

SECOND DIVISION

[G.R. No. 213421, August 24, 2020]

UNIROCK CORPORATION, AS REPRESENTED BY EDISON U. OJERIO, PETITIONER, VS. ARMANDO C. CARPIO* AND HARDROCK AGGREGATES, INC., RESPONDENTS.

DECISION

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*^[1] are the Decision^[2] dated February 25, 2014 and the Resolution^[3] dated June 30, 2014 of the Court of Appeals (CA) in CA-G.R. CV No. 94051 which affirmed the Order^[4] dated July 8, 2009 of the Regional Trial Court of Antipolo City, Rizal (RTC), Branch 73 (RTC-Br. 73) denying petitioner Unirock Corporation's (Unirock) motion for issuance of a writ of execution in **Civil Case No. 94-3393** for being premature.

The Facts

This case stemmed from a complaint for quieting of title originally filed before the RTC-Br. 71 (later on transferred to RTC-Br. 73) by respondents Armando C. Carpio (Carpio) and Hardrock Aggregates, Inc. (Hardrock) against Unirock involving properties titled under the latter's name (subject properties), docketed as **Civil Case No. 94-3393**. This case was eventually elevated before the Court, docketed as **G.R. No. 141638**, and was ultimately resolved in Unirock's favor, which was then declared as the owner of the subject properties. Eventually, Entry of Judgment was entered on January 7, 2002.^[5]

During execution proceedings before the RTC-Br. 73, the parties executed a Memorandum of Agreement (MOA),^[6] whereby Unirock, as the adjudged owner of the subject properties, granted Hardrock the exclusive right to quarry the mineral resources found therein; in exchange, Hardrock obligated itself to pay Unirock the corresponding royalties. Pertinently, the MOA states that "[Hardrock] **believes and acknowledges the absolute ownership of [Unirock] of the [property] subject to this Agreement as contained in a decision handed down by the Supreme Court,** and [Unirock] recognizes and accepts the true capacity, capabilities and the sincere intentions of [Hardrock] to undertake the quarrying and crushing plant operations in the PERMITTED AREA".^[7]

COMPROMISE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Agreement made and entered into at Makati City on March 20, 2003, by and between:

HARDROCK AGGREGATES, INCORPORATED, x x x hereinafter referred to as the PERMITTEE-OPERATOR,

and

UNIROCK CORPORATION, x x x, hereinafter referred to as the OWNERS.

WITNESSETH THAT:

WHEREAS, OWNER owns a parcel of land containing an area of 206,881 square meters more or less, situated in Barangay Cupang, Antipolo City, and more particularly described as:

x x x x

And hereinafter referred to as the PROPERTY;

WHEREAS, PERMITTEE-OPERATOR is an applicant for a Mineral Production Sharing Agreement (MPSA) with the Mines and GeoSciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR) for the PROPERTY of the OWNER with the consent and absolute approval of the latter.

x x x x

WHEREAS, PERMITTEE-OPERATOR believes and acknowledges the absolute ownership of the OWNER of the PROPERTY subject to this Agreement as contained in a decision handed down by the Supreme Court, and the OWNER recognizes and accepts the true capacity, capabilities and the sincere intentions of the PERMITTEE-OPERATOR to undertake the quarrying and crushing plant operations in the PERMITTED AREA;

x x x x

ARTICLE IV ROYALTIES

4. 1 Royalties for non-plant processed quarry materials that are extracted from the PERMITTED AREA by the PERMITTEE-OPERATOR loaded into customer's trucks and sold will be paid

to the OWNER x x x

x x x x

4.2 COMPUTATION OF ROYALTY FOR PLANT-PROCESSED AGGREGATES

PERMITTEE-OPERATOR agrees that the total royalties due and payable to the OWNER shall be based on the volume of sales x x x

x x x x^[8] (Emphases supplied)

Also, the MOA shows that Hardrock applied for a Mineral Production Sharing Agreement (MPSA) with the Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR), and for such purpose, sought the "consent and absolute approval"^[9] of Unirock as the owner.

The MOA was submitted to the RTC-Br. 73 for its approval and consequent issuance of a judgment based on a compromise agreement. **On February 20, 2004, the RTC-Br. 73 rendered a Decision^[10] based on a Compromise Agreement approving the terms and conditions of the MOA as agreed upon by Hardrock and Unirock.^[11]**

However, on March 14, 2006, a certain Teresa Gonzales (Gonzales) filed a complaint for nullification of title, damages with application for the issuance of temporary restraining order and writs of preliminary injunction, docketed as **Civil Case No. 06-7840**, before the RTC-Br. 74, against Unirock and Hardrock, claiming ownership over the subject properties. She prayed for the nullification of Unirock's title, and that Hardrock be ordered to pay royalties to her instead. Subsequently, the RTC-Br. 74 ordered Hardrock to deposit the royalties in an escrow account so as to preserve the rights of Unirock or Teresita over said royalties pending the resolution of **Civil Case No. 06-7840**. Thereafter, on January 11, 2008, the RTC-Br.74 dismissed the complaint. Aggrieved, Gonzales appealed to the CA,^[12] the resolution of which appears to be still pending.

