



CERTIFIED TRUE COPY

SUPREME COURT OF THE PHILIPPINES  
PUBLIC INFORMATION OFFICE

**RECEIVED**  
FEB 09 2021

BY: Lot 2:35  
TIME: \_\_\_\_\_

Republic of the Philippines  
**Supreme Court**  
Manila

*Mis+DcBatt*  
MISAELO DOMINGO C. BATTUNG III  
Division Clerk of Court  
Third Division  
FEB 09 2021

**THIRD DIVISION**

**ROZEL "ALEX" F. MAR SANTOS,  
DOING BUSINESS UNDER THE NAME  
AND STYLE TOTAL LAND  
MANAGEMENT, INC.,**

*Petitioners,*

- versus -

**V.C. DEVELOPMENT CORPORATION,  
ET AL.,**

*Respondents.*

**G.R. No. 211893**

Present:

LEONEN, J.,  
*Chairperson,*  
GISMUNDO,  
CARANDANG,  
ZALAMEDA, *and*  
GAERLAN, JJ.

Promulgated:

September 9, 2020

*Mis+DcBatt*

X-----X

**DECISION**

**GAERLAN, J.:**

*Courts shall encourage parties in a civil case to settle their dispute amicably by agreeing on a fair and just compromise.<sup>1</sup>*

This resolves the Petition for Review on *Certiorari*<sup>2</sup> under Rule 45 of the Rules of Court filed by petitioner Rozel "Alex" F. Mar Santos (Santos), praying for the reversal of the January 4, 2012 Decision<sup>3</sup> and the February 11, 2014 Resolution<sup>4</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 90266. The CA disregarded the Compromise Agreement<sup>5</sup> dated July 9, 2010 executed between Santos and respondent V.C Development Corporation (V.C. Development), and affirmed the October 4, 2007 Decision<sup>6</sup> of the Regional Trial Court (RTC) of Quezon City, Branch 80.

<sup>1</sup> CIVIL CODE, Article 2029.

<sup>2</sup> *Rollo*, pp. 27-45.

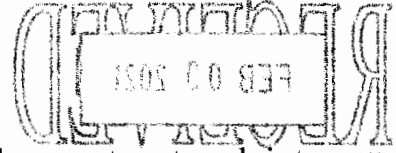
<sup>3</sup> *Id.* at 50-55; penned by Associate Justice Manuel M. Barrios, with Associate Justices Juan Q. Enriquez, Jr. and Apolinario D. Bruselas, Jr., concurring.

<sup>4</sup> *Id.* at 57-59.

<sup>5</sup> *Id.* at 14-15.

<sup>6</sup> *Id.* at 61-68; signed by Judge Ma. Theresa Dela Torre-Yadao.

### The Antecedents



Sometime in 1990, Santos and V.C. Development entered into an agreement for the sale of the latter's lots in Violago Homes Batasan, Quezon City. They agreed that Santos will sell the lots under various housing packages, build homes, and aid the buyers in securing a mortgage with the United Savings Bank (United Savings).<sup>7</sup>

Santos solicited prospective buyers Anacleto Quibuyen (Quibuyen) and Ana Maria Male (Male), among others. He likewise assisted them in obtaining housing loans from United Savings. As a condition for releasing the loan proceeds, United Savings required the submission of the owner's duplicate copy of the titles and the construction of houses over the lots.<sup>8</sup>

Believing that the transactions will proceed smoothly, Santos began the construction of 10 houses in Violago Homes.<sup>9</sup>

Unfortunately, V.C. Development failed to promptly submit the titles to United Savings, in view of its previous mortgage with the Armed Forces of the Philippines Retirement and Separation Benefits System (AFP-RSBS). It was only on January 15, 1991 that it finally released TCT No. 309980 and TCT No. 309985, which were the titles for the properties purchased by Quibuyen and Male, respectively. Said titles were delivered to Santos who, in turn, was tasked to deliver them to United Savings.<sup>10</sup> Moreover, V.C. Development failed to complete the construction of the subdivision amenities. Due to the delay, United Savings refused to release the loan proceeds.<sup>11</sup>

In view of the ensuing chaos, the buyers withdrew their reservation fees and down payments, and filed various complaints against V.C. Development before the HLURB.<sup>12</sup>

In turn, V.C. Development demanded the return of the owner's duplicate copies of TCT No. 309980 and TCT No. 309985.<sup>13</sup> However, Santos refused to return them and held them as a security for the repayment of the construction expenses he advanced.<sup>14</sup>

---

<sup>7</sup> Id. at 51.

