

## FIRST DIVISION

[ G. R. No. 159508, August 29, 2012 ]

**JUAN B. BANEZ, JR., PETITIONER, VS. HON. CRISANTO C. CONCEPCION, IN HIS CAPACITY AS THE PRESIDING JUDGE OF THE RTC AND BULACAN, MALOLOS CITY, AND THE ESTATE OF THE LATE RODRIGO GOMEZ, REPRESENTED BY ITS ADMINISTRATRIX, TSUI YUK YING, RESPONDENTS.**

### DECISION

**BERSAMIN, J.:**

The petitioner has directly come to the Court via petition for *certiorari*<sup>[1]</sup> filed on September 4, 2003 to assail the orders dated March 24, 2003 (reversing an earlier order issued on February 18, 2003 granting his motion to dismiss on the ground of the action being already barred by prescription, and reinstating the action),<sup>[2]</sup> April 21, 2003 (denying his motion for reconsideration),<sup>[3]</sup> and August 19, 2003 (denying his second motion for reconsideration and ordering him to file his answer within 10 days from notice despite the principal defendant not having been yet validly served with summons and copy of the complaint),<sup>[4]</sup> all issued by the Regional Trial Court (RTC), Branch 12, in Malolos City in Civil Case No. 722-M-2002,<sup>[5]</sup> an action for the recovery of ownership and possession. He alleges that respondent Presiding Judge thereby acted with grave abuse of discretion amounting to lack or excess of jurisdiction.

### Antecedents

The present controversy started almost four decades ago when Leodegario B. Ramos (Ramos), one of the defendants in Civil Case No. 722M- 2002, discovered that a parcel of land with an area of 1,233 square meters, more or less, which was a portion of a bigger tract of land with an area of 3,054 square meters, more or less, located in Meycauayan, Bulacan that he had adjudicated solely to himself upon his mother's death on November 16, 1982 had been earlier transferred by his mother to one Ricardo Asuncion, who had, in turn, sold it to the late Rodrigo Gomez.

On February 1, 1990, Ramos, alleging that Gomez had induced him to sell the 1,233 square meters to Gomez on the understanding that Gomez would settle Ramos' obligation to three other persons, commenced in the RTC in Valenzuela an action against Gomez, also known as Domingo Ng Lim, seeking the rescission of their contract of sale and the payment of damages, docketed as Civil Case No. 3287-V-90 entitled *Leodegario B. Ramos v. Rodrigo Gomez, a.k.a. Domingo Ng Lim*.<sup>[6]</sup>

On October 9, 1990, before the Valenzuela RTC could decide Civil Case No. 3287-V-90 on the merits, Ramos and Gomez entered into a compromise agreement.<sup>[7]</sup> The RTC approved their compromise agreement through its decision rendered on the

same date.<sup>[8]</sup>

The petitioner, being then the counsel of Ramos in Civil Case No. 3287-V-90, assisted Ramos in entering into the compromise agreement "to finally terminate this case." The terms and conditions of the compromise agreement were as follows:

COME NOW, the Parties, assisted by their respective counsels, and before this Honorable Court, most respectfully submit this COMPROMISE AGREEMENT for approval, as to finally terminate this case, the terms and conditions of which being as follows:

1. That out of the total area of Three Thousand and Fifty Four (3,054) sq. m., more or less, covered by formerly O.C.T. No. P-2492 (M), Registry of Deeds of Bulacan, known as Lot No. 6821, Cad-337 Lot 4020E, Csd-04-001618-D, and now by the Reconstituted Transfer Certificate of Title No. T-10179-P (M) defendant shall cause survey of said property, at its own expense, to segregate the area of One Thousand Two Hundred Thirty-Three, (1,233) sq. m. more or less, to take along lines two (2) to three (3), then to four (4) and up to five (5) of said plan, Csd-04-001618D;

2. That upon completion of the technical survey and plan, defendant shall cause the registration of the Deed of Absolute Sale executed by plaintiff over the 1,233 sq. m. in his favor and that defendant shall deliver the survey and plan pertaining to the 1,821 sq. m. to the plaintiff with both parties defraying the cost of registration and titling over their respective shares;

3. That to carry out the foregoing, plaintiff shall entrust the Owner's Duplicate of said TCT No. T-10179-P (M), Registry of Deeds of Meycauayan, Bulacan, to the defendant, upon approval of this COMPROMISE AGREEMENT by the Court;

4. That upon the approval of this Compromise Agreement plaintiff shall execute a Deed of Absolute Sale in favor of defendant over the 1,233 sq. m. surveyed and segregated from the 1,821 sq. m. which should remain with the plaintiff and to be titled in his name;

