



Republic of the Philippines  
**Supreme Court**  
 Manila

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 WILFREDO V. LAPIDAN  
 Division Clerk of Court  
 Third Division

AUG 09 2018

**SPECIAL THIRD DIVISION**

**SM SYSTEMS CORPORATION**  
 (formerly **SPRINGSUN**  
**MANAGEMENT SYSTEMS**  
**CORPORATION**),

Petitioner,

- versus -

**G.R. No. 178591**

Present:

**VELASCO, JR., J.**,  
*Chairperson*,  
**BERSAMIN**,  
**JARDELEZA**,  
**TIJAM**, and  
**REYES, JR., JJ.**

**OSCAR CAMERINO, EFREN**  
**CAMERINO, CORNELIO**  
**MANTILE, DOMINGO**  
**ENRIQUEZ AND HEIRS OF**  
**NOLASCO DEL ROSARIO**,

Respondents.

Promulgated:

July 30, 2018

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**DECISION**

**TIJAM, J.:**

This resolves the Motions<sup>1</sup> for Reconsideration filed by Intervenor Mariano Nocom (Nocom) and Oscar Camerino (Oscar), Efren Camerino, Cornelio Mantile, Domingo Enriquez and the Heirs of Nolasco Del Rosario (respondents) questioning Our Decision<sup>2</sup> dated March 29, 2017, the dispositive portion of which, reads:

<sup>1</sup> *Rollo*, pp. 1236-1250 and 1294-1304.

<sup>2</sup> Penned by Associate Justice Bienvenido L. Reyes, concurred in by Associate Justices Presbitero J. Velasco, Jr., Lucas P. Bersamin, Francis H. Jardeleza and Noel Gimenez Tijam,; id. at 1169-1184.

*W*

**IN VIEW OF THE FOREGOING**, the Decision and Resolution of the Court of Appeals, dated October 23, 2006 and June 29, 2007, respectively, in CA-G.R. SP No. 92994, are **SET ASIDE**. The writ of execution issued on August 22, 2005 by the Regional Trial Court of Muntinlupa City, Branch 256 in Civil Case No. 95-020 is hereby **QUASHED**. Transfer Certificate of Title Nos. 15895, 15896, and 15897 in the names of Oscar Camerino, Efren Camerino, Cornelio Mantile, Domingo Enriquez and Nolasco del Rosario are hereby **CANCELLED**, and TCT Nos. 120541, 120542 and 123872 in the name of Springsun Management Systems Corporation, the predecessor of the petitioner herein, SM Systems Corporation, are **REINSTATED**. The trial court is further directed to **RETURN** to the intervenor, Mariano Nocom, the amounts of ₱9,790,612.00 and ₱147,059.18 consigned by him as redemption price and commission, respectively.

**SO ORDERED.**<sup>3</sup>

### **Factual Antecedents**

In Our Decision dated March 29, 2017, the antecedent facts of this case are as follows:


Victoria Homes, Inc. (Victoria Homes) was the registered owner of three (3) lots (subject lots), covered by Transfer Certificate of Title (TCT) Nos. (289237) S-6135, S-72244 and (289236) S-35855, with an area of 109,451 square meters, 73,849 sq m, and 109,452 sq m, respectively. These lots are situated in Bario Bagbagan, Muntinlupa, Rizal (now Barangay Tunasan, Muntinlupa City, Metro Manila).

Since 1967, respondents [Oscar], [Efren], [Cornelio], [Domingo] and [Nolasco] (herein represented by his heirs) were farmers-tenants of Victoria Homes, cultivating and planting rice and corn on the lots.

On February 9, 1983 and July 12, 1983, Victoria Homes without notifying [the farmers], sold the subject lots to Springsun Management Systems Corporation (Springsun), the predecessor-in-interest of [SMS]. The Deeds of Sale were registered with the Registry of Deeds of Rizal. Accordingly, TCT Nos. (289237) S-6135, (289236) S-35855, and S-72244 in the name of Victoria Homes were cancelled and, in lieu thereof, TCT Nos. 120541, 120542 and 123872 were issued in the name of Springsun. Springsun subsequently mortgaged the subject lots to Banco Filipino Savings and Mortgage Bank (Banco Filipino) as security for its various loans amounting to ₱11,545,000.00. When Springsun failed to pay its loans, the mortgage was foreclosed extra-judicially. At the public auction sale, the lots were sold to Banco Filipino, being the highest bidder, but they were eventually redeemed by Springsun.

