



Republic of the Philippines
Supreme Court
Manila

SUPREME COURT OF THE PHILIPPINES
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SECOND DIVISION

LINO DOMILOS,

Petitioner,

G.R. No. 207887

Present:

PERLAS-BERNABE, S.A.J.,
Chairperson,

**HERNANDO,
ZALAMEDA,
ROSARIO, and
MARQUEZ, JJ.**

- versus -

**SPOUSES JOHN AND DOROTHEA
PASTOR, AND JOSEPH L.
PASTOR,**

Respondents.

Promulgated:

MAR 14 2022 *[Signature]*

X ----- X

DECISION

HERNANDO, J.:

This petition for review on *certiorari*¹ under Rule 45 of the Rules of Court assails the March 26, 2013 Decision² and June 26, 2013 Resolution³ of the Court of Appeals (CA) in CA G.R. CV No. 89201, which affirmed the September 21, 2006 Decision⁴ and January 22, 2007 Resolution⁵ of the Regional Trial Court (RTC), Branch 61 of Baguio City in Civil Case No. 1784-R, finding the spouses John and Dorothea Pastor (spouses Pastor), and Joseph L. Pastor (Joseph) (collectively, the Pastors) to be the rightful owners of the subject properties.

¹ *Rollo*, pp. 6-18.

² *Id.* at 20-35. Penned by Associate Justice Angelita A. Gacutan and concurred in by Associate Justices Fernanda Lampas Peralta and Francisco P. Acosta.

³ *Id.* at 37-38.

⁴ *Records*, pp. 799-808.

⁵ *Id.* at 818-819.

The Antecedents:

The history of this long-running case began in 1953 when Victoriano Domilos (Victoriano) acquired possession over a parcel of land along Kms. 4-5, Santo Tomas Road, Baguio City, measuring approximately 15,745 square meters (sq.m.) in size.⁶ In 1974, Sergio Nabunat (Nabunat) and his family built a shanty on the land and resided therein for three months.⁷

In February 1976, Victoriano transferred all his rights over the property to his son, petitioner Lino Domilos⁸ (Lino). A month later or in March 1976, Nabunat and his family, including his mother-in-law, Can-ay Palichang⁹ (Palichang), returned to the subject property and constructed a house thereon without Lino's consent.¹⁰ This prompted Lino to file a complaint for forcible entry¹¹ against Nabunat with the City Court of Baguio (now Municipal Trial Court in Cities) (MTCC), Branch 4, docketed as Civil Case No. 5893.

On November 17, 1977, the City Court of Baguio rendered a Decision¹² in favor of Lino, ordering Nabunat and the members of his family to vacate the subject property and remove his house therefrom, among others.

The Court of First Instance (now the RTC), Branch 4, in a Decision¹³ dated January 6, 1979, sustained the Decision of the City Court of Baguio. A Writ of Execution and Alias Writs of Execution were issued, and Nabunat's house was demolished.¹⁴

Several years after, on November 17, 1986, Lino and Palichang entered into a compromise agreement,¹⁵ dividing the property among five different parties, to wit:

NOW, THEREFORE, for and in consideration of this noble purpose and objective, both parties do hereby agree, as they have in fact agreed to enter into this Compromise Agreement under the following terms and conditions, to wit:

a. That there is hereby reserved for Mr. LINO DOMILOS a portion with an area of THREE THOUSAND (3,000) SQUARE METERS, more or less, which portion is now occupied and/or claimed by Atty. Jasa, Mr. Federico Yu and one Mr. Reyes.

⁶ *Rollo*, p. 21.

⁷ *Id.*

⁸ Spelled as Damilos in some documents.

⁹ Spelled as Pallichang in some documents.

¹⁰ *Rollo*, p. 21.

¹¹ Records, pp. 574-577.

¹² *Id.* at 584-587.

¹³ *Id.* at 581-A.