5. That plaintiff obligates himself to return his loan obligation to the defendant, in the principal sum of P 80,000.00 plus P 20,000.00 for the use thereof, and an additional sum of P 10,000.00 in the concept of attorney's fees, which sums shall be guaranteed by a post-dated check, in the amount of P 110,000.00 in plaintiff's name with his prior endorsement, drawn and issued by plaintiff's counsel, for a period of Sixty (60) days from October 9, 1990;

6. That in the event the check issued pursuant to paragraph 5 hereof, is dishonored for any reason whatsoever, upon presentment for payment, then this Compromise Agreement, shall be considered null and void and of no effect whatsoever;

7. That upon faithful compliance with the terms and conditions of this

COMPROMISE AGREEMENT and the Decision based thereon, the parties hereto shall have respectively waived, conceded and abandoned all claims and rights of action of whatever kind or nature, against each other over the subject property.

WHEREFORE, premises considered, the parties hereto hereby jointly and severally pray before this Honorable Court to approve this COMPROMISE AGREEMENT and thereupon render its Decision based thereon terminating the case.

One of the stipulations of the compromise agreement was for Ramos to execute a deed of absolute sale in favor of Gomez respecting the parcel of land with an area of 1,233 square meters, and covered by Transfer Certificate of Title (TCT) No. T-13005 P(M) in the name of Ramos.<sup>[9]</sup> Another stipulation was for the petitioner to issue post-dated checks totaling P110,000.00 to guarantee the payment by Ramos of his monetary obligations towards Gomez as stated in the compromise agreement broken down as follows: (a) P80,000.00 as Ramos' loan obligation to Gomez; (b) P20,000.00 for the use of the loan; and (c) P10,000.00 as attorney's fees. Of these amounts, only P80,000.00 was ultimately paid to Gomez, because the petitioner's check dated April 23, 1991 for the balance of P30,000.00 was dishonored for insufficiency of funds.

Gomez meanwhile died on November 7, 1990. He was survived by his wife Tsui Yuk Ying and their minor children (collectively to be referred to as the Estate of Gomez). The Estate of Gomez sued Ramos and the petitioner *for specific performance* in the RTC in Caloocan City to recover the balance of P30,000.00 (Civil Case No. C-15750). On February 28, 1994, however, Civil Case No. C-15750 was amicably settled through a compromise agreement, whereby the petitioner directly bound himself to pay to the Estate of Gomez P10,000.00 on or before March 15, 1994; P10,000.00 on or before April 15, 1994; and P10,000.00 on or before May 15, 1994.

The Estate of Gomez performed the obligations of Gomez under the first paragraph of the compromise agreement of October 9, 1990 by causing the survey of the bigger tract of land containing an area of 3,054 square meters, more or less, in order to segregate the area of 1,233 square meters that should be transferred by Ramos to Gomez in accordance with Ramos' undertaking under the second paragraph of the compromise agreement of October 9, 1990. But Ramos failed to cause the registration of the deed of absolute sale pursuant to the second paragraph of the compromise agreement of October 9, 1990 despite the Estate of Gomez having already complied with Gomez's undertaking to deliver the approved survey plan and to shoulder the expenses for that purpose. Nor did Ramos deliver to the Estate of Gomez the owner's duplicate copy of TCT No. T-10179 P(M) of the Registry of Deeds of Meycauayan, Bulacan, as stipulated under the third paragraph of the compromise agreement of October 9, 1990. Instead, Ramos and the petitioner caused to be registered the 1,233 square meter portion in Ramos's name under TCT No. T-13005-P(M) of the Registry of Deeds of Meycauayan, Bulacan.

Accordingly, on July 6, 1995, the Estate of Gomez brought a complaint for specific performance against Ramos and the petitioner in the RTC in Valenzuela (Civil Case No. 4679-V-95)<sup>[10]</sup> in order to recover the 1,233 square meter lot. However, the Valenzuela RTC dismissed the complaint on April 1, 1996 upon the motion of Ramos

and the petitioner on the ground of improper venue because the objective was to recover the ownership and possession of realty situated in Meycauayan, Bulacan, and because the proper recourse was to enforce the judgment by compromise Agreement rendered on October 9, 1990 through a motion for execution.

The Estate of Gomez appealed the order of dismissal to the Court of Appeals (CA), which ruled on July 24, 2001 to affirm the Valenzuela RTC and to dismiss the appeal (CA-G.R. CV No. 54231).