<sup>8</sup> Id.

<sup>9</sup> Id. at 31.

<sup>10</sup> Id. at 100.

<sup>11</sup> Id. at 101.

<sup>12</sup> Id. at 32.

<sup>13</sup> Id. at 51.

<sup>14</sup> Id. at 32.

This prompted V.C. Development to file a complaint for specific performance with damages against Santos.<sup>15</sup>

### **Ruling of the RTC**

On October 4, 2007, the RTC rendered a Decision<sup>16</sup> in favor of V.C. Development and ordered Santos to return TCT No. 309980 and TCT No. 309985. The RTC opined that an implied trust was created between Santos and V.C. Development. The latter gave the titles to the former for the sole purpose of assisting the buyers in obtaining loans from United Savings. Considering that the transaction did not push through, Santos must return the titles to V.C. Development.

The RTC further articulated that Santos may not hold on to the titles as a security for the payment of his construction expenses. The construction agreement was forged between him and the purchasers. V.C. Development was not a party thereto.

The dispositive portion of the RTC ruling reads:

WHEREFORE, premises considered, judgment is hereby rendered ordering [Santos] to return or give back to [V.C. Development] the owner's duplicates of TCT Nos. 309980 and 309985.

With costs against the defendants.

SO ORDERED.<sup>17</sup>

Dissatisfied with the ruling, Santos filed a Notice of Appeal.<sup>18</sup>

After the parties submitted their respective pleadings<sup>19</sup> before the CA, the case was referred to the Philippine Mediation Center (PMC).

On July 9, 2010, a mediation conference was held between Santos and V.C. Development, as represented by its Assistant Vice President Beatriz Q. Sayson (AVP Sayson). During the meeting, the parties agreed to settle the case amicably and thus, executed the following Compromise Agreement.<sup>20</sup>

---

<sup>15</sup> Id. at 52.

<sup>16</sup> Id. at 61-68.

<sup>17</sup> Id. at 68.

<sup>18</sup> Id. at 69-70.

<sup>19</sup> Id. at 71-108.

<sup>20</sup> Id. at 112-113.

1) That [V.C. Development] is refunding the amount of P11,000.00 to lot buyer Ana Maria R. Male and P7,000.00 to lot buyer Anacleto Quibuyen, through Mr. Rozel "Alex" F. Mar Santos, receipt of which is acknowledged by the latter;

2) That within a period of thirty (30) days from today, [V.C. Development] will execute an instrument assigning all its rights and interests in the property covered by TCT No. 309985 of the land records of Quezon City in the name of [V.C. Development] to [Santos];

3) That [Santos] is returning to [V.C. Development] the owner's duplicate of TCT No. 309980 of the land records of Quezon City in the name of [V.C. Development], receipt of which is acknowledged by the latter.<sup>21</sup>

In compliance with the terms of the Compromise Agreement, V.C. Development handed two checks to Santos, amounting to P11,000.00 and P7,000.00, representing the reimbursement of the payments made by Male and Quibuyen, respectively.<sup>22</sup> For his part, Santos returned the owner's duplicate copy of TCT No. 309980.<sup>23</sup>

In view of the settlement of the case, the PMC, through assigned Appellate Court Mediator Retired Justice Oswaldo D. Agcaoli submitted the Compromise Agreement for the final approval of the CA's Second Division.<sup>24</sup>

Meanwhile, on August 2, 2010, V.C. Development's President Oscar I. Violago (Violago) and Santos executed a Deed of Absolute Sale<sup>25</sup> whereby the former transferred to the latter the property covered by TCT No. 309985, as payment for the construction expenses.