Meanwhile, claiming that Hardrock failed to pay the royalties as agreed upon, Unirock filed, on March 15, 2006, a complaint for rescission of the MOA, payment of royalty fees, and damages, docketed as **Civil Case No. 06-7891**, before the RTC-Br. 71, against Hardrock. The case was, however, dismissed in an Order dated August 21, 2007 for improper venue. Dissatisfied, Unirock filed its appeal before the CA but was later withdrawn.^[13]

Instead, on October 30, 2008, Unirock filed a motion for issuance of a writ of execution in **Civil Case No. 94-3393** before the RTC-Br. 73, claiming that Hardrock failed to pay Unirock the royalty fees in violation of their MOA.^[14]

In opposition, Hardrock countered that the supervening filing of **Civil Case No.06-7840** by Gonzales allegedly showed that Unirock misrepresented its ownership over

the properties subject of the MOA, and hence, rendered the execution of the compromise judgment approving the same unjust and inequitable.^[15] Hardrock also pointed out that the MOA, which was likewise registered before the DENR, was already cancelled by the DENR Panel of Arbitrators (DENR-POA) through a Resolution dated May 28, 2007.^[16]

The RTC-Br. 73 Ruling

In an Order^[17] dated July 8, 2009, the RTC-Br. 73 denied the motion for execution filed by Unirock for being premature.^[18] It found that since Unirock presented a mere photocopy of a document denominated as "Quarry Materials Withdrawals Summary of Hardrock Corporation," it did not adequately substantiate its claim that Hardrock failed to pay royalties in the amount of P34,718,026.25. Furthermore, the RTC-Br. 73 pointed out that Unirock already filed **Civil Case No. 06-7891** for the rescission of the MOA on the ground of Hardrock's non-compliance of the MOA, but the same was dismissed on procedural grounds, and that Unirock withdrew its appeal. According to the RTC-Br. 73, since the issue therein was never resolved on the merits, it is unclear if Hardrock really violated the provisions of the MOA. Finally, it held that Civil **Case No. 06-7840** filed by Gonzales is "prejudicial" in nature because it will ultimately determine who is rightfully entitled to the payment of royalties.^[19]

Dissatisfied, Unirock appealed^[20] to the CA.

The CA Ruling

In a Decision^[21] dated February 25, 2014, the CA affirmed the RTC ruling. It held that: (a) since Unirock merely attached a photocopy of the document supposedly showing Hardrock's non-payment of royalties, it is inadmissible, and as such, insufficient to prove such non-payment; (b) although the **Decision Based on a Compromise Agreement in Civil Case No. 94-3393** had already become final and executory, this case falls under the exception on the immutability of judgment since the filing of the complaint by Gonzales of **Civil Case No. 06-7840** before the RTC-Br. 74 raised doubts on Unirock's claim of ownership over the subject properties, and thus, will render the execution of the aforementioned Decision in **Civil Case No. 94-3393** unjust and inequitable; and (c) in any case, Unirock would not be unjustly prejudiced by the appealed order, considering that the RTC-Br. 74 in **Civil Case No. 06-7840** had already ordered Hardrock to deposit its royalty payments in escrow pending resolution thereof.^[22]

Undaunted, Unirock moved for reconsideration^[23] but the same was denied in a Resolution^[24] dated June 30, 2014; hence, this petition.

The Issue Before the Court

The issue for the Court's resolution is whether or not the CA correctly affirmed the denial of Unirock's motion for execution.

The Court's Ruling

At the outset, it is apt to mention that it is undisputed that Unirock and Hardrock entered into the MOA and had the same judicially approved by the RTC-Br. 73 in **Civil Case No. 94-3393** as a compromise judgment, thus the Decision dated February 20, 2004. Since the MOA's status as a compromise judgment was never questioned by any of the parties, the Court situates it as such, and shall proceed to resolve the case pursuant to the rules on compromise judgments.

In *Diamond Builders Conglomeration v. Country Bankers Insurance Corporation*,^[25] the Court had the opportunity to explain the nature of compromise judgments, to wit:

A compromise judgment is a decision rendered by a court sanctioning the agreement between the parties concerning the determination of the controversy at hand. **Essentially, it is a contract, stamped with judicial imprimatur, between two or more persons, who, for preventing or putting an end to a lawsuit, adjust their difficulties by mutual consent in the manner which they agree on, and which each of them prefers in the hope of gaining, balanced by the danger of losing. Upon court approval of a compromise agreement, it transcends its identity as a mere contract binding only upon the parties thereto, as it becomes a judgment that is subject to execution in accordance with Rule 39 of the Rules of Court.**

Ordinarily, **a judgment based on compromise is not appealable. It should not be disturbed except upon a showing of vitiated consent or forgery.** The reason for the rule is that when both parties enter into an agreement to end a pending litigation and request that a decision be rendered approving said agreement, it is only natural to presume that such action constitutes an implicit, as undeniable as an express, waiver of the right to appeal against said decision. **Thus, a decision on a compromise agreement is final and executory, and is conclusive between the parties.**

x x x x

Other judgments in actions declared to be immediately executory and not stayed by the filing of an appeal are for: (1) **compromise** x x x.
^[26] (Emphases and underscoring supplied)

Under Article 2041^[27] of the Civil Code, should a party to the compromise judgment fail or refuse to abide by the same, the aggrieved party may seek either: (a) the **enforcement of the compromise**; or (b) regard it as rescinded without need of a judicial declaration thereof, and insist on his original demand.^[28]