



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

UNIROCK CORPORATION,
as represented by EDISON U.
OJERIO,

Petitioner,

- versus -

ARMANDO C. CARPIO* and
HARDROCK AGGREGATES,
INC.,

Respondents.

G.R. No. 213421

Present:

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

HERNANDO,

INTING,

DELOS SANTOS, and

BALTAZAR-PADILLA,** JJ.

Promulgated:

24 AUG 2020

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DECISION

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*¹ are the Decision² dated February 25, 2014 and the Resolution³ dated June 30, 2014 of the Court of Appeals (CA) in CA-G.R. CV No. 94051 which affirmed the Order⁴ dated July 8, 2009 of the Regional Trial Court of Antipolo City, Rizal (RTC), Branch 73 (RTC-Br. 73) denying petitioner Unirock Corporation's (Unirock) motion for issuance of a writ of execution in **Civil Case No. 94-3393** for being premature.

* Died on August 19, 2004 per Certificate of Death (see *rollo*, p. 275).

** On official leave.

¹ *Rollo*, pp. 14-22.

² Id. at 27-36. Penned by Penned by Associate Justice Melchor Q.C. Sadang, with Associate Justices Japar B. Dimaampao and Elihu A. Ybañez, concurring.

³ Id. at 43-44.

⁴ Id. at 154-155. Penned by Presiding Judge Ronaldo B. Martin.

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The Facts

This case stemmed from a complaint for quieting of title originally filed before the RTC-Br. 71 (later on transferred to RTC-Br. 73) by respondents Armando C. Carpio (Carpio) and Hardrock Aggregates, Inc. (Hardrock) against Unirock involving properties titled under the latter's name (subject properties), docketed as **Civil Case No. 94-3393**. This case was eventually elevated before the Court, docketed as **G.R. No. 141638**, and was ultimately resolved in Unirock's favor, which was then declared as the owner of the subject properties. Eventually, Entry of Judgment was entered on January 7, 2002.⁵

During execution proceedings before the RTC-Br. 73, the parties executed a Memorandum of Agreement (MOA),⁶ whereby Unirock, as the adjudged owner of the subject properties, granted Hardrock the exclusive right to quarry the mineral resources found therein; in exchange, Hardrock obligated itself to pay Unirock the corresponding royalties. Pertinently, the MOA states that “[Hardrock] believes and acknowledges the absolute ownership of [Unirock] of the [property] subject to this Agreement as contained in a decision handed down by the Supreme Court, and [Unirock] recognizes and accepts the true capacity, capabilities and the sincere intentions of [Hardrock] to undertake the quarrying and crushing plant operations in the PERMITTED AREA”:⁷

COMPROMISE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Agreement made and entered into at Makati City on March 20, 2003, by and between:

HARDROCK AGGREGATES, INCORPORATED, x x x
hereinafter referred to as the PERMITTEE-OPERATOR,

and

UNIROCK CORPORATION, x x x, hereinafter referred to
as the OWNERS.

WITNESSETH THAT:

WHEREAS, OWNER owns a parcel of land containing an area of 206,881 square meters more or less, situated in Barangay Cupang, Antipolo City, and more particularly described as:

⁵ Id. at 27-29.

⁶ Id. at 52-68.

⁷ Id. at 54.

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X X X X

And hereinafter referred to as the PROPERTY;

WHEREAS, PERMITEE-OPERATOR is an applicant for a Mineral Production Sharing Agreement (MPSA) with the Mines and GeoSciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR) for the PROPERTY of the OWNER with the consent and absolute approval of the latter.

X X X X

WHEREAS, PERMITEE-OPERATOR believes and acknowledges the absolute ownership of the OWNER of the PROPERTY subject to this Agreement as contained in a decision handed down by the Supreme Court, and the OWNER recognizes and accepts the true capacity, capabilities and the sincere intentions of the PERMITEE-OPERATOR to undertake the quarrying and crushing plant operations in the PERMITTED AREA;

X X X X

ARTICLE IV ROYALTIES

4.1 Royalties for non-plant processed quarry materials that are extracted from the PERMITTED AREA by the PERMITEE-OPERATOR loaded into customer's trucks and sold will be paid to the OWNER x x x

X X X X

4.2 COMPUTATION OF ROYALTY FOR PLANT-PROCESSED AGGREGATES

PERMITEE-OPERATOR agrees that the total royalties due and payable to the OWNER shall be based on the volume of sales x x x

x x x x⁸ (Emphases supplied)

Also, the MOA shows that Hardrock applied for a Mineral Production Sharing Agreement (MPSA) with the Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR), and for such purpose, sought the "consent and absolute approval"⁹ of Unirock as the owner.