However, on September 3, 2010, the CA issued a Resolution<sup>26</sup> noting that AVP Sayson was not the named authorized representative in the Secretary's Certificate. Accordingly, the CA required V.C. Development to manifest within 10 days from notice its conformity to the said Compromise Agreement. The CA warned that failure to comply with its directive shall be deemed an assent to AVP Sayson's authority.<sup>27</sup>

V.C. Development failed to file a Manifestation.<sup>28</sup> In view thereof, the CA proceeded to rule on the merits of the case.

---

<sup>21</sup> Id. at 112.

<sup>22</sup> Id. at 114.

<sup>23</sup> Id. at 115.

<sup>24</sup> Id. at 34.

<sup>25</sup> Id. at 18-19.

<sup>26</sup> Id. at 118.

<sup>27</sup> Id.

<sup>28</sup> Id. at 36.

### Ruling of the CA

On January 4, 2012, the CA rendered the assailed Decision<sup>29</sup> ordering Santos to return the owner's duplicate copies of TCT No. 309980 and TCT No. 309985.

The CA agreed with the RTC that an implied trust was created between the parties. Santos held the titles in trust for V.C. Development, and solely for the purpose of delivering them to United Savings to facilitate the release of the loan proceeds. Since the loan did not materialize, Santos must return the titles. He cannot withhold them as leverage for the recovery of the construction expenses he incurred.<sup>30</sup>

The decretal portion of the CA ruling states:

WHEREFORE, the appeal is DENIED, and the Decision dated 04 October 2007 of the Regional Trial Court of Quezon City, Branch 80 is AFFIRMED.

SO ORDERED.<sup>31</sup>

Santos filed a Manifestation and Motion<sup>32</sup> dated January 20, 2012 stating that the parties have substantially complied with the terms of the Compromise Agreement dated July 9, 2010. Consequently, he prayed that a judgment be rendered based on said Compromise Agreement.

On February 29, 2012, the CA issued a Resolution<sup>33</sup> requiring V.C. Development to file a Comment on Santos' Motion and Manifestation. However, the Resolution was unserved with a postal notation *RTS-Moved Out*.<sup>34</sup>

Thereafter, the CA issued another Resolution<sup>35</sup> dated August 23, 2013 reiterating its earlier order for V.C. Development to comment on Santos' Manifestation and Motion.<sup>36</sup>

V.C. Development failed to file a Comment or Opposition.<sup>37</sup>

---

<sup>29</sup> Id. at 50-55.

<sup>30</sup> Id. at 54-55.

<sup>31</sup> Id. at 55.

<sup>32</sup> Id. at 119-121.

<sup>33</sup> Id. at 126.

<sup>34</sup> Id. at 127.

<sup>35</sup> Id.

<sup>36</sup> Id. at 119-121.

<sup>37</sup> Id. at 37.

On February 11, 2014, the CA issued the assailed Resolution<sup>38</sup> denying Santos' Motion and Manifestation. The CA noted that V.C. Development failed to validate the Compromise Agreement despite the various notices sent to it. Absent clear proof that V.C. Development indeed authorized AVP Sayson to sign on its behalf, the Compromise Agreement may not be approved.<sup>39</sup>

Aggrieved, Santos filed the instant Petition for Review on *Certiorari*<sup>40</sup> under Rule 45.

### Issue

The pivotal issue raised in the instant case is whether or not the CA erred in failing to render a judgment according to the Compromise Agreement.

In his petition, Santos maintains that the Compromise Agreement was validly executed.<sup>41</sup> V.C. Development never contested the authority of AVP Sayson to sign on its behalf.<sup>42</sup> Moreover, the acts of V.C. Development following the signing of said Compromise indicate its acquiescence thereto. V.C. Development issued checks in favor of buyers Male and Quibuyen.<sup>43</sup> Furthermore, V.C. Development's President Violago executed a Deed of Absolute Sale dated August 2, 2010 over the property covered by TCT No. 309985.<sup>44</sup> However, Santos alleges that V.C. Development failed to fully transfer title over the property in his name.<sup>45</sup>

Moreover, Santos points out that pursuant to the CA Resolution dated September 3, 2010, V.C. Development's failure to submit a Comment should have been regarded as its conformity to the Compromise Agreement.<sup>46</sup>

Finally, Santos posits that the issuance of the assailed Decision and Resolution may impede compliance with the terms of the Compromise Agreement, and disturb the vested rights acquired therefrom.<sup>47</sup>

In its Comment,<sup>48</sup> V.C. Development admits the validity of the Compromise

---

<sup>38</sup> Id. at 57-59.

