



REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SPECIAL SECOND DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, Special Second Division, issued a Resolution dated **September 28, 2022** which reads as follows:

“**G.R. No. 243765 (Malate Construction Development Corporation and Giovanni Olivares v. Extraordinary Realty Agents & Brokers Cooperative)**. – This resolves the Joint Motion to Approve Compromise Agreement (Joint Motion)¹ filed by Malate Construction Development Corporation (MCDC) and Giovanni Olivares (Olivares) (collectively, petitioners) and Extraordinary Realty Agents & Brokers Cooperative (respondent).

Antecedents

Sometime in July 2003, petitioners entered into a Marketing Agreement² with respondent, where the latter undertook to promote and sell the former’s properties in Mahogany Villas in Looc, Calamba, Laguna, in exchange for a commission.

However, in 2005 and 2006, petitioners refused to pay respondent’s commissions, which prompted the latter to send demand letters to the former. The demands were unheeded. Thus, respondent filed a Complaint³ for sum of money with damages seeking the payment of the following amounts, namely, ₱4,962,935.77 with interest; ₱50,000.00 as exemplary damages; and ₱50,000.00 as attorney’s fees.⁴

On October 21, 2013, the Regional Trial Court (RTC) of Manila, Branch 47 rendered a Decision⁵ awarding broker’s commission and attorney’s fees in favor of respondent, to wit:

WHEREFORE, premises considered, judgment is hereby rendered:

1. Ordering [petitioners] to solidarily pay [respondent] the amount of **Four Million Sixty Nine Thousand Nine Hundred Nineteen Pesos and Eighty Eight Centavos (P4,069,919.88)** plus **legal interest of twelve percent (12%) per annum** [computed] from the time of the last demand to pay up to the time of payment, and;
2. Ordering [petitioners] to solidarily pay [respondent] the amount of **Fifty Thousand Pesos (P50,000.00)** by way of

¹ *Rollo*, pp. 444-455.

² *Id.* at 71-75.

³ *Id.* at 64-69.

⁴ *Id.* at 47.

⁵ *Id.* at 195-219; penned by Judge Paulino Q. Gallegos.

attorney's fees[;]

3. Dismissing [petitioners'] claim for actual damages, moral and exemplary damages and attorney's fees for lack of sufficient basis.

SO ORDERED.⁶ (Emphases in the original)

On appeal, the Court of Appeals (CA) affirmed the RTC's ruling with modification:⁷

FOR THE STATED REASONS, the appeal is **DENIED**. The October 21, 2013 Decision of the Regional Trial Court, City of Manila, Branch 47, is **AFFIRMED** with **MODIFICATION** as to the rate of interest awarded. [Petitioners] are ordered to pay [respondent] the amount of Four Million Sixty-Nine Thousand Nine Hundred Nineteen Pesos [and Eighty-Eight Centavos] (P4,069,919.88) with twelve percent (12%) interest *per annum* to be computed from the time of the filing of the complaint up to June 30, 2013, and six percent (6%) [*per*] *annum* from July 1, 2013 until finality of the Decision. When the judgment of the court becomes final and executory, an interest of 6% *per annum* shall be imposed from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit. Also [petitioners] are ordered to pay attorney's fees of Fifty Thousand Pesos [P50,000.00] which shall likewise earn an interest at the rate of 6% *per annum* from the finality of the Decision until full satisfaction.

SO ORDERED.⁸ (Emphases in the original; citations omitted)

Aggrieved, on June 13, 2018, petitioners filed a motion for reconsideration, which the CA denied in its December 17, 2018 Resolution.⁹

Undeterred, petitioners filed a Petition for Review on *Certiorari*.¹⁰

On January 5, 2022, the Court rendered a Decision¹¹ affirming with modification the CA's ruling by deleting Olivares' personal liability:

WHEREFORE, premises considered, the May 10, 2018 Decision and December 17, 2018 Resolution of the Court of Appeals in CA-G.R. CV No. 103092[,] are **MODIFIED** by **DELETING** Giovanni Olivares' personal liability. [MCDC] is hereby **ORDERED TO PAY** Extraordinary Realty Agents & Brokers Cooperative the amount of P4,069,919.88, with legal interest of twelve percent (12%) *per annum* reckoned from the filing

⁶ Id. at 219.

⁷ Id. at 45-61; penned by Associate Justice Zenaida T. Galapate-Laguilles, with Associate Justices Remedios A. Salazar-Fernando and Jane Aurora C. Lantion, concurring.

⁸ Id. at 59-60.

⁹ Id. at 62-63.

¹⁰ Id. at 21-41.

¹¹ Id. at 422-442; penned by Associate Justice Samuel H. Gaerlan, with Senior Associate Justice Estela M. Perlas-Bernabe (now a retired Member of this Court), Associate Justices Ramon Paul L. Hernando, Herni Jean Paul B. Inting, and Japar B. Dimaampao, concurring.

of the complaint until June 30, 2013, and six percent (6%) *per annum* from July 1, 2013 until full satisfaction. The total amount due shall earn a legal interest of six percent (6%) *per annum* from the finality of this Decision until full satisfaction.

