

SECOND DIVISION

[G.R. No. 194653, February 08, 2012]

ANTONIO MENDOZA, PETITIONER, VS. FIL-HOMES REALTY DEVELOPMENT CORPORATION, RESPONDENT.

D E C I S I O N

REYES, J.:

This is a petition for review on *certiorari* under Rule 45 of the Rules of Court filed by petitioner Antonio Mendoza (Mendoza) assailing the Decision^[1] dated July 30, 2010 and Resolution^[2] dated November 24, 2010 issued by the Court of Appeals (CA) in CA-G.R. SP No. 104394 entitled "*Fil-Homes Realty Development Corporation v. Regional Trial Court of Lipa, Branch 12 and Antonio Mendoza.*"

On June 13, 2000, the spouses Roberto and Rebecca Beltran (Spouses Beltran) filed a complaint for specific performance, demolition of improvements with damages, docketed as Civil Case No. 2000-0272, with the Regional Trial Court (RTC) of Lipa City against Mendoza, alleging that the latter constructed a residential house which encroached on their property identified as Lot Nos. 37 and 7, Block 12 of the City Park Subdivision, *Barangay Maraouy*, Lipa City.

Thereupon, Mendoza filed a third-party complaint for subrogation, indemnity and damages against Fil-Homes Realty Development Corporation (Fil-Homes), claiming that it was the latter which caused him to wrongfully construct a big portion of his house on Spouses Beltran's property. Trial proper ensued thereafter.

On July 17, 2003, the RTC rendered a Decision ordering Mendoza to compensate Spouses Beltran for the value of the lot the petitioner had encroached upon and, should he fail to do so, to demolish the portion of his house which encroached upon the lot owned by Spouses Beltran. On the third-party complaint, the RTC ordered Fil-Homes to reimburse Mendoza the amount of the expenses which the latter may incur in the removal or demolition of the portion of the latter's house which encroached upon the lot of Spouses Beltran. Fil-Homes was likewise ordered to pay the petitioner P100,000.00 as attorney's fees, P500,000.00 as moral damages and P60,000.00 as cost of litigation.

On appeal, the CA, in its Decision dated March 22, 2005, affirmed the July 17, 2003 Decision of the RTC albeit with the following modifications: (1) Fil-Homes was ordered to pay Mendoza actual and compensatory damages in the amount of P1,323,554.30 upon the demolition of the latter's house; and (2) the amount of moral damages was reduced to P100,000.00. The foregoing disposition of the CA became final as the parties therein did not interpose an appeal therefrom.

Herein petitioner then moved for the partial execution of the March 22, 2005 CA Decision with regard to the payment of attorney's fees, moral damages and the cost

of litigation. On April 16, 2007, the RTC issued an Order directing the issuance of a writ of execution against herein respondent. Accordingly, on May 2, 2007, the Branch Clerk of Court of the RTC issued the corresponding writ of execution.

On August 30, 2007, the respondent paid the petitioner the amount of P260,000.00 corresponding to the attorney's fees, moral damages and the cost of litigation awarded to the latter. On September 3, 2007, the Sheriff which implemented the writ, submitted to the RTC a Sheriff's Return stating that the writ of execution had been fully satisfied insofar as the award for attorney's fees, moral damages and the cost of litigation.

On March 31, 2008, the respondent filed a Manifestation with the RTC informing the said court that, on August 30, 2007, Spouses Beltran had executed a declaration and acknowledgment attesting that the judgment in their favor had already been fully settled and paid. Apparently, the respondent gave Spouses Beltran a parcel of land they owned in exchange for the lot encroached upon by the petitioner's house.

On April 22, 2008, the petitioner, having demolished the portion of his house which encroached upon the Spouses Beltran's lot, moved for the issuance of a writ of execution against the respondent for the payment of actual and compensatory damages in the amount of P1,323,554.30. The respondent opposed the said motion, alleging that the petitioner had been informed, through the former's March 31, 2008 Manifestation, that it had fully settled the judgment in favor of Spouses Beltran.

On May 14, 2008, Spouses Beltran, through their counsel, confirmed that they indeed executed the August 30, 2007 declaration and acknowledgment which attested to the satisfaction of the judgment in their favor.

On June 10, 2008, the RTC issued an Order in favor of the petitioner, directing the deputy sheriff to enforce the judgment against the respondent for the payment of actual and compensatory damages in the amount of P1,323,554.30. The respondent sought a reconsideration of the said June 10, 2008 Order but it was denied by the RTC in its Order dated July 8, 2008.

Thus, the respondent filed a petition for *certiorari* under Rule 65 with the CA, claiming that the RTC gravely abused its discretion in issuing the orders dated June 10, 2008 and July 8, 2008.

The Ruling of the CA

On July 30, 2010, the CA rendered the herein assailed Decision,^[3] the decretal portion of which reads:

WHEREFORE, in view of the foregoing, the petition is **GRANTED**. The RTC Orders dated June 1[0], 2008 and July 8, 2008, respectively, are **SET ASIDE** for having been issued with grave abuse of discretion. The RTC decision in Civil Case No. 2000-0272 dated July 17, 2003, as affirmed with modification by this Court's 15th Division in CA G.R. CV No. 80817 on March 22, 2005, is hereby declared fully satisfied and the case is deemed **closed and terminated**.

SO ORDERED.^[4]

The CA held that, although execution of a final decision is merely ministerial, to allow the execution of the judgment for the payment of actual and compensatory damages against the respondent would be inequitable since the petitioner caused the demolition of the said portion of his house in bad faith. The CA explained that actual and compensatory damages may

only be awarded to the petitioner in the event that the latter is ordered to demolish the said portion of his house.

In turn, the demolition of the said portion of the petitioner's house is contingent upon the event that the petitioner fails to pay the value of the portion of the Spouses Beltran's lot which is encroached by the petitioner's house. The CA pointed out that Spouses Beltran made no demand for the payment of the value of the said portion of their lot and, thus, there was no reason for the petitioner to cause the said demolition.

Further, the CA intimated that, when the petitioner commenced the demolition of the portion of his house on April 2, 2008, he had already been informed by the respondent that it had already fully satisfied the judgment in favor of the Spouses Beltran on August 30, 2007.

The petitioner sought a reconsideration^[5] of the said July 30, 2010 Decision but it was denied by the CA in its November 24, 2010 Resolution.^[6]

The Present Petition

Undaunted, the petitioner instituted the instant petition for review on *certiorari* asserting the following arguments: (1) the CA committed reversible error in its application of the law and committed grave error in its appreciation of facts; (2) the CA committed reversible error in holding that the petitioner was in bad faith when he demolished his house; (3) the CA erred in holding that the payment made by the respondent in favor of the Spouses Beltran made the enforcement of the writ of execution no longer feasible; and (4) the CA erred in ruling that the RTC issued its orders dated June 10, 2008 and July 8, 2008 with grave abuse of discretion.^[7]

In its Comment,^[8] the respondent asserted that the instant petition ought to be denied as it merely raised factual questions. In any case, the respondent claimed that the petitioner caused the demolition of his house in bad faith and an order directing Fil-Homes to pay actual and compensatory damages to the petitioner would be unjust and inequitable.

In sum, the issue for this Court's resolution is whether the CA erred in denying the execution of the judgment for the payment of actual and compensatory damages in favor of the petitioner.

This Court's Ruling