<sup>39</sup> Id. at 37.

<sup>40</sup> Id. at 27-45.

<sup>41</sup> Id. at 40.

<sup>42</sup> Id.

<sup>43</sup> Id.

<sup>44</sup> Id.

<sup>45</sup> Id. at 35.

<sup>46</sup> Id. at 42.

<sup>47</sup> Id.

<sup>48</sup> Id. at 150-152.

Agreement and states that its officers have fully and faithfully complied with the undertakings therein.<sup>49</sup> Likewise, it agrees that said Compromise Agreement has created obligations and vested rights. Thus, a decision on the merits may threaten to disturb the peace between the parties.<sup>50</sup>

Furthermore, V.C. Development's counsel manifests that his firm did not receive copies of the CA Resolutions.<sup>51</sup> At the time they were sent, the firm was undergoing "structural changes" in its name, composition and address. Moreover, the records were already archived as it was believed that the dispute had been resolved and terminated in view of the Compromise Agreement.<sup>52</sup>

### **Ruling of the Court**

#### ***The petition is impressed with merit.***

The settlement of disputes before the courts is always encouraged<sup>53</sup> to achieve speedy and impartial justice, and declog the court's dockets. Remarkably, Article 2029 of the Civil Code impresses upon the courts to "endeavor to persuade the litigants in a civil case to agree upon some fair compromise."<sup>54</sup> On this score, parties are given autonomy and freedom to make arrangements to resolve their dispute.

Notably, a compromise is defined as "a contract whereby the parties, by making reciprocal concessions, avoid a litigation or put an end to one already commenced."<sup>55</sup> As with all other contracts, it must bear the essential requisites enumerated 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."<sup>56</sup> In addition, its "terms and conditions must not be contrary to law, morals, good customs, public policy and public order."<sup>57</sup>

In the case at bar, Santos and V.C. Development endeavored to amicably settle their case for specific performance by entering into a Compromise Agreement. However, the case was not terminated in view of a

---

<sup>49</sup> Id. at 151-152.

<sup>50</sup> Id. at 152.

<sup>51</sup> Id. at 151.

<sup>52</sup> Id.

<sup>53</sup> *Viesca v. Gilinsky*, 553 Phil. 498, 523-524 (2007).

<sup>54</sup> CIVIL CODE, Article 2029.

<sup>55</sup> Id., Article 2028.

<sup>56</sup> *Anacleto v. Van Twest*, 393 Phil. 616, 624 (2000).

<sup>57</sup> *Uy v. Chua*, 616 Phil. 768, 779-7880 (2009).

“discrepancy” noticed by the CA.<sup>58</sup> Specifically, the CA noted that AVP Sayson was not listed as an authorized person in V.C. Development’s Secretary’s Certificate. Because of this perceived flaw, the CA disregarded the Compromise Agreement and proceeded to render a judgment on the merits.

### **The CA erred in disregarding the Compromise Agreement.**

It cannot be gainsaid that both parties acknowledged the existence and validity of the Compromise Agreement. Their acts following its execution clearly manifest their assent. At the risk of being repetitive, the Court stresses that V.C. Development complied with its commitment to refund the payments made by Male and Quibuyen, and transferred the rights and interests over TCT No. 309985 to Santos by executing a Deed of Absolute Sale dated August 2, 2010. It bears noting that no less than President Violago executed and signed said Deed. In exchange, Santos adhered to his undertaking by returning the owner’s duplicate of TCT No. 309980 to V.C. Development.<sup>59</sup>

For all intents and purposes, the issues raised in the complaint for specific performance have been resolved through the execution of the Compromise Agreement and the performance of the parties’ respective undertakings. It bears stressing that compliance with the terms of the Compromise Agreement occurred in as early as July 9, 2010 and August 2, 2010, more than one and a half years prior to the promulgation of the assailed CA Decision and Resolution. All throughout, not one of the parties questioned the due execution of said Compromise. It is thus regrettable that despite the parties’ mutual efforts to settle their dispute, the CA prolonged the litigation and rendered a decision which was unfortunately contrary to the parties’ concessions.