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<sup>3</sup> Id. at 1182.




On March 7, 1995, [the farmers] filed with the [RTC], Branch 256, Muntinlupa City, a complaint against Springsun and Banco Filipino for Prohibition/*Certiorari*, Reconveyance/Redemption, Damages, Injunction with Preliminary Injunction and Temporary Restraining Order or, simply, an action for Redemption. On January 25, 2002, the RTC rendered a decision in favor of [the farmers], authorizing them to redeem the subject lots from Springsun for the total price of ₱9,790,612.00. On appeal to the CA, the appellate court affirmed the RTC decision with a modification on the award of attorney's fees.

Aggrieved, Springsun elevated the matter to this Court *via* a petition for review on *certiorari*. The case was docketed as G.R. No. 161029. On January 19, 2005, we affirmed the CA Decision. With the denial of Springsun's motion for reconsideration, the same became final and executory; accordingly, an entry of judgment was made. [The farmers] thus moved for the execution of the Decision.

[SMS] instituted an action for Annulment of Judgment with prayer for the issuance of a Temporary Restraining Order before the CA, docketed as CA-G.R. SP No. 90931. [SMS] sought the annulment of the RTC decision allowing [the farmers] to redeem the subject property. [SMS] argued that it was deprived of the opportunity to present its case on the ground of fraud, manipulations and machinations of [the farmers]. It further claimed that the Department of Agrarian Reform, not the RTC, had jurisdiction over the redemption case. The CA, however, dismissed the petition on October 20, 2005. Its motion for reconsideration was also denied for lack of merit. The matter was elevated to this Court *via* a petition for review on *certiorari* in G.R. No. 171754, but the same was denied on June 28, 2006. After the denial of its motion for reconsideration, the Decision became final and executory; and an entry of judgment was subsequently made.

Meanwhile, on December 18, 2003, [the farmers] executed an Irrevocable Power of Attorney in favor of Mariano Nocom (Nocom), authorizing him, among other things, to comply with our January 19, 2005 Decision by paying the redemption price to Springsun and/or to the court. [The farmers], however, challenged the power of attorney in an action for revocation with the RTC. In a summary judgment, the RTC annulled the Irrevocable Power of Attorney for being contrary to law and public policy. The RTC explained that the power of attorney was a disguised conveyance of the statutory right of redemption that is prohibited under Republic Act No. 3844. The CA affirmed the RTC decision. However, this Court in G.R. No. 182984, set aside the CA Decision and concluded that the RTC erred in rendering the summary judgment. The Court thus remanded the case to the RTC for proper proceedings and proper disposition, according to the rudiments of a regular trial on the merits and not through an abbreviated termination of the case by summary judgment.

On August 4, 2005, as [SMS] refused to accept the redemption amount of ₱9,790,612.00 plus ₱147,059.18 as commission, [the farmers] deposited the said amounts, duly evidenced by official receipts, with the RTC. The RTC further granted [the farmers'] motion for execution and consequently, TCT Nos. 120541, 120542 and 123872 in the name of [SMS] were cancelled and TCT Nos. 15895, 15896, and 15897 were



issued in the names of [the farmers]. It also ordered that the “Irrevocable Power of Attorney” executed on December 18, 2003 by [the farmers] in favor of Nocom, be annotated in the memorandum of encumbrances of TCT Nos. 15895, 15896, and 15897.

On August 20, 2005, [SMS] and [the farmers] (except [Oscar]) executed a document, denominated as *Kasunduan*, wherein the latter agreed to receive ₱300,000.00 each from the former, as compromise settlement. [SMS] then filed a Motion to Hold Execution in Abeyance on the Ground of Supervening Event.