¹⁴ *Id.*

¹⁵ *Id.* at 565-567.

b. That the remaining area of TWELVE THOUSAND (12,000) SQUARE METERS shall be divided as follows:

aa. THREE THOUSAND (3,000) SQ. M. shall be owned and possessed by Mr. LINO DOMILOS;

bb. THREE THOUSAND (3,000) SQ. M. shall be owned and possessed, as in fact, had already been occupied and possessed by. MRS. CAN-AY PALLICHANG, maintaining as much as possible, the same area she had been occupying and possessing for quite a long time already.

cc. THREE THOUSAND (3,000) SQ. M. shall be owned, occupied and possessed by SERGIO NABUNAT and wife SOLEDAD PALLICHANG, which should be adjacent and contiguous to the area occupied and owned by MRS. CAN-AY PALLICHANG;

dd. THREE THOUSAND (3,000) [SQ. M.] are hereby transferred and conveyed to ATTY. BASILIO P. RUPISAN, [F]ilipino, of legal age, married and a resident of Bayombong, Nueva Vizcaya to answer for lawyer's fees and other obligations to Victorino S. Alvaro and Col. Rufo Pulido and other persons, which shall be segregated from the southwestern portion of the lot.

The areas to be segregated by a duly-licensed Geodetic Engineer and the exact location of these areas shall be delineated by a separate paper signed by the parties, the expenses to be shared pro-rata.

ee. The parties do hereby agree to dismiss or drop all related cases filed in court or in any office or agency of the government, either originating from their dispute over [the] land or not where anyone of them is a plaintiff or a defendant, to the end that their dispute involving them or their relatives over this land will be completely settled.¹⁶

From the years 1987 to 1989, Lino, Nabunat and Palichang sold different portions of the property to different parties. Lino sold a 600-sq. m. portion of his share to Emerita Limos and a 1,150-sq. m. portion to Rolando Garcia. The Nabunats sold a 250-sq. m. portion of their share to Alejandro Layagan; a 375-sq. m. portion to Romulo B. Tuscano; a 232-sq. m. portion to Dorothea L. Pastor, one of the herein respondents; and a 600-sq. m. portion to Joseph L. Pastor, another respondent, and Jacqueline and Johneva Pastor.¹⁷

On May 9, 1989, Lino sought to execute the November 17, 1977 Decision of the City Court of Baguio by filing a motion for issuance of 4th alias Writ of Execution on Special Order of Demolition and to restore physical possession of land to Lino¹⁸ (motion for 4th Alias Writ of Execution) against Nabunat.

On May 15, 1989, Lino and Palichang executed a revocation and cancellation of compromise agreement,¹⁹ which states in part:

¹⁶ Id. at 565-566.

¹⁷ *Rollo*, p. 23.

¹⁸ Records, pp. 368-369.

¹⁹ Id. at 380.

NOW, THEREFORE, WE LINO DOMILOS AND CAN-AY PALLICHANG by virtue of these presents hereby CANCEL, ANNUL, REVOKE AND MAKE VOID said Compromise Agreement and all matters therein be clarified between us as previously intended to do so.²⁰

The following day, the City Court of Baguio granted Lino's motion for 4th Alias Writ of Execution.²¹ On May 20, 1989, the corresponding 4th Alias Writ of Execution on Special Order for Demolition of Improvement²² was issued resulting in the demolition of some of the properties of the spouses Pastor.

Thus, on June 26, 1989, the spouses Pastor and Joseph filed a suit for annulment of Order, 4th Alias Writ of Execution, revocation of compromise agreement, recovery of possession, damages, with petition for issuance of preliminary prohibitory and mandatory injunction (annulment of order) against Lino, Palichang and Soledad Nabunat (Soledad) before the RTC, Branch 3, Baguio City, claiming ownership and possession over the disputed properties, and sought annulment of the order granting the Writ of Execution and the corresponding 4th Alias Writ of Execution. The case was docketed as Civil Case No. 1784-R.²³

The Pastors claimed that Lino wrongfully sold a portion of his property even if he had none left to sell, according to the compromise agreement. Thus, to get rid of the other lawful owners, Lino revoked the compromise agreement to deliver the disputed properties to the buyer.²⁴

On the other hand, Lino denied all material allegations. He averred that the spouses Pastor failed to include indispensable parties like the judge and sheriff; and that the spouses Pastor are not parties to the compromise agreement. As such, they have no legal personality to sue Lino for revoking the same. Palichang and Soledad similarly denied the allegations and asserted lack of cause of action. They also prayed for payment of damages.²⁵

Subsequently, the spouses Pastor amended their complaint to implead the judge and the sheriff.²⁶

On December 5, 1991, the RTC issued an Order²⁷ granting the motion for leave to amend complaint to implead additional defendants and admitting the spouses Pastor's amended complaint.²⁸ On June 10, 1992, Atty. Basilio Rupisan, one of the owners of the property pursuant to the compromise

²⁰ Id.