SO ORDERED.¹² (Emphases in the original)

The Court's Decision¹³ was received by the Office of the Second Division on June 17, 2022.¹⁴

Meanwhile, unaware that a Decision had been rendered, on May 11, 2022, the parties entered into a Compromise Agreement.¹⁵ Particularly, petitioners agreed to pay respondent ₱3,000,000.00 upon the execution of said compromise agreement while respondent agreed to release, discharge, and waive any and all actions of whatever nature it may have against petitioners, its officers, employees, and successors-in-interest.¹⁶

On even date, petitioners paid respondent the agreed settlement amount through China Bank Manager's Check No. 0000027597 and Rizal Commercial Banking Corporation Manager's Check No. 0000001870 both dated May 10, 2022. Both checks were issued in the name of respondent.¹⁷

Ruling of the Court

The Court approves the Compromise Agreement dated May 11, 2022.

A compromise is a contract where parties make reciprocal concessions to avoid a litigation or put an end to one already commenced.¹⁸ As a contract, it must bear the essential requisites under Article 1318 of the Civil Code, namely, (i) consent of the contracting parties; (ii) object certain which is the subject matter of the contract; and (iii) cause of the obligation which is established.¹⁹ Likewise, its terms and conditions must not be contrary to law, morals, good customs, public policy and public order,²⁰ and must have been freely and intelligently entered into by and between the parties.²¹ Once

¹² Id. at 440.

¹³ Id. at 422-442.

¹⁴ Id. at 420-421.

¹⁵ Id. at 451-455.

¹⁶ Id. at 453-454.

¹⁷ Id. at 446 and 457.

¹⁸ CIVIL CODE, Article 2028.

¹⁹ *Anacleto v. Van Twest*, 393 Phil. 616, 624 (2000).

²⁰ *Uy v. Chua*, 616 Phil. 768, 779-780 (2009).

²¹ *Magbanua v. Uy*, 497 Phil. 511, 518 (2005), citing *The Learning Child, Inc. v. Lazaro*, 394 Phil. 378, 381-382 (2000); *Calla v. Maglalang*, 382 Phil. 138, 143 (2000); *Salazar v. Jarabe*, 91 Phil. 596, 601 (1952).

entered into, the compromise agreement has the effect and authority of *res judicata*.²²

In the case at bar, the Court's Decision was promulgated on January 5, 2022, while the compromise agreement was entered into on May 11, 2022. The records reveal that when the parties entered into the compromise agreement, they were unaware of the Court's ruling.²³ In fact, the Court's Decision was only received by the Court's Second Division on June 17, 2022, thereby proving that as of said date, a copy of said Decision had not yet been released to the parties.

Notably, in *Magbanua v. Uy*,²⁴ the Court, citing a long line of cases, affirmed the validity of a compromise agreement entered into after a final judgment:

The issue involving the validity of a compromise agreement notwithstanding a final judgment is not novel. *Jesalva v. Bautista* upheld a compromise agreement that covered cases pending trial, on appeal, and with final judgment. The Court noted that Article 2040 impliedly allowed such agreements; there was no limitation as to when these should be entered into. *Palanca v. Court of Industrial Relations* sustained a compromise agreement, notwithstanding a final judgment in which only the amount of back wages was left to be determined. The Court found no evidence of fraud or of any showing that the agreement was contrary to law, morals, good customs, public order, or public policy.

Gatchalian v. Arlegui upheld the right to compromise prior to the execution of a final judgment. The Court ruled that the final judgment had been novated and superseded by a compromise agreement. Also, *Northern Lines, Inc. v. Court of Tax Appeals* recognized the right to compromise final and executory judgments, as long as such right was exercised by the proper party litigants.²⁵ (Citations omitted)

Verily, if a compromise agreement is allowed after a final judgment, then all the more should it be permitted before the judgment attains finality and more so, prior to the parties' receipt of the ruling.

Equally important, all the essential requisites of a contract are present in the compromise agreement. The parties not only consented to all the terms of the compromise agreement, but even jointly clamored for its approval before the Court. Moreover, the reciprocal concessions made, such as the respondent's undertaking to drop and waive all its existing claims against the petitioner, and the latter's payment to the former of ₱3,000,000.00, constitute the object certain and cause of the obligation. Finally, the terms of

²² Id. at 519, citing CIVIL CODE, Article 2037; *Cebu International Finance Corporation v. Court of Appeals*, 374 Phil. 844, 858, (1999); *Del Rosario v. Madayag*, 317 Phil. 883, 887 (1995).

²³ *Rollo*, p. 445.

²⁴ *Magbanua v. Uy*, supra.

²⁵ Id. at 521.

the compromise agreement are not contrary to law, morals, good customs, public order or public policy.

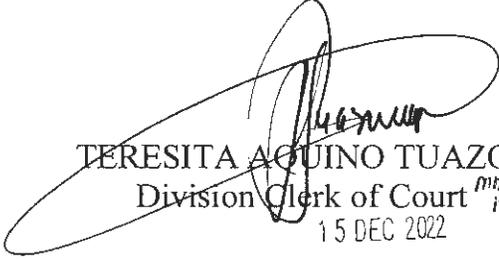
Based on the foregoing, the Court stamps its judicial imprimatur on the compromise agreement.

WHEREFORE, the Joint Motion to Approve Compromise Agreement is hereby **GRANTED**. The Compromise Agreement dated May 11, 2022 is **APPROVED**. Accordingly, the Decision of the Court dated January 5, 2022 is hereby **SET ASIDE**. In lieu thereof, judgment is rendered in conformity with the terms and conditions set forth in the Compromise Agreement. This case is considered **CLOSED** and **TERMINATED**.

Let entry of final judgment be issued immediately.

SO ORDERED.”

By authority of the Court:


 TERESITA AGUIÑO TUAZON
 Division Clerk of Court ^{mb} 12/15
 15 DEC 2022

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