On September 7, 2005, the RTC denied [SMS'] motion, thus:

WHEREFORE, in view of the foregoing, [SMS'] Motion to Hold Execution in Abeyance on the Ground of Supervening Event is denied and the *Kasunduan* separately entered into by [Efren, Cornelio, Domingo and the Heirs of Nolasco] are hereby disapproved.

SO ORDERED.

Aggrieved by the aforesaid Order and the denial of its motion for reconsideration, [SMS] elevated the matter to the CA. On May 8, 2006, counsel for [the farmers] moved that they be excused from filing the required comment, considering that only [Oscar] was impleaded as private respondent in the amended petition; and also because [the farmers] already transferred *pendente lite* their contingent rights over the case in favor of Nocom. Nocom, in turn, filed a Motion for Leave of Court to Admit Attached Comment to the Petition.

On October 23, 2006, the appellate court rendered the assailed Decision, finding [SMS] guilty of forum shopping. The CA concluded that the present case was substantially similar to G.R. No. No. 171754. It further held that the compromise agreement could not novate the Court's earlier Decision in G.R. No. 161029 because only four out of five parties executed the agreement.<sup>4</sup>

### **The Motions for Reconsideration**

In their motions for reconsideration, Nocom and the respondents principally argued that: 1) the validity of the Irrevocable Power of Attorney (IPA) has been already laid to rest. This Court, in G.R. No. 182984, reversed the RTC of Muntinlupa, Branch 203 and the CA when it summarily invalidated the IPA. This Court remanded the case to the RTC and directed the parties to present their evidence to determine the validity of the IPA. However, instead of the respondents presenting their evidence, the latter filed a motion to dismiss the action for revocation of the IPA. The dismissal order of the RTC became final and executory and effectively barred the relitigation of the same issues;<sup>5</sup> and 2) the Compromise Agreements denominated as “*Kasunduan*” are invalid which did not constitute novation

<sup>4</sup> Id. at 1170-1172.

<sup>5</sup> Id. at 1242-1243.

of judgment. The *Kasunduan* is void because the amount of the compromise is palpably unconscionable. For a measly sum of ₱300,000.00 the respondents, except Oscar, relinquished a valuable 29-hectare property. Given the redemption price of ₱9,790,612.00, the compromise amount of ₱300,000.00 is highly unconscionable and shocking to the conscience, hence, the same is void.

### Ruling of the Court

After careful scrutiny of the records of the case and the motions for reconsideration, We find the respondents' and Nocom's arguments meritorious. Accordingly, We **GRANT** the motions for reconsideration.

Indeed, unless annulled by the courts in an appropriate proceeding, the IPA remains valid.

Recall that on December 18, 2013, respondents executed the IPA<sup>6</sup> authorizing Nocom, among others, to pay the redemption price of ₱9,790,612.00 to the court. Oscar, by himself, filed a Petition to Revoke Power of Attorney<sup>7</sup> against Nocom.

On June 15, 2006, the RTC, Branch 203 of Muntinlupa City issued a Summary Judgment<sup>8</sup> revoking the IPA. Upon appeal to the CA, the latter affirmed the summary revocation of the IPA. However, this Court in G.R. No. 182984, reversed the RTC and CA Decision and concluded that the RTC erred in rendering the summary judgment. The Court thus remanded the case to the RTC for proper proceedings and proper disposition.

Before the RTC, Oscar, with the intervention of the other respondents, instead of presenting their evidence to show the invalidity of the IPA, moved to dismiss the case for the revocation of the IPA. Thus, the RTC, on September 20, 2011, issued an Order<sup>9</sup> dismissing the case. The said dismissal order was not appealed by the parties, hence, became final and executory.

By the dismissal of the action for revoking the IPA, there is no longer any controversy surrounding the validity of the IPA. It is well-settled that this Court is called upon to settle or resolve only actual cases and controversies, not to render advisory opinions.<sup>10</sup> There must be an existing case or controversy that is ripe for judicial determination, not conjectural or anticipatory.<sup>11</sup>

<sup>6</sup> Id. at 455-456.