²¹ Id. at 581-A.

²² Id. at 377A.

²³ *Rollo*, p. 25.

²⁴ Records, pp. 1-9.

²⁵ *Rollo*, pp. 25-26.

²⁶ Records, pp. 132-133.

²⁷ Id. at 155.

²⁸ Id.

agreement, also filed civil cases²⁹ against Lino and moved for its joint hearing with the case of spouses Pastor.

Ruling of the Regional Trial Court:

On September 21, 2006, the RTC rendered its Decision,³⁰ the dispositive portion of which reads:

WHEREFORE, judgement is rendered as follows:

In Civil Cases No. 1784-R, entitled Sps. John Pastor and Dorothea Pastor and Joseph Pastor vs. Lino Domilos, Can-ay Palichang and Soledad P. Nabunat, the Court finds in favor of [Sps. Pastor and Joseph Pastor] and against [Lino, Palichang and Nabunat] declaring the [Sps. Pastor and Joseph Pastor] to be the rightful owner of the following properties:

a. A parcel of land situated in Res. Sec. "J" Lot 12, bounded by Lot 13, Lot 11 and Lot 4-A, containing an area of TWO HUNDRED THIRTY-TWO (232) Square Meters, more or less;

b. A parcel of land situated in Res. Sec. "J" of Lot 13, bounded by Lot 14, 10 and Lot 12, containing an area of TWO HUNDRED TWENTY-NINE (229) Square Meters, more or less;

c. A certain parcel of land destined for residential purposes, situated at Sto. Tomas Road, Baguio City, located at Res. Sec "J" Baguio City, containing an area of SIX HUNDRED (600) SQUARE METERS, more or less, which parcel of land is bounded on the North by property sold to Lt. Asto and Company, on the East by the property owned by Mr. Lino Domilos; on the West by our existing property and on the South, by a titled property.

[Lino, Palichang and Nabunat] are hereby ordered to surrender peaceful possession of the above-mentioned properties to the [Spouses Pastor and Joseph Pastor] being the necessary consequence of the determination of ownership by the court.

Civil Case No. 2107-R, entitled Basilio P. Rupisan [v.] Lino Domilos, Can-ay Palichang, Soledad P. Nabunat, Sps. Myrna M. Gatchalian and Willie A. Gatchalian and Regino B. Chan, is DISMISSED.

SO ORDERED.³¹

On January 22, 2007, the RTC resolved Lino's motion for reconsideration,³² to wit:

WHEREFORE, the dispositive portion of the Decision, as it concerns Civil Case No. 1784-R, is hereby modified to read as follows:

²⁹ Id. at 164.

³⁰ Id. at 799-808.

³¹ Id. at 807-808.

³² Id. at 809-812.

The Court finds in favor of [the Spouses Pastor and Joseph Pastor] and against [Lino, Palichang and Nabunat] and declaring [the Spouses Pastor and Joseph Pastor] to have acquired lawful rights over the following properties:

a. A parcel of land situated in Res. Sec "J" Lot 12, bounded by Lot 13, Lot 11 and Lot 4-A, containing an area of TWO HUNDRED THIRTY-TWO (232) Square Meters, more or less;

b. A parcel of land situated in Res. Sec. "J" of Lot 13, bounded by Lot 14, 10 and Lot 12, containing an area of TWO HUNDRED TWENTY-NINE (229) Square Meters, more or less;

c. A certain parcel of land destined for residential purposes situated at Sto. Tomas Road, Baguio City, located at Res. Sec. "J" Baguio City, containing an area of SIX HUNDRED (600) SQUARE METERS, more or less, which parcel of land is bounded on the North by property sold to Lt. Asto and Company, on the East by the property owned by Mr. Lino Domilos; on the West by our existing property and on the South, by a titled property.

