

SECOND DIVISION

[G.R. No. 164594, April 22, 2015]

**MICHAEL SEBASTIAN, PETITIONER, VS. ANNABEL LAGMAY NG,
REPRESENTED BY HER ATTORNEY-IN-FACT, ANGELITA LAGMAY,
RESPONDENT.**

D E C I S I O N

BRION, J.:

We resolve the petition for review on *certiorari*,^[1] filed by petitioner Michael Sebastian (*Michael*), assailing the March 31, 2004 Decision,^[2] and the July 15, 2004 Resolution^[3] of the Court of Appeals (CA) in CA-G.R. SP No. 65450.

The CA decision reversed and set aside the decision of the Regional Trial Court (RTC) of Palayan City, Branch 40, in SP. Proc. Case No. 0096-P.

Factual Background

Sometime in 1997, Angelita Lagmay (*Angelita*), acting as representative and attorney-in-fact of her daughter Annabel Lagmay Ng (*Annabel*), filed a complaint before the *Barangay* Justice of Siclong, Laur, Nueva Ecija. She sought to collect from Michael the sum of P350,000.00 that Annabel sent to Michael. She claimed that Annabel and Michael were once sweethearts, and that they agreed to jointly invest their financial resources to buy a truck. She alleged that while Annabel was working in Hongkong, Annabel sent Michael the amount of P350,000.00 to purchase the truck. However, after Annabel and Michael's relationship has ended, Michael allegedly refused to return the money to Annabel, prompting the latter to bring the matter before the *Barangay* Justice.

On July 9, 1997, the parties entered into an amicable settlement, evidenced by a document denominated as "*kasunduan*"^[4] wherein Michael agreed to pay Annabel the amount of P250,000.00 on specific dates. The *kasunduan* was signed by Angelita (on behalf of Annabel), Michael, and the members of the *pangkat ng tagapagkasundo*. The *kasunduan* reads:

KASUNDUAN

Nagkasundo ang dalawang panig na pagkayari ng labing apat na buwan (14 months) Simula ngayong July 9, 1997 hanggang September 1998 ay kailangan ng maibigay ni Mr. Sebastian ang pera ni Ms. Anabelle Lagmay.

At napagkasunduan ay dalawang hulog ang halagang P250,000.00 na pera ni Ms. Lagmay at Simula ng pagbibigay ni Mr. Sebastian ay sa buwan ng September 1998.

At upang may katunayan ang lahat ng napag usapan ay lumagda sa ibaba nito at sa harap ng mga saksi ngayong ika-9 ng Hulyo, 1997

Mrs. Angelita Lagmay - (Lagda)

Mr. Michael Sebastian - (Lagda)

Saksi: Kagawad Rolando Mendizabal - (Lagda)

Hepe Quirino Sapon - (Lagda)

Benjamin Sebastian - (Lagda)

Jun Roxas - (Lagda)

Angelita alleged that the *kasunduan* was not repudiated within a period of ten (10) days from the settlement, in accordance with the *Katarungang Pambarangay* Law embodied in the Local Government Code of 1991 [Republic Act (R.A.) No. 7160], and Section 14 of its Implementing Rules. When Michael failed to honor the *kasunduan*, Angelita brought the matter back to the *Barangay*, but the *Barangay* Captain failed to enforce the *kasunduan*, and instead, issued a Certification to File Action.

After about one and a half years from the date of the execution of the *kasunduan* or on January 15, 1999, Angelita filed with the Municipal Circuit Trial Court (MCTC) of Laur and Gabaldon, Nueva Ecija, a Motion for Execution of the *kasunduan*.

Michael moved for the dismissal of the Motion for Execution, citing as a ground Angelita's alleged violation of Section 15, Rule 13 of the 1997 Rules of Civil Procedure.

