

FIRST DIVISION

[G.R. No. 168840, December 08, 2010]

**ENRIQUE MIGUEL L. LACSON, PETITIONER, VS. MJ LACSON
DEVELOPMENT COMPANY, INC., RESPONDENT.**

D E C I S I O N

DEL CASTILLO, J.:

After a futile attempt to have the amicable settlement he entered into with respondent partially modified, petitioner now comes before us for relief.

This Petition for Review on *Certiorari* assails the Decision^[1] dated February 18, 2005 of the Court of Appeals (CA) in CA-G.R. SP No. 79859 which denied the petition for *certiorari* before it, as well as the Resolution^[2] dated May 27, 2005 which likewise denied the motion for reconsideration thereto.

Factual Antecedents

Respondent MJ Lacson Development Company, Inc. is a corporation engaged in the business of sugar production. It owns and operates *Hacienda San Benito* in Moises Padilla, Negros Occidental. On January 20, 2003, it filed before the Regional Trial Court (RTC) of Negros Occidental in Bacolod City a Complaint for Injunction with Preliminary Mandatory Injunction, Accounting and Damages^[3] against petitioner Enrique Miguel Lacson.

Respondent alleged that petitioner, as its former president who managed *Hacienda San Benito*, milled the sugar cane produce of the *hacienda* under his own name and against the instruction of the Board of Directors. Thus, in a board meeting held on October 24, 2002, petitioner was no longer reelected as President. His brother, Miguel Antonio L. Lacson, was elected to take his place. This notwithstanding, petitioner refused to relinquish his post to the newly elected president. He continued to manage the *hacienda*, harvest and mill the sugar canes under his own name, and refused to turn over the proceeds of the sale thereof. Respondent further alleged that as of December 29, 2002, the amount of checks, the delivery of which to respondent was withheld by petitioner, already reached P5,565,643.58, excluding an undetermined amount of sugar and molasses proceeds and other incentives obtained from sugar canes milled thru Association de Agriculture de La Carlota y Pontevedra, Inc. (ALPI) and the Binalbagan-Isabela Planters Association (BPA). Moreover, petitioner caused the preparation and planting of the sugar fields for Sugar Crop Year 2003-2004 despite the decision of the Board of Directors that it will no longer continue the cultivation of *Hacienda San Benito* in the absence of additional investors for said sugar crop year. Hence, respondent filed the abovementioned complaint which it later amended to include a prayer for the issuance of a temporary restraining order to enjoin petitioner from performing the duties and responsibilities as president of respondent corporation, from managing

Hacienda San Benito and from harvesting and milling the sugar cane produce thereof.^[4] The case was raffled to RTC Bacolod City, Branch 53 and docketed as Commercial Court Case No. 03-041.

In an Order^[5] dated January 27, 2003, the RTC issued a 20-day temporary restraining order (TRO) reckoned from petitioner's receipt thereof ordering him to cease and desist from: (1) exercising the duties and responsibilities as president of respondent corporation; (2) continuing with the active management of *Hacienda San Benito*; (3) harvesting the standing crops of said *hacienda* and from milling sugar cane already harvested with any cooperative sugar central or milling company; and (4) from withdrawing the monetary proceeds of the sugar production from any cooperative or sugar central, or from any banking or financial institution where the money is deposited.

However, the parties were thereafter able to arrive at an Amicable Settlement,^[6] the pertinent portions of which read as follows:

AMICABLE SETTLEMENT

x x x x

1. Defendant Enrique Miguel Lacson agrees to immediately execute a Promissory Note in favor of plaintiff corporation in the amount of P7,531,244.84 representing cash advances to defendant by plaintiff-corporation for expenses incurred for sugar crop year 2003-2004;
2. That the Promissory Note shall be secured by a pledge to be immediately executed by defendant over his Two Thousand Fifty (2,050) shares of stock in MJ Lacson Development Company, Incorporated;
3. Defendant shall pay the amount subject matter of the Promissory Note in seven (7) equal month(ly) installments, the first installment to be due on October 30, 2003 and the final or last installment on April 30, 2004, with interest at the rate of twelve (12%) percent per annum to be computed starting on the date of the Promissory Note;
4. The proceeds or profits of the corporation in *Hacienda San Benito* farm for sugar crop year 2002-2003 shall be determined and reported by plaintiff not later than May 31, 2003. Thereafter the defendant shall be paid x x x his crop bonus which is five (5%) percent of the net profits corresponding to sugar crop years 2001-2002 and 2002-2003;
5. The plaintiff shall conduct an inventory within one (1) week from approval of this amicable settlement of all existing farm x x x equipment. The said farm equipment and implements will be leased by the plaintiff corporation to the defendant for sugar crop

year 2003-2004 at a fixed rental of P300,000.00. The defendant shall have the right to inspect and note the condition of the equipment or implements in the presence of the representative of the plaintiff corporation and at the expiration of the lease which is the end of sugar crop year 2003-2004, defendant shall return the equipment or implements leased [in] the same condition as defendant received the same without need of further demand. If the plaintiff corporation decides to sell the equipment or implements leased, the defendant has the first option to buy at such price to be agreed upon by both plaintiff and defendant;

