory. Thus, the RTC no longer had the power and jurisdiction to alter, amend or revoke said judgment, its only power being to order its execution.⁷⁵

Moreover, petitioners, as the aggrieved party, had appropriate remedies under the law against Virginia relative to the implementation of the writ of execution. Petitioners may resort to an action for indirect contempt under Rule 71 of the Rules of Court if Virginia's heirs refuse to comply with the terms of the judgment on the 1st Compromise Agreement or resist the enforcement of the writ of execution issued by the RTC. Further, since a judgment on compromise agreement is effectively a judgment on the case, proper remedies against ordinary judgments may be used against judgments on a compromise agreement. Provided these are availed on time and the appropriate grounds exist, remedies may include the following: a) motion for reconsideration; b) motion for new trial; c) appeal; d) petition for relief from judgment; e) petition for *certiorari*; and f) petition for annulment of judgment.⁷⁶

From the foregoing, the RTC gravely abused its discretion when it granted petitioners' Motion to Proceed with the Judicial Foreclosure after a writ of execution had been issued for the enforcement of the judgment on the 1st Compromise Agreement. On this score, the Court quotes with approval the discussion of the CA, *viz.*:

It is well to underscore that the RTC recognized, at least initially, the final and executory nature of the Judgment on the [1st] Compromise Agreement. When the other parties failed to comply with the terms and conditions of the [1st] Compromise Agreement, [petitioners] filed a Motion for the Issuance of Writ of Execution which the RTC granted in an Order dated April 14, 2011. The issuance of a Writ of Execution in favor of [petitioners] was a natural consequence of the failure of the other parties to abide by the [1st] Compromise Agreement because the nonfulfillment of the terms and conditions of a [judicial] compromise justifies the issuance of a writ of execution. As a matter of fact, in such an instance, execution becomes a ministerial duty of the court.

The course of action of the RTC began to digress after the Writ of Execution it issued was returned unsatisfied. In a Sheriff's Report dated March 22, 2012, it was reported that according to the Attorney-in-Fact of [Virginia], the [1st] Compromise Agreement can no longer be executed in the tenor by which it was issued because there are occupants in the

⁷⁴ *Rollo*, pp. 100-102.

⁷⁵ See *Pasay City Government v. Court of First Instance of Manila, Branch X*, *supra* at 164.

⁷⁶ *Gadrinab v. Salamanca*, *supra* note 67 at 297.

possession of the lot subject of the [1st] Compromise Agreement and they are planning to file first the corresponding action before the said property could be sold. Subsequently, in an Order dated June 4, 2013, the RTC, acting on the Motion to Proceed with the Judicial Foreclosure of Real Estate Mortgage filed by [petitioners] revived the proceedings in Civil Case No. 1266-G. To Our mind, the RTC could not have revived Civil Case No. 1266-G by the mere expedient of granting a motion to proceed from the [petitioners]. At the time the motion to proceed was filed and the so-called revival of Civil Case No. 1266-G took place, the case had already been terminated with the rendition of the Judgment on the [1st] Compromise Agreement. Nothing in the records before Us indicates that this Judgment on the [1st] Compromise Agreement was ever set aside or declared null and void. For all intents and purposes, therefore, the Judgment on the [1st] Compromise Agreement was in full force and effect at the time the RTC ordered the ‘revival’ of Civil Case No. 1266-G.⁷⁷ (Citations omitted)

Worse, the RTC even went beyond the terms agreed upon by the parties in the purported 2nd Compromise Agreement. In the Supplemental Order dated August 5, 2014, the RTC amended the dispositive portion of the Judgment dated April 22, 2014 and directed the Heirs of Virginia (as defendants-mortgagors to pay to the court or to petitioners (as plaintiffs-mortgagees), within 90 days nor not more than 120 days from the entry of judgment, the amount of ₱9,500,000.00; failure to do so shall result in the sale of the mortgaged property in public auction.⁷⁸ This clearly modified the terms of the 2nd Compromise Agreement because the parties therein did not provide for immediate payment by the defendants-mortgagors. Rather, the parties’ agreement only contemplated the sale of the mortgaged property through public auction, with a minimum bid of ₱15,000,000.00, to satisfy Virginia’s outstanding obligation to petitioners.⁷⁹ This is further manifested by the provision in the said 2nd Compromise Agreement stating that “[t]he public auction shall be immediately scheduled, held and conducted **at the earliest possible time after [the RTC] shall have approved the Compromise Agreement.**”⁸⁰ Settled is the rule that courts have no authority to impose on the parties a judgment different from or against the terms and conditions of their compromise agreement,⁸¹ conformably with the universally established principle that a contract is the law between the parties.⁸² The courts can only approve the agreement of parties. They cannot make a contract for them.⁸³

All told, the CA correctly ruled that the RTC’s April 22, 2014 Judgment on the 2nd Compromise Agreement is void. A void judgment is no judgment at all. It cannot be the source of any right nor of any obligation. All acts

⁷⁷ *Rollo*, pp. 39-40.

⁷⁸ *Id.* at 135.

⁷⁹ *Id.* at 126-127.

⁸⁰ *Id.* at 127. (Emphasis supplied).

⁸¹ *Spouses Martir v. Spouses Verano*, 529 Phil. 120, 127 (2006).

⁸² *Viesca v. Gilinsky*, 553 Phil. 498, 522-523 (2007).

⁸³ *Id.* at 523.

performed pursuant to it and all claims emanating from it have no legal effect.⁸⁴ It has no legal or binding effect or efficacy for any purpose or at any place. It cannot affect, impair or create rights. It is not entitled to enforcement and is, ordinarily, no protection to those who seek to enforce. All proceedings founded on the void judgment are themselves regarded as invalid.⁸⁵ The RTC Judgment on the 2nd Compromise Agreement being void, all acts and incidents arising therefrom, including the September 7, 2015 and November 3, 2015 Orders of the RTC, are likewise void and did not exist in the eyes of the law.⁸⁶ The CA therefore committed no reversible error in granting the petition for *certiorari*.

WHEREFORE, premises considered, the petition is **DENIED**. The February 28, 2017 Decision and October 29, 2017 Resolution of the Court of Appeals in CA-G.R. SP No. 143153 are **AFFIRMED**.

SO ORDERED." (Inting, J., no part; Rosario, J., designated additional Member per Raffle dated August 9, 2022.)

By authority of the Court:

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Division Clerk of Court *012/122*

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⁸⁴ *Nazareno v. Court of Appeals*, 428 Phil. 32, 42 (2002).

⁸⁵ *Id.*

⁸⁶ *See Tambunting, Jr. v. Sps. Sumabat*, 507 Phil. 94, 99 (2005).

The Presiding Judge
REGIONAL TRIAL COURT
Branch 32, Guimba
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(Civ. Case No. 1266-G)

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