On January 17, 2000, the MCTC rendered a decision^[5] in favor of Annabel, the dispositive portion of which reads, as follows:

WHEREFORE, the plaintiff through counsel has satisfactorily proven by preponderance of evidence based on Exhibits "A," "B," "C," "D," and "F," that defendant has obligation to the plaintiff in the amount of P250,000.00.

IN VIEW OF THE FOREGOING, the Motion for Execution filed by the plaintiff is hereby granted based on Sec. 2, Rule 7 of the Implementing Rules and Regulations of Republic Act No. 7160, and therefore, defendant is hereby ordered within 15 days upon receipt of this decision to pay the plaintiff the amount of P250,000.00 as evidenced by the Kasunduan (Exhibit "C") with legal interests from July 9, 1997 until said obligation is fully paid, and to pay attorney's fees for the plaintiffs counsel in the amount of P15,000.00 and to pay the cost of the suit.

SO ORDERED.

Michael filed an appeal with the RTC arguing that the MCTC committed grave abuse of discretion in prematurely deciding the case. Michael also pointed out that a

hearing was necessary for the petitioner to establish the genuineness and due execution of the *kasunduan*.

The Regional Trial Court's Ruling

In its November 13, 2000 Decision,^[6] the RTC, Branch 40 of Palayan City upheld the MCTC decision, finding Michael liable to pay Annabel the sum of P250,000.00. It held that Michael failed to assail the validity of the *kasunduan*, or to adduce any evidence to dispute Annabel's claims or the applicability of the Implementing Rules and Regulations of R.A. No. 7160. The dispositive portion of the decision reads:

WHEREFORE, the assailed Decision and Order of the lower court is hereby MODIFIED in that the appellant is ordered to pay the appellee the amount of Two hundred Fifty Thousand pesos (P250,000.00) plus twelve percent interest(12%) per annum from September, 1998 up to the time it is actually paid and fifty Thousand Pesos(P50,000.00) representing attorney's fees.

Michael filed a Motion for Reconsideration arguing that: (i) an amicable settlement or arbitration award can be enforced by the *Lupon* within six (6) months from date of settlement or after the lapse of six (6) months, by ordinary civil action in the appropriate City or Municipal Trial Court and not by a mere Motion for execution; and (ii) the MCTC does not have jurisdiction over the case since the amount of P250,000.00 (as the subject matter of the *kasunduan*) is in excess of MCTC's jurisdictional amount of P200,000.00.^[7]

In its March 13, 2001 Order, the RTC granted Michael's Motion for Reconsideration, and ruled that there is merit in the jurisdictional issue he raised. It dismissed Angelita's Motion for Execution, and set aside the MCTC Decision. The dispositive portion of the said Order reads:

WHEREFORE, the Motion for Reconsideration is GRANTED. The Decision of the Court dated November 13, 2000 is hereby SET ASIDE. The Decision of the Municipal Trial Court of Laur, Nueva Ecija dated January 17, 2000 is likewise SET ASIDE and the Motion for Execution of *Kasunduan* is DISMISSED, the said court having had no jurisdiction to hear and decide the matter.^[8]

Angelita moved for the reconsideration of the March 13, 2001 Order, but the motion was subsequently denied. Aggrieved, she filed a Petition for Review^[9] with the CA.

The Court of Appeal's Ruling

On August 2, 2001, the CA initially dismissed the petition for review on a mere technical ground of failure to attach the Affidavit of Service. Angelita moved for reconsideration, attaching in her motion the Affidavit of Service. The CA granted the motion.

On March 31, 2004, the CA rendered its decision granting the petition, and reversing the RTC's decision. The CA declared that the "*appropriate local trial court*" stated in Section 2, Rule VII of the Implementing Rules of R.A. No. 7160 refers to the municipal trial courts. Thus, contrary to Michael's contention, the MCTC has jurisdiction to enforce any settlement or arbitration award, regardless of the amount involved.

The CA also ruled that Michael's failure to repudiate the *kasunduan* in accordance with the procedure prescribed under the Implementing Rules of R.A. No. 7160, rendered the *kasunduan* final. Hence, Michael can no longer assail the *kasunduan* on the ground of forgery.

