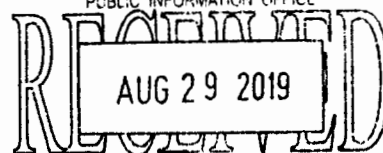




SUPREME COURT OF THE PHILIPPINES  
PUBLIC INFORMATION OFFICE



BY: YSA  
TIME: 8:58

Republic of the Philippines  
**Supreme Court**  
Manila

**SECOND DIVISION**

**BANK OF THE PHILIPPINE ISLANDS,**

Petitioner,

- versus -

**GARCIA-LIPANA COMMODITIES, INC.\*\* and TLL REALTY and MANAGEMENT CORPORATION,**  
Respondents.

**G.R. No. 192366**

**Present:**

CARPIO, J., *Chairperson*,  
PERLAS-BERNABE,  
CAGUIOA,  
GISMUNDO,\* and  
REYES, J. JR., *JJ.*

**Promulgated:**

**01 JUL 2019**

*[Handwritten signature]*

X-----X

**DECISION**

**REYES, J. JR., J.:**

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, assailing the Decision<sup>1</sup> dated January 19, 2010 and the Resolution<sup>2</sup> dated May 27, 2010 of the Court of Appeals (CA) in CA-G.R. SP No. 106051.

This case is rooted from a Complaint for Annulment of Extrajudicial Foreclosure of Mortgage, Nullification of Extrajudicial Foreclosure Sale and Damages with Prayer for Issuance of Temporary Restraining Order (TRO) and Writ of Preliminary Injunction<sup>3</sup> filed by the Garcia-Lipana

\* Additional member, per Raffle dated June 17, 2019, in lieu of Associate Justice Amy C. Lazaro-Javier, who participated in the CA Decision; on official leave.

\*\* Also referred to as "Garcia-Lipa Commodities, Inc." in some parts of the *rollo*.

<sup>1</sup> Penned by Associate Justice Vicente S.E. Veloso, with Associate Justices Elihu A. Ybañez and Amy C. Lazaro-Javier (now a member of the Court), concurring; *rollo*, pp. 26-39.

<sup>2</sup> Id. at 41.

<sup>3</sup> Id. at 43-84.



Commodities, Inc. and TLL Realty and Management Corporation (respondents) against Bank of the Philippine Islands (petitioner).

Succinctly, respondents obtained several loans from petitioner, secured by real estate mortgage on 30 parcels of land with improvements. Respondents religiously paid its loan obligations until at some point, they defaulted. This prompted petitioner to initiate foreclosure proceedings on the mortgaged properties, which were later on sold at public auction to petitioner being the highest bidder.<sup>4</sup> Averting lack of demand and irregularities in the foreclosure proceedings, respondents filed the above-said Complaint.<sup>5</sup>

In an Order<sup>6</sup> dated March 24, 2008, the Regional Trial Court (RTC) of Malolos City, Bulacan, Branch 22, in Civil Case No. 130-M-2008 granted respondents' application for writ of preliminary injunction, enjoining petitioner from consolidating its ownership over and taking possession of the foreclosed properties, which reads:

**WHEREFORE, IN VIEW OF ALL THE FOREGOING**, it appearing that the acts complained of would be in violation of [respondents'] right and would work [injustice] to the [respondents] and so as not to render ineffectual whatever judgment may be issued in this case, the application for preliminary injunction is hereby **GRANTED**. Let a Writ of Preliminary Injunction be issued enjoining [petitioner] x x x from procuring a writ of possession from the Court; the defendant Office of the Ex-Officio Sheriff of the [RTC] of Malolos City, Bulacan from entering the premises and taking possession of the subject properties; and defendant Register of Deeds for the [P]rovince of Bulacan (Meycauayan Branch) from consolidating title over the subject properties x x x in the name of [petitioner] x x x until further orders from this Court.

This Order shall be effective upon [respondents'] filing of a bond in the amount of Two Hundred Sixty[-]Nine Million One Hundred Eighteen Thousand Five Hundred Twenty[-]Three Pesos and 42/100 (P269,118,523.42) x x x to answer for any and all damages that [petitioner] may suffer by reason of the issuance of the writ of preliminary injunction.

