

## FIRST DIVISION

[ G.R. No. 225309, March 06, 2018 ]

**ROSARIO ENRIQUEZ VDA. DE SANTIAGO, PETITIONER, VS.  
ANTONIO T. VILAR, RESPONDENT.**

[G.R. No. 225546]

**GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS),  
PETITIONER, VS. ANTONIO T. VILAR, RESPONDENT.**

### DECISION

**TIJAM, J.:**

Before this Court are consolidated Petitions for Review on *Certiorari*<sup>[1]</sup> under Rule 45 of the Rules of Court, assailing the Decision<sup>[2]</sup> dated February 10, 2014 and Amended Decision<sup>[3]</sup> dated June 17, 2016 of the Court of Appeals (CA) in CA-G.R. SP No. 117439, filed by petitioner Rosario Enriquez Vda. de Santiago (Rosario) and petitioner Government Service Insurance System (GSIS).

#### Facts of the Case

Spouses Jose C. Zulueta and Soledad Ramos (Spouses Zulueta), registered owners of several parcels of land covered by Transfer Certificate of Title (TCT) Nos. 26105, 37177 and 50356 (mother titles), obtained various loans secured by the mother titles from the GSIS. The amount of loans, with the accumulated value of P3,117,000.00 were obtained from September 1956 to October 1957.<sup>[4]</sup>

From the records, the lot covered by Transfer Certificate of Title (TCT) No. 26105 was divided into 199 lots. Under the first mortgage contract, 78 of these lots were excluded from the mortgage.<sup>[5]</sup>

When Spouses Zulueta defaulted in their payment, GSIS extra-judicially foreclosed the mortgages in August 1974 wherein the latter emerged as the highest bidder. A certificate of sale was then issued. GSIS, however, consolidated its title on all of the three mother titles, including the 78 lots which were expressly excluded from the mortgage contract.<sup>[6]</sup>

Later, GSIS sold the foreclosed properties to Yorkstown Development Corporation (YDC). The same, however, was disapproved by the Office of the President. Accordingly, the TCTs issued in favor of YDC were canceled.<sup>[7]</sup>

When GSIS reacquired the properties sold to YDC, it began to dispose the foreclosed lots, including those not covered by the foreclosure sale.<sup>[8]</sup>

Thereafter, Spouses Zulueta were succeeded by Antonio Zulueta (Antonio), who transferred all his rights and interests in the excluded lots to Eduardo Santiago (Eduardo). Claiming his rights and interests over the excluded lots, Eduardo, through his counsel, sent a letter to GSIS for the return of the same.<sup>[9]</sup>

In May 1990, Antonio, as represented by Eduardo, filed an Action for Reconveyance of the excluded lots against the GSIS. Subsequently, Antonio was substituted by Eduardo. Upon Eduardo's demise, however, he was substituted by his widow, herein petitioner Rosario.<sup>[10]</sup>

In a Decision<sup>[11]</sup> dated December 17, 1997, the Regional Trial Court (RTC) of Pasig City, Branch 71, ordered GSIS to reconvey to Rosario the excluded lots or to pay the market value of said lots in case reconveyance is not possible. The Registry of Deeds of Pasig City was likewise ordered to cancel the titles covering the excluded lots issued in the name of GSIS. The dispositive portion thereof reads:

WHEREFORE, judgment is hereby rendered in favor of [Rosario] and against [GSIS]:

1. Ordering defendant to reconvey to [Rosario] the seventy-eight (78) lots released and excluded from the foreclosure sale including the additional exclusion from the public sale, namely:

- a. Lot Nos. 1, 6, 7, 8, 9, 10 and 13, Block I (Old Plan).
- b. Lot Nos. 1, 3, 4, 5, 7, 8, 10, Block II (Old Plan).
- c. Lot Nos. 3, 10, 12 and 13, Block I (New Plan), Block III (Old Plan).
- d. Lot Nos. 7, 14 and 20, Block III (New Plan), Block V (Old Plan).
- e. Lot Nos. 13 and 20, Block IV (New Plan), Block VI (Old Plan).
- f. Lot Nos. 1, 2, 3 and 10, Block V (New Plan), Block VII (Old Plan).
- g. Lot Nos. 1, 5, 8, 15, 26 and 27, Block VI (New Plan), Block VIII (Old Plan).
- h. Lot Nos. 7 and 12, Block VII (New Plan), Block II (Old Plan),
- i. Lot Nos. 1, 4 and 6, Block VIII (New Plan), Block X (Old Plan).
- j. Lot 5, Block X (New Plan), Block XIII (Old Plan).
- k. Lot 6, Block XI (New Plan), Block XII (Old Plan).
- l. Lots 2, 5, 12 and 15, Block I.
- m. Lots 6, 9 and 11, Block 2.
- n. Lots 1, 5, 6, 7, 16 and 23, Block 3.
- o. Lot 6, Block 4.
- p. Lots 5, 12, 13 and 24, Block 5.
- q. Lots 10 and 16, Block 6.
- r. Lots 6 and 15, Block 7.
- s. Lots 13, 24, 28 and 29, Block 8.
- t. Lots 1, 11, 17 and 22, Block 9.
- u. Lots 1, 2, 3 and 4, Block 10.
- v. Lots 1,2,3 and 5 (New), Block 11.

