

## FOURTH DIVISION

[ CA-G.R. SP NO. 124045, March 25, 2015 ]

**HEIRS OF JUAN DE GUZMAN AND ROSARIO CAPISTRANO, NAMELY, LEONARDA DE GUZMAN NICOLAS, JOSE DE GUZMAN, MARCELINA DE GUZMAN ROBERTO, EUGENIO DE GUZMAN, AQUILINO DE GUZMAN, HEIRS OF DOMINGO DE GUZMAN, NAMELY, PAULINA SANTOS DE GUZMAN, RUBEN, ARTHUR AND WILLY, ALL SURNAMED DE GUZMAN AND HEIRS OF REYNALDO DE GUZMAN, NAMELY, LOLITA, JOSIE, ROMY, MICHELLE, JONALYN AND CHRISTIAN FLORES, ALL SURNAMED DE GUZMAN, PETITIONERS, VS. HON. MANUEL D.J. SIAYNGCO, PRESIDING JUDGE, BRANCH 6, REGIONAL TRIAL COURT, BULACAN, HEIRS OF ELEUTERIO PLACIDO AND LEONORA RAMOS, NAMELY, ANNABELLE PLACIDO BAUTISTA, MARY JEAN PLACIDO VERBA, MA. CRISTINA R. PLACIDO, RICHARD RYAN R. PLACIDO AND DENNIS R. PLACIDO, RESPONDENTS.**

### DECISION

**BALTAZAR-PADILLA, J.:**

WE rule on this petition for *certiorari* under Rule 65 of the Revised Rules of Court which seeks to nullify the March 9, 2011 Order<sup>[1]</sup> of the Regional Trial Court (RTC) of Malolos, Bulacan, Branch 6, which denied petitioners' prayer to set aside the Compromise Agreement entered into by them and respondents in Civil Case No. SM-746 and the December 16, 2011 Order<sup>[2]</sup> denying the motion for reconsideration thereof.

The subject of this controversy is a residential lot located at Marungko, Angat, Bulacan registered under the name of petitioners' father, Juan De Guzman married to Rosario Capistrano (collectively referred to as Spouses De Guzman), with an area of seven hundred ninety seven (797) square meters and covered by Transfer Certificate of Title (TCT) No. T-184643<sup>[3]</sup>, particularly described as follows:

"Lot No. 3964 of Santa Maria de Pandi Friar Lands Estate, Record No. 8503 of the Court of Land Registration; containing an area of FIFTEEN (15) ares and NINETY-FOUR (94) centares."

On June 10, 1975, petitioners' predecessors-in-interest, Spouses De Guzman, as sellers, and respondents' predecessors-in-interest, Eleuterio Placido married to Leonora Ramos (collectively referred to as Spouses Placido), as buyers, entered into a contract of sale by installment embodied in a document denominated as "Kasunduan sa Pagbibilihan sa Paraang Hurnalan<sup>[4]</sup>" (Kasunduan for brevity). The said contract contained the following stipulations:

"1. One-half ( $\frac{1}{2}$ ) of the above-described property consisting of Seven Hundred Ninety-Seven (797) sq. m. was the subject matter of the Sale by Installment.

2. The total consideration for the said sale is P21,000.00.

3. The amount of P3,500.00 represents the first payment and the balance shall be paid in the following monthly installment[s]:

- a. On June 10, 1976, the amount of P4,375.00;
- b. On June 10, 1977, the amount of P4,375.00;
- c. On June 10, 1978, the amount of P4,375.00;
- d. On June 10, 1979, the amount of P4,375.00;

4. The defendants took possession, control and ownership over the one-half ( $\frac{1}{2}$ ) portion which was the subject matter of the contract on June 10, 1975;

5. Any of the party who violates or fails to comply with the terms and conditions of the contract shall be liable to the other party for damages in the amount of P3,000.00."