Furthermore, the CA erred in disregarding the Compromise Agreement on account of V.C. Development’s failure to file a Comment or Manifestation affirming AVP Sayson’s authority. It is clear from its September 3, 2010 Resolution that the failure to file a Comment shall be deemed as an assent to the terms of the Compromise Agreement. This in itself warranted an approval of said Compromise. Added thereto, V.C. Development’s compliance with the terms of the Compromise Agreement undoubtedly prove its ratification of AVP Sayson’s authority.

Suffice to say, in *Paraiso Int’l. Properties, Inc. v. Court of Appeals, et al.*,<sup>60</sup> the Court held that the CA committed grave abuse of discretion in disapproving the parties’ Compromise Agreement on account of perceived formal defects. Similar to the instant case, therein respondent likewise failed

---

<sup>58</sup> *Rollo*, p. 118.

<sup>59</sup> *Id.* at 112.

<sup>60</sup> 574 Phil. 597 (2008).



to explain the discrepancies for two years.<sup>61</sup> The Court annulled and set aside the CA's resolution, explaining that:

**In the instant case, the appellate court gravely abused its discretion in disapproving the compromise agreement for the simple reason that respondent did not comply with the CA's resolutions requiring it to explain the apparent formal defects in the agreement. The Court notes that the appellate court unnecessarily focused its attention on the defects in the form of the compromise agreement when these flaws in formality do not go into the validity of the parties' contract, and, more importantly, when none of the parties assails its due execution.**

To elucidate, the absence of a specific date does not adversely affect the agreement considering that the date of execution is not an essential element of a contract. A compromise agreement is essentially a contract perfected by mere consent, the latter being manifested by the meeting of the offer and the acceptance upon the thing and the cause which are to constitute the contract. x x x<sup>62</sup> (Emphasis supplied)

In view of all the foregoing, the Court finds that the July 9, 2010 Compromise Agreement was validly executed. As held in *Malvar v. Kraft Foods Phils., Inc., et al.*,<sup>63</sup> if the Compromise Agreement is valid, it shall be subject to judicial approval:

If the compromise agreement is found to be in order and not contrary to law, morals, good customs and public policy, its judicial approval is in order. A compromise agreement, once approved by final order of the court, has the force of *res judicata* between the parties and will not be disturbed except for vices of consent or forgery.<sup>64</sup>

Moreover, the Court deems it wise to write *finis* to the instant case. A remand is no longer necessary considering that the Court is in a position to resolve the dispute and a remand will only prolong the case and thereby thwart justice.<sup>65</sup> As elucidated in *Paraiso Int'l. Properties*:<sup>66</sup>

x x x rather than remand the case to the appellate court which will only further delay the lengthy litigation that the parties wish to end, we choose to act directly on the matter. Thus, on the basis of our finding that the compromise agreement is not contrary to law, public order, public policy,

---

<sup>61</sup> Id. at 605.

<sup>62</sup> Id. at 606-607.

<sup>63</sup> 717 Phil. 427 (2013), citing *Republic v. Court of Appeals*, 418 Phil. 341 (2001), and Article 2037, and Article 2038, Civil Code; see *Sps. San Antonio v. Court of Appeals*, 423 Phil. 8 (2001).

<sup>64</sup> Id. at 449, citing *Republic v. Court of Appeals*, id., and Article 2037 and Article 2038, Civil Code; see *Sps. San Antonio v. Court of Appeals*, id. at 16-17.

