

## THIRD DIVISION

[ G.R. No. 163959, August 01, 2018 ]

**MARCELINO E. LOPEZ, FELIZA LOPEZ, ZOILO LOPEZ, LEONARDO LOPEZ, AND SERGIO F. ANGELES, PETITIONERS, V. THE HON. COURT OF APPEALS AND PRIMEX CORPORATION, RESPONDENTS.**

[G.R. No. 177855, August 1, 2018]

**MARCELINO E. LOPEZ, FELIZA LOPEZ, HEIRS OF ZOILO LOPEZ, LEONARDO LOPEZ, AND SERGIO F. ANGELES, PETITIONERS, V. THE HONORABLE COURT OF APPEALS AND PRIMEX CORPORATION, RESPONDENTS.**

### R E S O L U T I O N

#### **BERSAMIN, J.:**

An agency is extinguished by the death of the principal. Any act by the agent subsequent to the principal's death is *void ab initio*, unless any of the exceptions expressly recognized in Article 1930 and Article 1931 of the *Civil Code* is applicable.

On March 7, 2012, the Court definitively decided this case by promulgating the resolution:<sup>[1]</sup> (1) noting the *Compromise Agreement* entered into by the parties; (2) granting the *Joint Motion to Dismiss and Withdraw* the petition for review on *certiorari*; and (3) denying the petitions for review on *certiorari* in these consolidated appeals on the ground of mootness.

Before Us now is the so-called *Urgent Motion to Recall or Reconsider the March 7, 2012 Resolution Giving Effect to the so-called "Compromise Agreement" submitted by Atty. Sergio Angeles and Primex President Ang and to Cite Them in Contempt of Court*<sup>[2]</sup> filed by the heirs of deceased Marcelino E. Lopez, one of the original petitioners herein, in order to oppose and object to the *Compromise Agreement* on the ground that Atty. Sergio Angeles, a counsel of the petitioners and also a petitioner himself, had entered into the same without valid authority.

#### **Antecedents**

Involved herein is the sale of the 14-hectare property situated in Antipolo City between the petitioners (Lopez, *et al.*) and respondent Primex Corporation (Primex).

The Court of Appeals (CA) summarized the antecedents thusly:

On 29 April 1991, plaintiff-appellant Primex Corporation, hereinafter referred to as PRIMEX, filed against the herein defendants appellees a complaint for injunction, specific performance and damages before the Regional Trial Court of Pasig.

In its complaint, PRIMEX alleged that it had, on 12 September 1989, as vendee, entered into a Deed of Conditional Sale (DCS) relative to a portion of land particularly designated as Lot 15 of subdivision plan, PSD-328610, containing more or less ONE HUNDRED FORTY THOUSAND and TWENTY NINE square meters (140,029 m<sup>2</sup>) from a mother parcel of land comprising an area of more or less 198,888 square meters located along Sumilong Highway, Barrio La Paz, Antipolo, Rizal, covered by an approved **Homestead Patent under Survey No. H-138612 and Tax Declaration No. 04-04804**, with the herein defendants-appellees as vendors.

The parties agreed at a purchase price of TWO HUNDRED EIGHTY PESOS (P280.00) per square meter, translating into a total land purchase value of THIRTY NINE MILLION TWO HUNDRED EIGHT THOUSAND AND ONE HUNDRED TWENTY PESOS (P39,208,120.00).

PRIMEX claimed that from the time of the execution of the DCS with the defendants-appellees, the company had dutifully complied with all its monetary obligations under the said contract and was again ready to pay another P2,000,000.00 upon presentation by the defendants-appellees, among others, of a valid certificate of title in the name of one or all of the vendors as sanctioned under paragraph II(d) of the DCS.

However, instead of delivering a valid title to PRIMEX, the defendants-appellees delivered to the former Transfer Certificate of Title **[TCT] No. 196256** of the Register of Deeds of Rizal. The problem with this certificate according to PRIMEX was that while it was indeed registered under the name of one of the vendors - Marcelino Lopez, among several others, the title was nonetheless derived from Original Certificate of Title **[OCT] No. 537**, which had been declared by the Supreme Court in G.R. No. 90380 dated 13 September 1990 as null and void together with all the other TCTs emanating from the said OCT.

Consequently, PRIMEX refused to accept delivery of **[TCT] No. 196256** as a valid and sufficient compliance with the terms of the DCS which would warrant the release of another P2,000,000.00 in accordance with the schedule of payments stipulated by the parties in their written covenant.