In relation to the above modification, [Lino, Palichang and Nabunat] are hereby ordered to surrender peaceful possession of the above-mentioned properties to the [Sps. Pastor and Joseph Pastor] having acquired rights thereto by virtue of a valid conveyance.

SO ORDERED.³³

Ruling of the Court of Appeals:

The CA sustained the RTC and ruled in favor of the Pastors. The dispositive portion of the CA Decision reads:

WHEREFORE, the appeal is DISMISSED. The assailed Decision dated September 21, 2006 and the Resolution dated January 22, 2007 of the Regional Trial Court of Baguio City, in Civil Case No. 1784-R, are AFFIRMED. Costs against defendants-appellants.

SO ORDERED.³⁴

Thus, this petition for review on *certiorari*.³⁵

Issues:

1. WHETHER OR NOT THE [RTC] DECISION AND AFFIRMED BY THE [CA] IS VALID WHEN IT FAILED TO STATE THE LAW AND JURISPRUDENCE TO SUPPORT ITS JUDGMENT AS REQUIRED IN SECTION 1, RULE 36 OF THE RULES OF COURT AND ARTICLE VIII, SECTION 14 OF THE 1987 CONSTITUTION.

³³ Id. at 828-829.

³⁴ *Rollo*, p. 34.

³⁵ Id. at 6-18.

2. WHETHER OR NOT THE COMPROMISE AGREEMENT ENTERED UPON BY [DOMILOS] WITH PALICHANG AND NABUNAT, PENDING A CASE IN THE [RTC], WHICH WAS NOT EVEN SUBMITTED FOR JUDICIAL APPROVAL, CAN BE A VALID SOURCE OF A RIGHT.

3. WHETHER OR NOT THE [CA] ERRED IN NOT CONSIDERING THE JUDICIAL ADMISSIONS OF THE [SPOUSES PASTOR] AND JOSEPH L. PASTOR WHICH CAN PROVE THAT [THEY] ARE BUYERS IN BAD FAITH.

4. WHETHER OR NOT BUYERS IN BAD FAITH HAVE A LEGAL AND REAL INTEREST TO VALIDLY MAINTAIN AN ACTION TO ASSAIL THE VALIDITY OF REVOCATION AND CANCELLATION OF A COMPROMISE AGREEMENT, NOT BEING [PARTIES] THERETO.

5. WHETHER OR NOT ARTICLE 1131 OF THE [CIVIL CODE] WAS PROPERLY APPLIED BY THE [CA].³⁶

Our Ruling

The Court denies the petition for review on *certiorari* and affirms the Decision of the CA and RTC finding the Pastors to be the rightful owners of the subject properties.

The RTC and CA Decisions were supported by law and jurisprudence.

Lino contends that both the RTC and CA Decisions were in violation of the first paragraph of Article VIII, Section 14 of the 1987 Constitution which states:

SECTION 14. No decision shall be rendered by any court without expressing therein clearly and distinctly the facts and the law on which it is based.

Lino also alleges that the RTC and CA Decisions violated Rule 36, Section 1 of the Rules of Court,³⁷ to wit:

SECTION 1. *Rendition of judgments and final orders.* – A judgment or final order determining the merits of the case shall be in writing personally and directly prepared by the judge, stating clearly and distinctly the facts and the law on which it is based, signed by him, and filed with the clerk of court.

The Court disagrees.

A perusal of the records of the case clearly shows that both the RTC and the CA summarized the facts of the case on its pertinent points and backed up their rulings and conclusion with applicable law and jurisprudence. The

³⁶ Id. at 10.