2. Ordering [GSIS] to pay [Rosario], if the seventy- eight (78) excluded lots could not be reconveyed; the fair market value of each of said lots.

3. Ordering the Registry of Deeds of Pasig City, to cancel the land titles covering the excluded lots in the name of [GSIS] or any of its

successors-in-interest including all derivative titles therefrom and to issue new titles in [Rosario's] name.

4. Ordering the Register of Deeds of Pasig City, to cancel the Notices of Lis Pendens inscribed in TCT No. PT-80342 under Entry No. PT-12267/T-23554; TCT No. 81812 under Entry No. PT-12267/T-23554; and TCT No. PT-84913 under Entry No. PT-12267/T-23554.

5. Costs of suit.

Counterclaims filed by [GSIS], intervenors Urbano and intervenors Gonzales are DISMISSED.

SO ORDERED.<sup>[12]</sup>

On appeal, the CA affirmed the trial court's rulings in a Decision dated February 22, 2002.<sup>[13]</sup> The same was affirmed by this Court in a Decision<sup>[14]</sup> dated October 28, 2003 in G.R. No. 155206. Accordingly, an entry of judgment was issued.<sup>[15]</sup> When the decision became final and executory, Rosario filed a motion for execution.<sup>[16]</sup>

In an Order<sup>[17]</sup> dated April 27, 2004, the RTC granted the motion for execution. The RTC fixed the current fair market value of the lots at P35,000 per square meter or a total of P1,166,165,000. Thereafter, in an Order<sup>[18]</sup> dated May 13, 2004, the RTC denied the motion filed by the GSIS for the quashal of the writ of execution.

On May 21, 2004, GSIS filed a Petition for *Certiorari* and Prohibition before the CA, docketed as CA-G.R. SP No. 84079, ascribing grave abuse of discretion amounting to lack or excess of jurisdiction on the part of the RTC in denying GSIS' motion to quash.<sup>[19]</sup>

Meanwhile, to effect the implementation of the writ of execution, Rosario, through counsel, filed a Motion to Direct the Sheriff to Proceed with the Garnished Funds of GSIS with DBP and PNB with Motion for Immediate Execution of Undersigned Counsel's Attorney's Lien Against such Garnished Funds.<sup>[20]</sup>

In an Order<sup>[21]</sup> dated September 12, 2006, the RTC ordered the release of said deposits and the enforcement of the writ of execution earlier issued, up to extent allowed per the CA decision. The 90% of the proceeds of the execution was ordered to be turned over immediately to Rosario.

The CA, however, in CA-G.R. SP No. 84079, rendered a Decision<sup>[22]</sup> dated August 3, 2006, wherein it partially granted the petition of GSIS. The CA modified the ruling of the RTC in that the extent of the value of the excluded lots shall be P399,828,000 and that the execution of the same may immediately proceed while the writ of preliminary injunction against the execution of the judgment award is made permanent.<sup>[23]</sup>

In the meantime, while resolving several motions filed before the RTC following the CA decision dated August 3, 2006, the RTC, in an Order<sup>[24]</sup> dated November 20, 2006 limited the attorney's fees of Rosario's counsels to the 10% of the

P399,828,000 based on *quantum meruit*, among others. Likewise, in the same order, the RTC denied GSIS' motion for reconsideration on the RTC's September 12, 2006 Order.<sup>[25]</sup>

Atty. Jose A. Suing (Atty. Suing), counsel in the reconveyance case for Rosario, questioned the said Order dated November 20, 2006 by the RTC as it allegedly reduced his attorney's fee to 6% of the judgment award instead of 35% as stated in the Memorandum of Understanding between him and Rosario.<sup>[26]</sup> The same, however, was already resolved by this Court in a Decision<sup>[27]</sup> dated October 21, 2015 in G.R. Nos. 194814 (*Rosario Enriquez Vda. De Santiago v. Atty. Jose A. Suing*) & 194825 (*Jaime C. Vistar v. Atty. Jose A. Suing*) wherein the Court affirmed the RTC's ruling that attorney's fees in the amount of 6% of the partially executed judgment is considered fair partial compensation for his legal services.