<sup>7</sup> Id. at 461-467.

<sup>8</sup> Id. at 513-524.

<sup>9</sup> Id. at 1158-1159.

<sup>10</sup> *Ticzon v. Video Post Manila, Inc.*, 389 Phil. 20, 23 (2000).

<sup>11</sup> *Corales, et. al., v. Rep. of the Phils.*, 716 Phil. 432, 441 (2013).

This Court, in its earlier Resolution<sup>12</sup> dated July 26, 2010, held that:

We must recall that, in our January 19, 2005 Decision, we upheld respondents' right to redeem the subject lots for P9,790,612.00. On December 18, 2003, respondents executed an Irrevocable Power of Attorney in favor of Nocom, authorizing him to redeem the subject lots. Pursuant to the aforesaid authority, Nocom deposited with the court the redemption money plus commission on August 4, 2005. Consequently, the certificates of title in the name of petitioner were cancelled, and new ones were issued in the name of respondents. It was only on August 20, 2005 that [SMS] and respondents executed the *Kasunduan* or the compromise agreement. **Although we could have easily declared that the agreement was invalid as there was nothing more to compromise at that time with the redemption of the property by Nocom,** yet, as narrated earlier, respondents assailed in a separate case the validity of the Irrevocable Power of Attorney allegedly executed by them in favor of Nocom. x x x.<sup>13</sup>

As We found earlier, respondents moved for the dismissal of the case revoking the IPA. The dismissal became final and order. Thus, absent any ruling of the court invalidating the IPA, the latter remains valid and binds the parties thereto. As such, Nocom validly redeemed the subject lots from SMS by consigning<sup>14</sup> the redemption price to the court on August 4, 2005. Corollarily, at the time of the execution of the *Kasunduan*<sup>15</sup> on August 21, 2005, there is nothing more to compromise since the subject lots had already been validly redeemed by Nocom.

With the validity of the IPA and the redemption made by Nocom, the compromise agreement executed by SMS with the respondents is null and void. As such, We find it no longer necessary to rule on whether the compromise amount of ₱300,000.00 is unconscionable to render the compromise agreement invalid.

With the foregoing disquisitions, We find that the CA correctly upheld the RTC when it denied the Motion to Hold in Abeyance Execution on Ground of Supervening Event filed by SMS in its Order<sup>16</sup> dated September 7, 2005.

**WHEREFORE,** the Motions for Reconsideration are **GRANTED**. Our Decision dated March 29, 2017 is **REVERSED and SET ASIDE**. The Petition for Review on *Certiorari* filed by SM Systems Corporation is hereby **DISMISSED** for lack of merit. Accordingly, the Decision dated October 23, 2006 of the Court of Appeals in CA-G.R. SP No. 92994 is hereby **REINSTATED**.

<sup>12</sup> 639 Phil. 495 (2010).

<sup>13</sup> Id. at 504-505.

<sup>14</sup> *Rollo*, p. 691.

<sup>15</sup> Id. at 869-875.


<sup>16</sup> Id. at 457-458.

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**SO ORDERED.**


  
**NOEL GIMENEZ TIJAM**  
 Associate Justice

**WE CONCUR:**

  
**PRESBITERO J. VELASCO, JR.**  
 Associate Justice  
 Chairperson


  
**LUCAS P. BERSAMIN**  
 Associate Justice

  
**FRANCIS H. JARDELEZA**  
 Associate Justice

  
**ANDRES B. REYES JR.**  
 Associate Justice

**ATTESTATION**

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

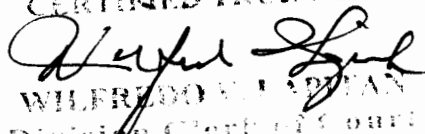
  
**PRESBITERO J. VELASCO, JR.**  
 Associate Justice  
 Chairperson

### CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**ANTONIO T. CARPIO**  
Senior Associate Justice  
(Per Section 12, R.A. 296,  
The Judiciary Act of 1948, as amended)

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Third Division

AUG 09 2018