³⁷ 1997 RULES OF CIVIL PROCEDURE AS AMENDED.

pronouncement in *People v. Maguikay*,³⁸ which the CA cited as legal basis, still holds true today:

All that [the Constitutional] provision requires is that the decision should state the “essential ultimate facts” upon which the court’s conclusion is drawn. Courts need not discuss in their decision every evidence adduced by the parties for many of them are not relevant to the decisive issues of fact and law involved in the case. Indeed, a trial judge enjoys a wider latitude of determining the material facts based on the conflicting asseverations of both parties which would be the basis of his [or her] decision. In congruence, it is presumed that the official duty has been regularly performed, and that all the matters within an issue raised in a case were laid before the court and passed upon by it.³⁹

The purpose of Article VIII, Section 14 of the Constitution in relation to Rule 36, Section 1 of the Rules of Court, is to inform the person reading the decision, and especially the parties involved in the case, of how the decision was reached by the court after consideration of the pertinent facts and examination of the applicable laws. A decision that does not clearly and distinctly state the facts and the law on which it is based leaves the parties in the dark as to how it was reached. It is especially prejudicial to the losing party who is unable to pinpoint the possible errors of the court for review by a higher tribunal.⁴⁰

A review of both the September 21, 2006 RTC Decision and March 26, 2013 CA Decision reveals that the judgments were consistent with the purpose of the Article VIII, Section 14 of the 1987 Constitution as both contained a thorough summary of the antecedent facts and proceedings; a discussion of relevant statutory provisions and jurisprudence; and a presentation of significant documentary evidence presented by both parties. Clearly, the two judgments were reached in the regular performance of the courts’ duty and no error can be attributed to either of the decisions.

The Pastors have a legal and real interest in the subject properties.

The subject compromise agreement, being a contract that has the force of law, is also governed by the requisites and principles of contracts under Title II of the Civil Code,⁴¹ particularly Articles 1312, 1315 and 1385, to wit:

Article 1312. In contracts creating real rights, **third persons who come into possession of the object of the contract are bound thereby**, subject to the provisions of the Mortgage Law and the Land Registrations Laws.

Article 1315. Contracts are perfected by mere consent, and from that moment **the parties are bound not only to the fulfillment of what has been expressly**

³⁸ 307 Phil. 605 (1994).

³⁹ Id. at 623.

⁴⁰ See *People v. Sandiganbayan*, 642 Phil. 640, 649 (2010).

⁴¹ See *Land Bank of the Philippines v. Heirs of Spouses Rigor-Soriano*, 702 Phil. 521, 530 (2013).

stipulated but also to all the consequences, which, according to their nature, may be in keeping with good faith, usage and law.

Article 1385. Rescission creates the obligation to return the things which were the object of the contract, together with their fruits, and the price with its interest; **consequently, it can be carried out only when he who demands rescission can return whatever he may be obliged to restore.**

Neither shall rescission take place when the things which are the object of the contract are legally in the possession of third persons who did not act in bad faith.

In this case, indemnity for damages may be demanded from the person causing the loss. (Emphasis supplied)

It is clear from the above provisions that the compromise agreement was a contract that created real rights as it was a contract for division of property. The third persons, the Pastors, who came into possession of the object of the contract are thus, bound by the contract or compromise agreement.

Furthermore, rescission, or in this case, revocation or cancellation of the compromise agreement, cannot take place because the objects of the contract are already in the legal possession of the Pastors who did not act in bad faith. At the time the compromise agreement was revoked by Lino and Palichang, the Pastors were already legal co-owners of the property by virtue of a valid sale.⁴² As such, their respective shares in the disputed property may not be validly included in the revocation of the compromise agreement without their knowledge and consent. Although it is clear that the Pastors are not parties to the compromise agreement, their objection to its revocation can be treated as an adverse claim over the disputed property.⁴³

Lino cannot anymore move to execute the decisions of the lower courts.

Finally, the Court agrees with the CA when it invalidated the motion for 4th Alias Writ of Execution. The MTCC Decision was issued on November 17, 1977 and was further appealed to the RTC, which appeal was then decided on January 6, 1979. No appeal was further filed from 1979, thus, the RTC Decision became final. Therefore, in accordance with Rule 39, Section 6 of the Rules of Court,⁴⁴ Lino had five years from 1979 to file a motion to execute the final judgment. However, the records show that the motion for the 4th Alias Writ of

⁴² Records, pp. 51-56.

⁴³ See *Logarta v. Mangahis*, 789 Phil. 244, 252 (2016).