⁸ Id. at 52-63.

⁹ Id. at 54.

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The MOA was submitted to the RTC-Br. 73 for its approval and consequent issuance of a judgment based on a compromise agreement. **On February 20, 2004, the RTC-Br. 73 rendered a Decision¹⁰ based on a Compromise Agreement approving the terms and conditions of the MOA as agreed upon by Hardrock and Unirock.¹¹**

However, on March 14, 2006, a certain Teresa Gonzales (Gonzales) filed a complaint for nullification of title, damages with application for the issuance of temporary restraining order and writs of preliminary injunction, docketed as **Civil Case No. 06-7840**, before the RTC-Br. 74, against Unirock and Hardrock, claiming ownership over the subject properties. She prayed for the nullification of Unirock's title, and that Hardrock be ordered to pay royalties to her instead. Subsequently, the RTC-Br. 74 ordered Hardrock to deposit the royalties in an escrow account so as to preserve the rights of Unirock or Teresita over said royalties pending the resolution of **Civil Case No. 06-7840**. Thereafter, on January 11, 2008, the RTC-Br.74 dismissed the complaint. Aggrieved, Gonzales appealed to the CA,¹² the resolution of which appears to be still pending.

Meanwhile, claiming that Hardrock failed to pay the royalties as agreed upon, Unirock filed, on March 15, 2006, a complaint for rescission of the MOA, payment of royalty fees, and damages, docketed as **Civil Case No. 06-7891**, before the RTC-Br. 71, against Hardrock. The case was, however, dismissed in an Order dated August 21, 2007 for improper venue. Dissatisfied, Unirock filed its appeal before the CA but was later withdrawn.¹³

Instead, on October 30, 2008, Unirock filed a motion for issuance of a writ of execution in **Civil Case No. 94-3393** before the RTC-Br. 73, claiming that Hardrock failed to pay Unirock the royalty fees in violation of their MOA.¹⁴

In opposition, Hardrock countered that the supervening filing of **Civil Case No. 06-7840** by Gonzales allegedly showed that Unirock misrepresented its ownership over the properties subject of the MOA, and hence, rendered the execution of the compromise judgment approving the same unjust and inequitable.¹⁵ Hardrock also pointed out that the MOA, which was likewise registered before the DENR, was already cancelled by the DENR Panel of Arbitrators (DENR-POA) through a Resolution dated May 28, 2007.¹⁶

¹⁰ Id. at 52-69. Penned by Executive Judge Mauricio M. Rivera.

¹¹ See id. at 29-30 and 179.

¹² See id. at 30.

¹³ Id. at 30 and 34-35.

¹⁴ Id. at 31.

¹⁵ Id.

¹⁶ Id. at 134-135 and 192-195.

The RTC-Br. 73 Ruling

In an Order¹⁷ dated July 8, 2009, the RTC-Br. 73 denied the motion for execution filed by Unirock for being premature.¹⁸ It found that since Unirock presented a mere photocopy of a document denominated as “Quarry Materials Withdrawals Summary of Hardrock Corporation,” it did not adequately substantiate its claim that Hardrock failed to pay royalties in the amount of ₱34,718,026.25. Furthermore, the RTC-Br. 73 pointed out that Unirock already filed **Civil Case No. 06-7891** for the rescission of the MOA on the ground of Hardrock’s non-compliance of the MOA, but the same was dismissed on procedural grounds, and that Unirock withdrew its appeal. According to the RTC-Br. 73, since the issue therein was never resolved on the merits, it is unclear if Hardrock really violated the provisions of the MOA. Finally, it held that **Civil Case No. 06-7840** filed by Gonzales is “prejudicial” in nature because it will ultimately determine who is rightfully entitled to the payment of royalties.¹⁹

Dissatisfied, Unirock appealed²⁰ to the CA.