**SO ORDERED.**<sup>7</sup>

Petitioner's motion for reconsideration of the said Order was denied by the RTC in its August 26, 2008 Order,<sup>8</sup> which reads:

**WHEREFORE**, in view of all the foregoing, the Motion for Reconsideration and the Supplemental Motion for Reconsideration filed by the [petitioner] are hereby **DENIED** for lack of merit.

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<sup>4</sup> Id. at 10.

<sup>5</sup> Supra note 3.

<sup>6</sup> Id. at 283-292.

<sup>7</sup> Id. at 292.

<sup>8</sup> Id. at 319-323.

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Considering that [petitioner] already filed its Answer With Compulsory Counterclaim and [respondents] filed its Answer to Compulsory Counterclaims and Reply, all issues having been joined, the instant case is now ripe for pre-trial. The resolution of all other motions is hereby held in abeyance pending the pre-trial. The Order of this Court dated July 15, 2008 submitting all motions for resolution is hereby set aside. Set this case for pre-trial on October 10, 2008 at 8:30 in the morning. Notify all parties and counsels.

SO ORDERED.<sup>9</sup>

Petitioner filed a Petition for *Certiorari*<sup>10</sup> before the CA, imputing grave abuse of discretion on the part of the RTC in issuing the said Orders.

The CA dismissed said petition in its assailed Decision dated January 19, 2010, the dispositive thereof reads:

**WHEREFORE**, the petition is **DISMISSED** for lack of merit.

**SO ORDERED.**<sup>11</sup>

Petitioner's motion for reconsideration<sup>12</sup> was likewise denied in the CA's assailed May 27, 2010 Resolution as follows:

Considering that the allegations therein are mere rehash of what the movant earlier argued in this case, and finding no cogent reason with which to modify, much less reverse Our assailed Decision dated January 19, 2010, petitioner's Motion for Reconsideration dated February 2, 2010 is hereby **DENIED**.

**SO ORDERED.**<sup>13</sup>

Hence, this petition, essentially raising the sole issue of whether or not the issuance of the writ of preliminary injunction was proper.

While this case was pending, respondents filed a Verified Manifestation and Motion<sup>14</sup> dated January 14, 2016, averring that on May 15, 2015, they, together with the petitioner, submitted to the RTC a "Compromise Agreement with Joint Omnibus Motion 1) To Dismiss with Prejudice and 2) To Lift Annotations."<sup>15</sup> The said Compromise Agreement substantially states that the parties "agreed to forever release, remise, renounce and discharge each other x x x from any and all liabilities, claims, demands, actions, counterclaims[,] and causes of actions of whatever nature and kind," arising from and connected with the Complaint before the RTC,

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<sup>9</sup> Id. at 323.

<sup>10</sup> Id. at 324-345.

<sup>11</sup> Id. at 39.

<sup>12</sup> Id. at 346-350.

<sup>13</sup> Id. at 41.

<sup>14</sup> Id. at 1228-1232.

<sup>15</sup> Id. at 1233-1238.

as well as the instant case before this Court.<sup>16</sup> Thus, the parties jointly moved to dismiss with prejudice the Complaint before the RTC and all claims and counterclaims arising therefrom, which include the case at bar.<sup>17</sup>

The Verified Manifestation and Motion also states that on June 24, 2015, the RTC issued a Judgment Based on the Compromise Agreement,<sup>18</sup> the dispositive thereof reads in part as follows:

**WHEREFORE**, the Compromise Agreement submitted by the parties in the above-entitled case is hereby **APPROVED**. Parties are enjoined to faithfully comply with their obligations as set forth in the said agreements. In view of the foregoing, the complaint of [respondents] dated February 25, 2008 against [petitioner] and all the counterclaims of [petitioner] against [respondents] dated March 28, 2008 are **DISMISSED WITH PREJUDICE**.

Further, the Motion to Lift Annotation is hereby **PARTIALLY GRANTED**. Accordingly, [t]he Registry of Deeds is hereby ordered to cancel the Notice of [*Lis Pendens*] inscribed on the following titles: x x x.

x x x x

Finally, after the cancellation of the *Lis Pendens*, [petitioner] is hereby allowed to consolidate the titles covering the subject properties in its name at the expense of [petitioner].

**SO ORDERED.**<sup>19</sup>

Respondents attached copies of said Compromise Agreement and Judgment Based on the Compromise Agreement in their Verified Manifestation and Motion, together with a copy of the Entry of Judgment<sup>20</sup> dated July 6, 2015.