⁴⁴ Rule 39, Section 6 of the Rules of Court states:

Section 6. *Execution by motion or by independent action.* – A final and executory judgment or order may be executed on motion within five (5) years from the date of its entry. After the lapse of such time, and before it is barred by the statute of limitations, a judgment may be enforced by action. The revived judgment may also be enforced by motion within five (5) years from the date of its entry and thereafter by action before it is barred by the statute of limitations.

Execution was only filed with the MTCC on May 9, 1989,⁴⁵ or 10 years and 4 months from the time the judgment was issued.

The RTC Decision, dated January 6, 1979, likewise attained finality when no appeal was taken. In accordance with Article 1144, paragraph (3) of the Civil Code,⁴⁶ Lino had 10 years from the time the judgment was issued or until January 1989 to bring an ordinary civil action for the execution of the RTC judgment. However, the 10 years had already lapsed by the time Lino filed the motion for 4th Alias Writ of Execution on May 9, 1989.

The Court agrees with the ruling of the CA, citing *Terry v. People*:⁴⁷

The rule is that the court could issue a writ of execution by motion within five (5) years from [the] finality of the decision. After the lapse of this period and before the same is barred by the statute of limitations, the judgment may be enforced by instituting an ordinary civil action. The reason is that after the lapse of the five-year period, the judgment is reduced to a mere right of action, which judgment must be enforced, as all other ordinary civil actions, by the institution of the complaint in the regular form. Such action must be filed within ten (10) years from the date the judgment became final.

As shown by the records, the MTC rendered a Decision in the forcible entry case on November 17, 1977. The Decision was appealed to the RTC, which sustained the MTC in a Decision dated January 6, 1979. No further appeal was interposed by either party, allowing the RTC Decision to attain finality. The 4th Alias Writ of Execution, on the other hand, was issued by the MTC only on May 20, 1989. At that time, this could no longer be lawfully done as the five-year period within which to issue an alias writ of execution by motion had already lapsed.

Even the RTC Decision sought to be enforced became stale as more than ten (10) years had lapsed before the 4th Alias Writ of Execution was issued. The Sheriff could not lawfully enforce and execute such invalid alias writ of execution. Therefore, no reversible error can be ascribed on the part of the RTC for invalidating the 4th Alias Writ of Execution.⁴⁸

Considering the foregoing, the petition must be denied. There is no reversible error committed by the CA.

WHEREFORE, the Court **DENIES** the petition. The March 26, 2013 Decision and June 26, 2013 Resolution of the Court of Appeals in CA G.R. CV No. 89201 are hereby **AFFIRMED**.

⁴⁵ Records, p. 377-A

⁴⁶ Article 1144 (3) of the Civil Code states:

Article 1144. The following actions must be brought within ten years from the time the right of action accrues:

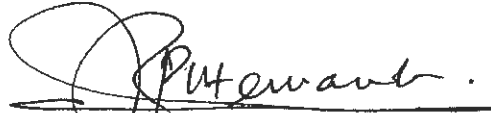
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(3) Upon a judgment.

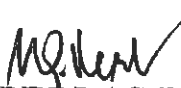
⁴⁷ 373 Phil. 444-452 (1999).

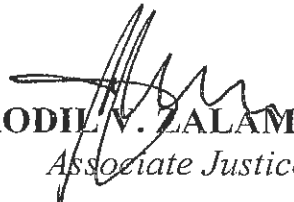
⁴⁸ *Rollo*, pp. 33-34.

SO ORDERED.

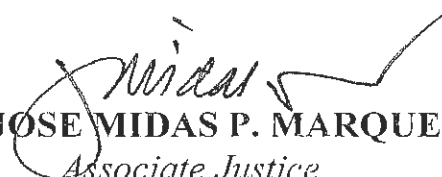

RAMON PAUL L. HERNANDO
Associate Justice

WE CONCUR:


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson


RODIL V. ZALAMEDA
Associate Justice


RICARDO E. ROSARIO
Associate Justice


JOSE MIDAS P. MARQUEZ
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.


ESTELA M. PERLAS-BERNABE
Senior 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.


ALEXANDER G. GESMUNDO
Chief Justice