The CA Ruling

In a Decision²¹ dated February 25, 2014, the CA affirmed the RTC ruling. It held that: (a) since Unirock merely attached a photocopy of the document supposedly showing Hardrock’s non-payment of royalties, it is inadmissible, and as such, insufficient to prove such non-payment; (b) although the **Decision Based on a Compromise Agreement in Civil Case No. 94-3393** had already become final and executory, this case falls under the exception on the immutability of judgment since the filing of the complaint by Gonzales of **Civil Case No. 06-7840** before the RTC-Br. 74 raised doubts on Unirock’s claim of ownership over the subject properties, and thus, will render the execution of the aforementioned Decision in **Civil Case No. 94-3393** unjust and inequitable; and (c) in any case, Unirock would not be unjustly prejudiced by the appealed order, considering that the RTC-Br. 74 in **Civil Case No. 06-7840** had already ordered Hardrock to deposit its royalty payments in escrow pending resolution thereof.²²

¹⁷ Id. at 154-155. Penned by Presiding Judge Ronaldo B. Martin.

¹⁸ Id. at 155.

¹⁹ Id.

²⁰ See id. at 31-32.

²¹ Id. at 27-36.

²² Id. at 33-35.

Undaunted, Unirock moved for reconsideration²³ but the same was denied in a Resolution²⁴ dated June 30, 2014; hence, this petition.

The Issue Before the Court

The issue for the Court's resolution is whether or not the CA correctly affirmed the denial of Unirock's motion for execution.

The Court's Ruling

At the outset, it is apt to mention that it is undisputed that Unirock and Hardrock entered into the MOA and had the same judicially approved by the RTC-Br. 73 in **Civil Case No. 94-3393** as a compromise judgment, thus the Decision dated February 20, 2004. Since the MOA's status as a compromise judgment was never questioned by any of the parties, the Court situates it as such, and shall proceed to resolve the case pursuant to the rules on compromise judgments.

In *Diamond Builders Conglomeration v. Country Bankers Insurance Corporation*,²⁵ the Court had the opportunity to explain the nature of compromise judgments, to wit:

A compromise judgment is a decision rendered by a court sanctioning the agreement between the parties concerning the determination of the controversy at hand. Essentially, it is a contract, stamped with judicial imprimatur, between two or more persons, who, for preventing or putting an end to a lawsuit, adjust their difficulties by mutual consent in the manner which they agree on, and which each of them prefers in the hope of gaining, balanced by the danger of losing. Upon court approval of a compromise agreement, it transcends its identity as a mere contract binding only upon the parties thereto, as it becomes a judgment that is subject to execution in accordance with Rule 39 of the Rules of Court.

Ordinarily, a judgment based on compromise is not appealable. **It should not be disturbed except upon a showing of vitiated consent or forgery.** The reason for the rule is that when both parties enter into an agreement to end a pending litigation and request that a decision be rendered approving said agreement, it is only natural to presume that such action constitutes an implicit, as undeniable as an express, waiver of the right to appeal against said decision. **Thus, a decision on a compromise agreement is final and executory, and is conclusive between the parties.**

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²³ See motion for reconsideration dated March 26, 2014; id. at 37-40.

²⁴ Id. at 43-44.

²⁵ 564 Phil. 756 (2007).

Other judgments in actions declared to be immediately executory and not stayed by the filing of an appeal are for: (1) **compromise** x x x.²⁶ (Emphases and underscoring supplied)

Under Article 2041²⁷ of the Civil Code, should a party to the compromise judgment fail or refuse to abide by the same, the aggrieved party may seek either: (a) **the enforcement of the compromise**; or (b) regard it as rescinded without need of a judicial declaration thereof, and insist on his original demand.²⁸

In this case, Unirock sought the enforcement of the compromise, through a motion for execution for the purpose, in view of Hardrock's non-payment of royalties.

The RTC-Br. 73, as affirmed by the CA, however, denied the said motion, finding that the compromise judgment's execution would be premature in view of the supervening filing of **Civil Case No. 06-7840** by Gonzales, which cast doubt on Unirock's ownership of the subject properties and in turn, rendered the execution sought for unjust and inequitable.

The position is erroneous.

It must be borne in mind that the disposition of the issue of ownership in Civil Case No. 06-7840 **should not affect the rights and obligations of the parties to this case since the issue of ownership between Hardrock and Unirock had already been settled through final judgment in Civil Case No. 94-3393**. Clearly, the alleged legal interest of Gonzales over the subject properties is separate and distinct from that of Hardrock; consequently, Hardrock has no personality to assert the interest of Gonzales to obviate the enforcement of said final judgment to Unirock's prejudice. Indeed, *insofar as Hardrock is concerned*, Unirock's ownership of the subject properties had already been conclusively settled. This is commanded by none other than the fundamental remedial law principle of *res judicata*:

Res judicata literally means a matter adjudged, judicially acted upon or decided, or settled by judgment. **It provides that a final judgment on the merits rendered by a court of competent jurisdiction is conclusive as to the rights of the parties and their privies** x x x.²⁹ (Emphasis supplied)

²⁶ Id. at 766-768; citations omitted.