Despite its failure to deliver a valid title to PRIMEX, the latter averred that the defendants-appellees in their letter dated 06 March 1991, as well as verbal statements, threatened to sell or mortgage the subject property to other parties on account of PRIMEX's ostensible refusal to pay part of the purchase price as scheduled.

Hence, PRIMEX's a complaint for specific performance and preliminary injunction.

On 15 May 1991, instead of filling an answer, defendants-appellees filed a Motion to Dismiss PRIMEX's complaint on the ground of improper venue and *litis pendencia*. As it turned out, the defendants-appellees had on 18 April 1991 earlier filed a complaint for Rescission of Conditional Sale and Damages against PRIMEX. The motion to dismiss was, however, subsequently denied by the trial court on 09 December 1991.

Defendants-appellees thereafter filed their Answer with Compulsory Counterclaim on 07 February 1992.

Defendants-appellees countered that they have fully complied with paragraph II (d) of the DCS. That contrary to PRIMEX's allegations, it was actually the latter who violated the terms of the DCS by obstinately refusing to pay the amount of one (1) million pesos pursuant to paragraph II (b) of the DCS despite fulfillment of the defendants-appellees of the conditions thereof. The defendants-appellees aver that PRIMEX's concern over the validity of **TCT No. 196256** was merely an imagined defect and a deliberate ploy to delay payments.

As compulsory counterclaim, the defendants-appellees on the basis of PRIMEX's allegedly serious and wanton breach of the terms of the DCS, sought for the rescission of the contract. The defendants-appellees also asked for damages and the dismissal of PRIMEX's complaint.

Meanwhile, during the pendency of the afore-mentioned case, the defendants-appellees delivered to PRIMEX **TCT No. 208538**. This certificate of title now contained the exact portion and area of the subject property sold to PRIMEX, and had already been allegedly acceptable to the latter, so much so that on 30 March 1992, the parties finally executed a Deed of Absolute Sale over the piece of property.

The defendants-appellees further acknowledged that in the interim, and as of 07 March 1993, PRIMEX already released several payments amounting to P24,892,805.85 for the subject property, excluding a separate P4,150,000.00 loan covered by a real estate mortgage it extended to the defendants-appellee, Rogelio Amurao for the purpose of funding additional expenses incurred in relation to the fulfillment of the defendants-appellees obligations under the DCS.

In light of these developments, defendants-appellees on 06 June 1993 again asked the court for the dismissal of the case.

On 14 June 1993, PRIMEX filed an Opposition to the afore-stated motion to dismiss and claimed that **TCT No. 208358** submitted by the defendants-appellees was insufficient to comply with their obligations considering that there were still pending claims against the defendants-appellees and the subject property.

In its Supplemental Opposition dated 18 February 1994, PRIMEX emphasized that despite the delivery of **TCT No. 208358**, and its subsequent transfer in the name of two of the defendants-appellees, Rogelio Amurao and Sergio Angeles under **TCT No. 216875**, which in turn had been thereafter successively and finally transferred in the name of PRIMEX under new **TCT No. 216876**, still, the defendants-appellees failed to comply with their obligation to deliver the title to the property free from any lien and encumbrance.

As a matter of fact, PRIMEX divulged that there were still two (2) pending cases involving the subject property one before the Court of Appeals which arose from Civil Case No. 677-A in the Regional Trial Court of Antipolo, Rizal, and another one with the Bureau of Lands docketed as

PLAN H-138612. In fact, the *lis pendens* evidencing the pendency of the court case was carried over to **TCT No. 216876** now under PRIMEX's name. The inscription of *lis pendens* had been annotated on **TCT No. 196256** (the precursor of PRIMEX's TCT No. 216876) as early as 08 February 1992.

On 17 May 1995, the trial court declared PRIMEX non-suited for failing to appear during the scheduled pre-trial hearing on even date. The defendants-appellees were therefore allowed to present their evidence *ex parte*.

On 11 August 1995, the trial court rendered a Decision in favor of the defendants-appellees and ordered PRIMEX to pay the balance of the purchase price of the subject property, plus interests, damages and costs of suit.

Aggrieved by the decision, PRIMEX timely appealed to the Court of Appeals.

On 08 April 1999, this Court through its then Special Sixth Division promulgated a Decision setting aside, among others, the trial court's appealed decision dated 11 August 1995, and remanding the case for trial *de novo*.