Thereafter, for failure of Spouses Placido to pay their obligation under the above-cited Kasunduan, a complaint was lodged by Spouses De Guzman against them for "Rescission and Damages" docketed as Civil Case No. SM-746. Subsequently, a Compromise Agreement<sup>[5]</sup> was entered into by the parties, the pertinent portions of which state, viz:

"COME NOW, parties in the above-entitled case, assisted by their respective counsel, and to this Honorable Court, respectfully submit the following Compromise Agreement:

1. Defendants (Spouses Placido) admit all the allegation[s] in the Complaint and by way of Compromise, agree to pay jointly and severally plaintiffs (Spouses De Guzman), the following amounts setforth opposite their respective due date, to wit:

- a) P516.25 – June 10, 1978
- b) P4,375.00 – June 10, 1978
- c) P4,375.00 – June 10, 1979

2. Should defendants default in the payment of any of the above-mentioned installments on its due date, the rest of the installments shall become due and demandable, without demand therefor, and that immediate execution shall issue against defendants;

3. Parties agree that they will faithfully and religiously comply with the terms and conditions of this Compromise Agreement and that they withdraw and waive all other claims and counterclaims against each other."

Acting on the Compromise Agreement, the RTC rendered its December 15, 1977 Decision<sup>[6]</sup> which adopted the aforementioned stipulations and approved the same.

Spouses Placido failed to pay the last installment agreed upon in the Compromise Judgment in the amount of P4,375.00. Thus, Spouses De Guzman filed a Motion for Issuance of a Writ of Execution which the RTC granted in its Order dated August 6, 1979. A writ of execution<sup>[7]</sup> was issued the following day, August 7, 1979. Spouses Placido were ordered to pay the unpaid installment amounting to P4,375.00, attorney's fees of P2,000.00 and liquidated damages of P1,000.00.<sup>[8]</sup> However, it was only the purchase price which was fully paid. Consequently, the trial court granted petitioners' motion for execution with respect to the unpaid attorney's fees and liquidated damages.<sup>[9]</sup>

On October 2, 1979, the RTC of Bulacan issued an Order instructing the Deputy Sheriff to withhold the auction sale scheduled on October 8, 1979 since a Motion to Quash the Writ of Execution was filed by Spouses Placido. On October 25, 1979, the said RTC issued an Order to hold the auction sale in abeyance and instructed Spouses De Guzman to give Spouses Placido their written authorization for the latter to conduct the segregation survey of the subject property. On May 8, 1984, Spouses Placido filed a Motion for Annotation of Technical Description of Transfer Certificate of Title No. 184643 of the Registry of Deeds of Bulacan allegedly to facilitate the segregation of the subject property. On August 4, 1987, Spouses De Guzman filed an Ex-Parte Manifestation reiterating the issuance of a writ of execution for the payment of the last installment due, attorney's fees, liquidated damages and the additional amount of P6,335.50 representing expenses incurred in obtaining the separate title. The same was favorably acted upon by the RTC in an Order dated October 20, 1988.<sup>[10]</sup>

On January 30, 1989, as per the Motion to Substitute the deceased Spouses De Guzman, the said spouses were substituted by their children, herein petitioners. On October 27, 1989, both counsels for petitioners and respondents failed to appear. Hence, the court a quo issued an Order to archive the extant case on the ground of lack of interest of the parties to prosecute. On September 27, 1993, respondents filed a Motion to Revive. Consequently, the respective counsels of the parties entered their appearances. Spouses Placido who were already deceased were substituted by their children, herein respondents.<sup>[11]</sup>

On December 6, 2010, respondents instituted a Very Urgent Manifestation with Memorandum and To Adopt the Decision/Execution and the Entire Proceedings of this case praying for the adoption of the Decision/Execution previously entered into by the parties. In reply, petitioners filed a Memorandum on December 9, 2010 with these claims, to wit: (1) to set aside the Compromise Agreement; (2) to rescind the Kasunduan; (3) to adjudge respondents liable to pay them the amounts of P200,000.00 as actual damages; P200,000.00 as moral damages; P50,000.00 as exemplary damages; P200,000.00 as attorney's fees; and the cost of suit.<sup>[12]</sup>

On March 9, 2011, the court a quo partially granted petitioners' prayers in the impugned Order, disposing as follows:

**"WHEREFORE,** considering the foregoing, the court hereby orders:

1. The prayers to set aside the Compromise Agreement dated September 30, 1977 and to rescind the "KASUNDUAN SA PAGBIBILIHAN SA PARAANG HURNALAN" dated June 10, 1975 are both **DENIED**;

2. Defendants (respondents herein) are ordered to comply with their obligation to pay the plaintiffs (petitioners herein), through the Branch Clerk of Court within sixty (60) days from receipt of this Order the amount of PhP6,335.00 representing the additional sum covering the expenses incurred in obtaining the separate title for the parcel of lot subject of this case with legal interest of twelve per cent (12%) per annum from October 20, 1988 pursuant to the Order of the Court issued on same date.