6. The remaining property belonging to plaintiff corporation consisting of a five (5) hectare portion representing retention area and an additional six (6) hectares belonging to the plaintiff corporation not covered by land reform program, shall likewise be leased to the defendant for one (1) year at the rate of twelve (12) piculs per hectare for sugar crop year 2003-2004. Parties may agree to extend the lease subject to the terms and condition they may agree upon;

The residential house, office and garage of plaintiff corporation at *Hacienda San Benito* farm shall be repaired and maintained by defendant at his expense and with the right to use free of charge for one year ending April 30, 2004. Any extension shall be subject to terms and conditions parties may mutually agree [upon];

7. All sugar and molasses proceeds and incentives for sugar crop year 2002-2003 except those intended for the sugar farm workers such as Social Amelioration benefits shall belong to plaintiff. The plaintiff corporation thru its President Miguel Antonio Lacson is authorized to take delivery and dispose of the remaining unsold quedans still in possession of various sugar centrals and/or cooperatives. The defendant shall endorse the quedans and the proceeds thereof [shall] be deposited in the corporate account of MJ Lacson Development Co., Inc.;
8. The remaining balance under Current Account No. 13100544-0 with Equitable PCIBank, Mandalagan Branch, Bacolod City shall be transferred immediately to the corporate account of MJ Lacson Development Co., Inc.;
9. All standing canes, expenses, sugar and molasses proceeds and incentives for sugar crop year 2003-2004 shall belong to the defendant. Defendant is solely responsible for salaries and benefits of laborers for sugar crop year 2003-2004;
10. Plaintiff corporation shall not exercise its right to lease back *Hacienda San Benito* from its farmer-beneficiaries.

They submitted the above-quoted Amicable Settlement on April 15, 2003 for the trial court's approval and same was eventually approved through a Judgment by

Compromise^[7] dated April 23, 2003.

Just less than a month after said approval, however, petitioner filed on May 13, 2003 a Motion for Partial Modification of the Judgment by Compromise.^[8] In said motion, petitioner alleged that prior to the submission of the Amicable Settlement for approval, the Department of Agrarian Reform (DAR) installed a group of farmer-beneficiaries who were not workers or laborers of *Hacienda* San Benito. Said group allegedly cut the standing crops in the *hacienda* and such act, petitioner claimed, could not be stopped by him because at that time, he has no power to do so because of the TRO issued by the court. Because of this, petitioner believed that there was a need to partially modify the conditions of the Amicable Settlement by proportionately reducing the amount covered by the promissory note which he would execute in favor of respondent pursuant to paragraph 1 of the above-quoted Amicable Settlement.

On May 14, 2003, respondent filed its Opposition^[9] to said motion and at the same time a Motion for Execution (of Judgment By Compromise).^[10] In said Opposition, respondent emphasized that the subject amicable settlement was freely and voluntarily entered into by the parties with the assistance of their respective counsels and that the Judgment by Compromise is final and immediately executory. And, as an amicable settlement once approved by the court has the force of *res judicata* between the parties and should not be disturbed except for vices of consent or forgery, respondent posited that petitioner's motion for partial modification should be denied considering that the amicable settlement they entered into does not suffer from any vices of consent or forgery. Moreover, respondent claimed in its motion for execution that petitioner did not comply with the Judgment by Compromise and hence, it prayed for the issuance of a writ of execution which it claimed to be entitled to as a matter of right.

In an Order^[11] dated June 30, 2003, the trial court granted respondent's Motion for Execution, in effect denying petitioner's Motion for Partial Modification of the Judgment by Compromise. Petitioner filed a Motion for Reconsideration^[12] thereto but same was denied in an Order^[13] dated August 20, 2003. Thus, petitioner went to the CA by way of petition for *certiorari*.

Ruling of the Court of Appeals

Before the CA, petitioner averred that the trial court failed to rule on his motion, made in open court, to be allowed to present evidence in support of his motion for partial modification. He claimed that had said court allowed him to do so, he could have shown that the DAR's installation of the farmer-beneficiaries was with the knowledge and consent of respondent because, as owner of the *hacienda*, it must have been served with a prior Notice of Installation. However, petitioner claimed that this fact was not made known or revealed to him by respondent; otherwise, he would not have entered into the amicable settlement. Moreover, petitioner alleged that respondent did not even lift a finger to prevent said installation. These, according to petitioner, are vices of consent or fraudulent acts which justify the partial modification of the Judgment by Compromise. Hence, petitioner posited that the trial court committed grave abuse of discretion amounting to lack or excess of jurisdiction in denying his Motion for Partial Modification of the Judgment by