On September 20, 2002, the Estate of Gomez commenced Civil Case No. 722-M-2002 in the Valenzuela RTC, ostensibly to revive the judgment by compromise rendered on October 9, 1990 in Civil Case No. 3287-V-90, praying that Ramos be ordered to execute the deed of absolute sale covering the 1,233 square meter lot pursuant to the fourth stipulation of the compromise agreement of October 9, 1990. The petitioner was impleaded as a party-defendant because of his having guaranteed the performance by Ramos of his obligation and for having actively participated in the transaction.

On January 8, 2003, the petitioner moved for the dismissal of Civil Case No. 722-M-2002, alleging that the action was already barred by *res judicata* and by prescription; that he was not a real party-in-interest; and that the amount he had guaranteed with his personal check had already been paid by Ramos with his own money.<sup>[11]</sup>

Initially, on February 18, 2003,<sup>[12]</sup> the RTC granted the petitioner's motion to dismiss, finding that the right of action had already prescribed due to more than 12 years having elapsed from the approval of the compromise agreement on October 9, 1990, citing Article 1143 (3) of the *Civil Code* (which provides a 10-year period within which a right of action based upon a judgment must be brought from).

On March 24, 2003,<sup>[13]</sup> however, the RTC reversed itself upon motion of the Estate of Gomez and set aside its order of February 18, 2003. The RTC reinstated Civil Case No. 722-M-2002, holding that the filing of the complaint for specific performance on July 6, 1995 in the Valenzuela RTC (Civil Case No. 4679-V-95) had interrupted the prescriptive period pursuant to Article 1155 of the *Civil Code*.

The petitioner sought reconsideration, but the RTC denied his motion for that purpose on April 21, 2003.

On May 12, 2003, the petitioner filed a second motion for reconsideration, maintaining that the Estate of Gomez's right of action had already prescribed; and that the judgment by compromise of October 9, 1990 had already settled the entire controversy between the parties.

On August 19, 2003,<sup>[14]</sup> the RTC denied the second motion for reconsideration for lack of merit.

Hence, this special civil action for *certiorari* commenced on September 4, 2003 directly in this Court.

## **Issues**

The petitioner insists that:

xxx the lower court acted with grave abuse of discretion, amounting to lack of, or in excess of jurisdiction, when, after having correctly ordered the dismissal of the case below, on the ground of prescription under Art. 1144, par. 3, of the Civil Code, it reconsidered and set aside the same, on the factually baseless and legally untenable Motion for Reconsideration of Private Respondent, insisting, with grave abuse of discretion, if not bordering on ignorance of law, and too afraid to face reality, that it is Art. 1155 of the same code, as invoked by Private Respondents, that applies, and required herein petitioner to file his answer, despite petitioner's first Motion for Reconsideration, which it treated as a mere scrap of paper, yet, at the same [sic] again it insisted that Article 1155 of the Civil Code should apply, and, thereafter when, with like, if not greater grave abuse of discretion, amounting to lack, or in excess of jurisdiction, it again denied petitioner's Second Motion for Reconsideration for lack of merit, and giving petitioner a non-extendible period of ten [10] days from notice, to file his answer.<sup>[15]</sup>

In his reply to the Estate of Gomez's comment,<sup>[16]</sup> the petitioner elucidated as follows:

[1] Whether or not, the Honorable public respondent Judge gravely abused his discretion, amounting to lack of, or in excess of jurisdiction, when, after ordered the dismissal of Civil Case No. 722-M-2002, as prescription has set in, under Art. 1143 of the Civil Code, he set aside and reconsidered his said Order, on motion of plaintiff, by thereafter denied petitioner's Motion for Reconsideration, and Second Motion for Reconsideration, insisting, despite his being presumed to know the law, that the said action is not barred by prescription, under Art. 1145 of the Civil Code;

[2] Whether or not, the present pending action, Civil Case No. 722M-2002, before Branch 12 of the Regional Trial Court of Malolos, Bulacan, is barred, and should be ordered be dismissed, on the ground of prescription, under the law and the rules, and applicable jurisprudence.

[3] Whether or not, the same action may be dismissed on other valid grounds.<sup>[17]</sup>

The petitioner submits that Civil Case No. 722-M-2002 was one for the revival of the judgment upon a compromise agreement rendered in Civil Case No. 3287-V-90 that attained finality on October 9, 1990; that considering that an action for revival must be filed within 10 years from the date of finality, pursuant to Article 1144 of the *Civil Code*,<sup>[18]</sup> in relation to Section 6, Rule 39 of the *Rules of Court*,<sup>[19]</sup> Civil Case No. 722-M-2002 was already barred by prescription, having been filed beyond the 10-year prescriptive period; that the RTC gravely abused its discretion in reinstating the