Michael moved to reconsider this decision, but the CA denied his motion in its resolution dated July 15, 2004. Hence, this petition.

The Petition

In the present petition for review on *certiorari*, Michael alleges that the *kasunduan* cannot be given the force and effect of a final judgment because it did not conform to the provisions of the *Katarungang Pambarangay* law embodied in Book III, Title One, Chapter 7 of R.A. No. 7160. He points out the following irregularities in the *kasunduan's*, execution, and claims that the agreement forged between him and Angelita was fictitious and simulated:

- (1) there was no record of the complaint in the *Barangay*;
- (2) there was no notice of mediation sent to him;
- (3) there was no constitution of the *Pangkat Ng Tagapagasundo*;
- (4) the parties were never called upon to choose the three (3) members from among the *Lupon* members;
- (5) he had no participation in the execution of the *kasunduan*;
- (6) his signature in the *kasunduan* was forged;
- (7) he did not personally appear before the *Barangay*;
- (8) there was no attestation clause;
- (9) the *kasunduan* was neither reported nor filed before the MCTC; and
- (10) Annabel, the real party in interest, did not personally appear before the *Barangay* as required by the law.

Michael additionally claims that the *kasunduan* is merely in the nature of a private document. He also reiterates that since the amount of P250,000.00 - *the subject matter of the kasunduan* - is in excess of MCTC's jurisdictional amount of P200,000.00, the *kasunduan* is beyond the MCTC's jurisdiction to hear and to resolve. Accordingly, the proceedings in the *Barangay* are all nullity.

The Issues

The issues to be resolved in the present petition are:

1. Whether or not the MCTC has the authority and jurisdiction to execute the *kasunduan* regardless of the amount involved;
2. Whether or not the *kasunduan* could be given the force and effect of a final judgment; and

3. Whether or not the *kasunduan* can be enforced.

The Court's Ruling

We deny the petition.

A perusal of the body of the motion for execution shows that it is actually in the nature of an action for execution; hence, it was a proper remedy;

We note at the outset that Michael raised - in his brief before the C A - the issue of wrong remedy. He alleged that Angelita's recourse should have been to file a civil action, not a mere motion for execution, in a regular court. However, the CA failed to address this issue and only ruled on the issues of the *kasunduan*'s irregularities and the MCTC's jurisdiction.

A simple reading of Section 417 of the Local Government Code readily discloses the two-tiered mode of enforcement of an amicable settlement. The provision reads:

Section 417. Execution. - The amicable settlement or arbitration award may be enforced by execution by the *lupon* within six (6) months from the date of the settlement. After the lapse of such time, the settlement may be enforced **by action** in the appropriate city or municipal court. [Emphasis ours.]

Under this provision, an amicable settlement or arbitration award that is not repudiated within a period often (10) days from the settlement may be enforced by: **first**, execution by the *Lupon* within six (6) months from the date of the settlement; or **second**, by an *action* in the appropriate city or municipal trial court if more than six (6) months from the date of settlement has already elapsed.

Under the first mode of enforcement, the execution of an amicable settlement could be done on mere motion of the party entitled thereto before the *Punong Barangay*.^[10] The proceedings in this case are summary in nature and are governed by the Local Government Code and the *Katarungang Pambarangay* Implementing Rules and Regulations.

The second mode of enforcement, on the other hand, is judicial in nature and could only be resorted to through the institution of **an action in a regular form** before the proper City/Municipal Trial Court.^[11] The proceedings shall be governed by the provisions of the Rules of Court.

Indisputably, Angelita chose to enforce the *kasunduan* under the second mode and filed a motion for execution, which was docketed as Special Proceedings No. 45-99. The question for our resolution is: *Whether the MCTC, through Angelita's motion for execution, is expressly authorized to enforce the kasunduan under Section 417 of*