<sup>65</sup> *Santos v. Santos*, G.R. No. 214593, July 17, 2019, citing *Cantlas v. Republic*, 746 Phil. 358, 381 (2014).

<sup>66</sup> *Supra* note 60.


morals or good customs, the Court hereby approves the same.<sup>67</sup>

The Court reminds the parties that they are enjoined to faithfully comply with the terms and conditions of their Compromise Agreement.<sup>68</sup> Santos alleged that despite the execution of the Deed of Absolute Sale, V.C. Development failed to effect a full transfer of ownership over the property. Notably, if one of the parties fails or refuses to abide by the compromise, the other party may either enforce the compromise by a writ of execution, or regard it as rescinded and insist upon his original demand. Non-fulfillment of the terms of the compromise justifies execution.<sup>69</sup> The prerogative of which course to pursue rests on Santos.

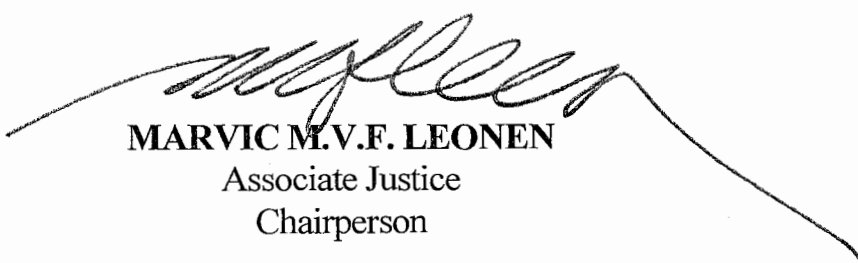
In fine, courts shall not thwart the parties' efforts at reaching a compromise. It is certainly not the office of the court to meddle with concessions that parties have freely agreed to, absent any showing that they are contrary to law, morals, good customs, public order or public policy.

**WHEREFORE**, the petition is **GRANTED**. The January 4, 2012 Decision and the February 11, 2014 Resolution of the Court of Appeals in CA-G.R. CV No. 90266 are **REVERSED and SET ASIDE**. The Compromise Agreement dated July 9, 2010 is hereby **APPROVED** and judgment is rendered in conformity with and embodying the terms and conditions mentioned in said Compromise Agreement.

**SO ORDERED.**

  
**SAMUEL H. GAERLAN**  
Associate Justice

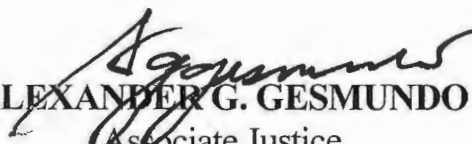
WE CONCUR:

  
**MARVIC M.V.F. LEONEN**  
Associate Justice  
Chairperson

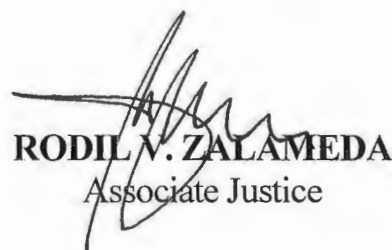
<sup>67</sup> Id. at 608.

<sup>68</sup> *Barreras and Judge Garcia*, 251 Phil. 383, 387 (1989).

<sup>69</sup> Id.


  
**ALEXANDER G. GESMUNDO**  
 Associate Justice

  
**ROSMARID. CARANDANG**  
 Associate Justice

  
**RODIL N. ZALAMEDA**  
 Associate Justice

**ATTESTATION**

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**MARVIC M.V.F. LEONEN**  
 Associate Justice  
 Chairperson, Third Division

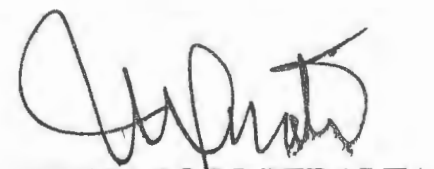
**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

CERTIFIED TRUE COPY

*Misa & DC Batt*  
**MISAELO DOMINGO C. BATTUNG III**  
 Division Clerk of Court  
 Third Division

FEB 09 2021

  
**DIOSDADO M. PERALTA**  
 Chief Justice

*D*