In a Resolution<sup>21</sup> dated April 11, 2016, this Court required petitioner to comment on respondents' Verified Manifestation and Motion, which prays for the dismissal of the instant petition with prejudice in view of the finality of said Judgment Based on the Compromise Agreement.

In compliance with this Court's April 11, 2016 Resolution, petitioner filed its Comment<sup>22</sup> dated June 28, 2016, which states that it "interposes **no objection** to the *Verified Manifestation and Motion* of the [r]espondents herein praying for the dismissal of the case with prejudice."

In view, therefore, of the final and executory Judgment Based on the Compromise Agreement, which settled any and all claims of the parties

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<sup>16</sup> Id. at 1234-1235.

<sup>17</sup> Id. at 1236.

<sup>18</sup> Id. at 1243-1246.

<sup>19</sup> Id. at 1246.

<sup>20</sup> Id. at 1247.

<sup>21</sup> Id. at 1251.

<sup>22</sup> Id. at 1264-1265.

against each other in relation to the Complaint before the court of origin, and considering respondents' manifestation and motion to dismiss the instant petition and petitioner's assent thereto, the case at bar has been rendered moot and academic. We find no more necessity and purpose in determining whether or not it was proper to enjoin petitioner to consolidate its ownership over the subject properties and to take possession thereof. Under the terms of the compromise, the respondents already agreed, with judicial *imprimatur*, to relinquish their rights over the subject properties in favor of petitioner. In turn, petitioner agreed to accept said properties and to release respondents from any and all liabilities arising from the loan obligation.

It is noteworthy that settlement of cases in court at any stage of the proceeding is not only authorized, but, in fact, encouraged in our jurisdiction;<sup>23</sup> and when a compromise agreement is given judicial approval, it becomes more than just a contract binding upon the parties, it is no less than a judgment on the merits.<sup>24</sup>

Verily, there is no more actual substantial relief to which petitioner would be entitled and which would be negated by the dismissal of the petition.

In *Peñafrancia Sugar Mill, Inc. v. Sugar Regulatory Administration*,<sup>25</sup> the Court explained:

A case or issue is considered moot and academic when it ceases to present a justiciable controversy by virtue of supervening events, so that an adjudication of the case or a declaration on the issue would be of no practical value or use. In such instance, there is no actual substantial relief which a petitioner would be entitled to, and which would be negated by the dismissal of the petition. **Courts generally decline jurisdiction over such case or dismiss it on the ground of mootness. This is because the judgment will not serve any useful purpose or have any practical legal effect because, in the nature of things, it cannot be enforced.** (Citation omitted, emphasis supplied)

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<sup>23</sup> CIVIL CODE. Art. 2028. A compromise is a contract whereby the parties, by making reciprocal concessions, avoid a litigation or put an end to one already commenced.

Art. 2029. The court shall endeavor to persuade the litigants in a civil case to agree upon some fair compromise.

Art. 2030. Every civil action or proceeding shall be suspended:

(1) If willingness to discuss a possible compromise is expressed by one or both parties; or


(2) If it appears that one of the parties, before the commencement of the action or proceeding, offered to discuss a possible compromise but the other party refused the offer.

<sup>24</sup> *Magbanua v. Uy*, 497 Phil. 511, 519 (2005).

<sup>25</sup> 728 Phil. 535, 540 (2014).


**WHEREFORE**, the Petition for Review on *Certiorari* is **DENIED** for being moot and academic.

**SO ORDERED.**



**JOSE C. REYES, JR.**  
*Associate Justice*


**WE CONCUR:**



**ANTONIO T. CARPIO**  
*Senior Associate Justice*  
*Chairperson*



**ESTELA M. PERLAS-BERNABE**  
*Associate Justice*

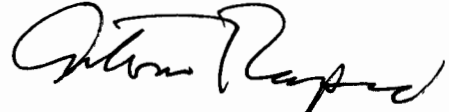


**ALFREDO BENJAMIN S. CAGUIOA**  
*Associate Justice*

**(On Official Leave)**  
**ALEXANDER G. GISMUNDO**  
*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.



**ANTONIO T. CARPIO**  
*Senior Associate Justice*  
*Chairperson, Second Division*

**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.



**LUCAS P. BERSAMIN**  
*Chief Justice*

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