3. Defendants are hereby ordered to pay to the plaintiffs, through the Branch Clerk of Court, the following amounts within the same period:

- (a) PhP50,000.00 as nominal damages
- (b) PhP20,000.00 as just and reasonable attorney's fees.

4. The plaintiffs are hereby ordered to transfer the title to the defendants upon proof of full satisfaction of this order, likewise within the same sixty (60) days given period.

No pronouncement as to costs.

SO ORDERED."

Petitioners filed a motion for reconsideration of the aforecited Order but the same was denied in the herein challenged Order dated December 16, 2011. The *fallo* of the pertinent Order provides:

"**WHEREFORE**, in the light of the foregoing, it is hereby ordered:

- 1. That the plaintiffs' Motion for Reconsideration be **DENIED**;
- 2. That the Order of this Court dated March 9, 2011 be **AFFIRMED**; and the parties are ordered to comply therewith, in toto.

**SO ORDERED."**

Hence, petitioners are now before US via the present petition which is anchored on this lone issue, to wit:

**RESPONDENT PRESIDING JUDGE GRAVELY ABUSED HIS DISCRETION IN REFUSING TO SET ASIDE THE COMPROMISE AGREEMENT DATED SEPTEMBER 30, 1977, RESCINDING THE "KASUNDUAN SA PAGBIBILIHAN SA PARAANG HURNALAN" DATED JUNE 10, 1975 AND IN DENYING THE PLAINTIFFS' MOTION FOR RECONSIDERATION.**

Petitioners assert that the lower court gravely abused its discretion when it applied Article 1191 of the Civil Code by fixing a period for respondents to comply with their obligations under the Compromise Agreement. In effect, the court a quo modified its December 15, 1977 compromise judgment which is already final and executory. It is not the province of the court to alter a contract by construction or to make a new contract for the parties; its duty is confined to the interpretation of the one which they have made for themselves, without regard to its wisdom or folly, as the court

cannot supply material stipulations or read into contract words which it does not contain. The trial court should have relied on Article 2041 of the Civil Code which states that "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." Unlike the former provision which applies to all kinds of obligations, the latter provision specifically pertains only to compromise agreements which states that the authority to choose to rescind a compromise agreement lies with the offended parties which are herein petitioners.<sup>[13]</sup>

Petitioners likewise insist that the trial court gravely abused its discretion when it ruled that they cannot set aside the compromise agreement since respondents have substantially complied with their obligation. Respondents did not actually pay the last installment due. It is unfair and unreasonable for the court to hold that there was substantial compliance despite the lapse of more than 25 years and no proof of payment was ever presented by respondents that they have completely fulfilled their obligation.<sup>[14]</sup>

Petitioners asseverate that the factors, conditions and stipulations contained in the Compromise Agreement have already ceased to exist in accordance with the principle of *rebus sic stantibus*. Under the said theory, the parties can stipulate in the light of certain prevailing conditions and once these conditions cease to exist, the contract also ceases to exist. After so many years, it is clear that the circumstances and conditions upon which petitioners and respondents have predicated the Compromise Agreement have already ceased to exist.<sup>[15]</sup>

In their Memorandum, respondents counter that the herein assailed Orders are already final and executory. Respondents should have filed an appeal which is the proper remedy from a judgment or final order of the trial court. The present petition for *certiorari* would not lie as it is not a substitute for a lost appeal. Even assuming that a petition for *certiorari* is the proper remedy, the same is likewise bereft of merit. Petitioners claim that they received the trial court's December 16, 2011 Order denying the motion for reconsideration of its March 9, 2011 Order on January 18, 2012. It was only on March 19, 2012 that the extant petition was filed before this Court which was beyond the 60-day reglementary period required for filing a petition for *certiorari*. On the ground of such procedural infirmities, the instant case should be dismissed outright.<sup>[16]</sup>

WE shall first resolve the procedural issues of whether the extant petition for *certiorari* is the proper remedy for petitioners and whether the same was filed within the 60-day reglementary period.

The instant petition was filed within the 60-day reglementary period pursuant to Section 4, Rule 65 of the Revised Rules of Court which provides that:

"SECTION 4. *When and Where to File the Petition.* — The petition shall be filed not later than sixty (60) days from notice of the judgment, order or resolution. In case a motion for reconsideration or new trial is timely filed, whether such motion is required or not, the petition shall be filed not later than sixty (60) days counted from the notice of the denial of the motion.