After trial, the court *a quo* rendered anew a decision in favor of the herein defendants-appellees, which in gist, dismissed the herein plaintiff-appellant's complaint, declared the parties' Deed of Conditional Sale and Deed of Sale covering the subject property rescinded, and ordered the mutual restitution between the parties and the payment of damages and interests to the winning party.<sup>[3]</sup>

After the Regional Trial Court (RTC) rendered judgment on January 30, 2004,<sup>[4]</sup> the petitioners as the plaintiffs filed a *Motion for Execution of Judgment Pending Appeal on Possession and Compensatory Damages*.<sup>[5]</sup> The RTC granted their motion through the special order dated March 15, 2004.<sup>[6]</sup>

Aggrieved, the respondents assailed the special order in the CA through a petition for *certiorari*, prohibition and *mandamus* with prayer for the issuance of a temporary restraining order (TRO) and writ of preliminary injunction on the ground of the RTC thereby gravely abusing its discretion amounting to lack or excess of jurisdiction (G.R. No. 163959). Nonetheless, on May 31, 2004, the CA granted the petition, and annulled the special order.<sup>[7]</sup>

The petitioners then brought their own petition for *certiorari* in this Court to annul the resolution issued by the CA in GR. No. 163959.

Meanwhile, on January 23, 2007, the CA promulgated its assailed decision resolving the appeal of the judgment of the RTC in Pasig City (G.R. No. 177855) by reversing and setting aside the judgment, and ordering the respondent to pay the petitioners the full balance of the purchase price of the property with legal interest of 6% *per annum*.<sup>[8]</sup>

It is noted at this juncture that because the petitioners had engaged the services of two different attorneys, Atty. Sergio Angeles and Atty. Martin Pantaleon, another issue concerning the timeliness of the *Motion for Reconsideration* filed by the petitioners arose. Atty. Pantaleon received a copy of the CA decision in G.R. No. 177855 on January 30, 2007, while Atty. Angeles received it on February 23, 2007. Atty. Pantaleon would have had until February 14, 2007 within which to file the petitioners' *Motion for Reconsideration* but failed to do so. On his part, Atty. Angeles had until March 10, 2007, and filed a *Motion for Reconsideration* on March 6, 2007.

The CA denied the *Motion for Reconsideration* for having been filed out of time, and declared its decision dated January 23, 2007 final and executory as of February 14, 2007.<sup>[9]</sup>

The respondent moved to declare the decision of January 23, 2007 as final and executory, and to remand the case to the RTC for execution.

The petitioners appealed to the Court for the review of the adverse decision dated January 23, 2007. In its resolution promulgated on April 16, 2008, the Court gave due course to the appeal, and required the parties to submit their memoranda.

On February 21, 2012, the parties submitted the *Compromise Agreement with Joint Motion to Dismiss and Withdrawal of Petition*.<sup>[10]</sup>

On March 7, 2012, the Court issued the resolution being challenged by the heirs of the late Marcelino Lopez: (1) noting the *Compromise Agreement with Joint Motion to Dismiss and Withdrawal of Petition*; (2) granting the *Joint Motion to Dismiss and Withdrawal of Petition*; and (3) denying the petitions for review on *certiorari* on the ground of mootness.

Thereafter, the heirs of Marcelino Lopez tiled their oppositions arguing that Atty. Angeles no longer had the authority to enter into and submit the *Compromise Agreement* because the special power of attorney in his favor had ceased to have force and effect upon the death of Marcelino Lopez.<sup>[11]</sup>

## **Ruling of the Court**

### **1 .**

#### **The authority of Atty. Angeles was terminated upon the death of Marcelino Lopez**

By the contract of agency, a person binds himself to render some service or to do something in representation or on behalf of another with the consent or authority of the latter.<sup>[12]</sup> For a contract of agency to exist, therefore, the following requisites must concur, namely: (1) there must be consent coming from persons or entities having the juridical capacity and capacity to act to enter into such contract; (2) there must exist an object in the form of services to be undertaken by the agent in favor of the principal; and (3) there must be a cause or consideration for the agency.<sup>[13]</sup>

One of the modes of extinguishing a contract of agency is by the death of either the principal or the agent.<sup>[14]</sup> In *Rallos v. Felix Go Chan & Sons Realty Corporation*,<sup>[15]</sup> the Court declared that because death of the principal extinguished the agency, it should follow a *fortiori* that any act of the agent after the death of his principal