GSIS, for its part, filed a Petition for *Certiorari* and Prohibition before this Court to annul the Orders dated September 12, 2006 and November 20, 2006 of the RTC. Also, GSIS filed a Petition for Review on *Certiorari* under Rule 45 to reverse and set aside the CA Decision dated August 3, 2006. These two petitions were subsequently consolidated upon motion of GSIS.<sup>[28]</sup> The same, however, were later dismissed by this Court in a Decision<sup>[29]</sup> dated December 18, 2009 in G.R. Nos. 175393 (*Government Service Insurance System v. Regional Trial Court of Pasig City, Branch 71*) and 177731 (*Government Service Insurance System v. Laviña*).

In the interim, Rosario and a certain Jaime Vistar (Jaime) filed a Joint Manifestation for Judicial Confirmation and Approval of an Agreement dated January 2, 2009 before the RTC. In said Agreement, it was alleged that Rosario assigned to Jaime her share, right, participation and interest in the reconveyance case equivalent to 50% of whatever Rosario is entitled to receive from the same. Similarly, Eastern Petroleum Corporation (EPC) and Albert Espiritu (Albert) filed a Motion to Intervene, which was supported by the copies of Deed of Assignment entered into by Rosario and EPC, as well as copies of Memorandum of Agreement and Special Power of Attorney. In said Deed of Assignment, it was averred that Rosario transferred to EPC 40% of the proceeds of the judgment award in the reconveyance case while in said Memorandum of Agreement, EPC ceded to Albert half of the amount ceded by Rosario.<sup>[30]</sup>

On the other hand, herein respondent Antonio Vilar (Vilar) filed a Verified Omnibus Motion (for Substitution of Party-Plaintiff With Authority to Implement Writ of Execution Until Full Satisfaction of the Final Judgment of the Court) before the RTC. In his motion, Vilar alleged that after Antonio transferred his rights and interests to Eduardo, the latter assigned to Vilar 90% of his interest in the judgment proceeds of the reconveyance case. Further, Vilar averred that he and Eduardo agreed that the Deed of Assignment shall still take effect despite the fact of substitution.<sup>[31]</sup>

In resolving Vilar's motion, the RTC merely noted the same without action in its Order<sup>[32]</sup> dated December 8, 2010. The dispositive portion thereof reads:

WHEREFORE, premises considered, the dispositive portion of the Order dated 17 September 2010 is hereby AMENDED to read as follows:

"x x x x

1. To issue an alias writ of execution on the partial execution of Php399,828,000.00;
2. Upon satisfaction/payment by [GSIS] of the aforesaid amount the Branch Sheriff of this Court is directed to immediately deposit 35% of the said amount to the account of [Rosario];
3. The other 35% shall remain in custodia legis subject to the final disposition of Atty. Suing's claim for attorney's fees now pending before the [CA] or any settlement he may enter into with [Rosario]; provided, however, that the sum of Php23,989,680.00 shall be immediately satisfied and released to Atty. Suing to be taken from said 35% attorney's fees;
4. The award of attorney's fees to Atty. Benjamin Santos (Php13,993,980.00), Atty. Sherwin S. Gatdula (Php1,599,312.00) and Atty. Wellington B. Lachica (Php399,828.00) shall be satisfied immediately from the remaining 30% of the partial executed amount; and
5. The balance on the remaining 30% shall also remain in custodia legis subject to any settlement or compromise the claimants may enter with [Rosario]."

Let an alias writ immediately issue.

SO ORDERED.<sup>[33]</sup>

Hence, Vilar filed a Petition for *Certiorari* before the CA, docketed as CA-G.R. SP No. 117439, ascribing grave abuse of discretion on the part of the RTC in merely noting and not granting Vilar's motion.<sup>[34]</sup> In a Decision<sup>[35]</sup> dated February 10, 2014, the CA granted Vilar's petition. The dispositive portion thereof reads:

**WHEREFORE**, the instant Petition is **GRANTED**. The Order dated December 8, 2010 of the [RTC], Branch 71, Pasig City is hereby **MODIFIED** as follows:

1. The Verified Omnibus Motion (for Substitution of Party Plaintiff with Authority to Implement Writ of Execution Until Full Satisfaction of the Final Judgment of the Court) filed by [Vilar] through counsel is GRANTED;
2. Accordingly, [Vilar] is IMPEADED as party-plaintiff in substitution of [Rosario];
3. And upon satisfaction/payment by [GSIS] of the amount of P399,828,000.00, the Branch Sheriff of the trial court is directed to give 90% of the 35% of the share of [Rosario] to [Vilar]. The remaining 10% of said 35% shall be deposited to the account of [Rosario].