²⁷ Article 2041 of the CIVIL CODE reads:

Article 2041. If one of the parties fails or refuses to abide by the compromise, the other party may either enforce the compromise or regard it as rescinded and insist upon his original demand.

²⁸ See *Sonley v. Anchor Savings Bank/Equicom Savings Bank*, 792 Phil. 738 (2016); *Menchavez v. Bermudez*, 697 Phil. 447 (2012); *Diamond Builders Conglomeration v. Country Bankers Insurance Corporation*, supra note 25.

²⁹ *Bardillion v. Barangay Masili of Calamba, Laguna*, 450 Phil. 521, 528 (2003).

In fact, in recognition of the final judgment against it, Hardrock acknowledged Unirock's absolute ownership of the subject properties in the MOA that was judicially approved and hence, reached the status of a compromise judgment:

WHEREAS, PERMITTEE-OPERATOR believes and acknowledges the absolute ownership of the OWNER of the PROPERTY subject to this Agreement as contained in a decision handed down by the Supreme Court, and the OWNER recognizes and accepts the true capacity, capabilities and the sincere intentions of the PERMITTEE-OPERATOR to undertake the quarrying and crushing plant operations in the PERMITTED AREA[.]³⁰

To note, the fact that the same MOA was registered before and eventually cancelled by the DENR-POA is of no consequence to this case since such cancellation should only be given legal effect insofar as the MPSA before said administrative body is concerned. To be sure, the DENR-POA's jurisdiction is limited to: (a) disputes involving rights to mining areas; (b) disputes involving mineral agreements or permits; (c) disputes involving surface owners, occupants, and claimholders/ concessionaires; and (d) disputes pending before the MGB and the DENR before the effectivity of Republic Act No. 7942,³¹ otherwise known as the "Philippine Mining Act of 1995."³² Thus, the DENR-POA's order of cancellation should only extend to these matters, and should, in no way, operate to erode or set aside a final and executory decision of a judicial court.

For all the foregoing reasons, Hardrock is therefore barred, either by operation of *res judicata* or through its express recognition in the MOA, from asserting any misrepresentation on the part of Unirock with respect to the ownership issue.

In the same vein, by confounding the legal interest of Gonzales with that of Hardrock and hence, disregarding the final and executory judgment against the latter, the courts *a quo* contravened the principle of *res judicata* and in so doing, improperly denied the motion for execution on the ground that execution was premature or that it would be unjust and inequitable.

To repeat, "a decision on a compromise agreement is final and executory, and is conclusive between the parties."³³ "Upon court approval of a compromise agreement, it transcends its identity as a mere contract binding only upon the parties thereto, as it becomes a judgment that is subject to

³⁰ *Rollo*, p. 54.

³¹ Entitled "AN ACT INSTITUTING A NEW SYSTEM OF MINERAL RESOURCES EXPLORATION, DEVELOPMENT, UTILIZATION, AND CONSERVATION," approved on March 3, 1995.

³² See Section 77 of RA 7942.

³³ *Diamond Builders Conglomeration v. Country Bankers Insurance Corporation*, supra note 25.

execution in accordance with Rule 39 of the Rules of Court.”³⁴ “It should not be disturbed except upon a showing of vitiated consent or forgery.”³⁵ Thus, there being no showing of vitiated consent or forgery in this case, the execution of the compromise judgment is not premature.

Neither is the execution unjust or inequitable since Hardrock has not only recognized but is, in fact, already conclusively bound to respect the ownership of Unirock over the subject properties based on the final and executory decision in Civil Case No. 94-3393. Quite the opposite, the inability of Unirock to enforce its ownership rights as against Hardrock which had unduly exploited Unirock’s properties but failed to pay the corresponding royalties as agreed upon would result in a scenario of unjustness and inequity which this Court cannot countenance. This unjustness or inequity is not assuaged by the fact that RTC-Br. 74 issued an escrow order in Civil Case No. 06-7840 since in the first place, said court cannot issue a directive that effectively supersedes a final and executory compromise judgment of a co-equal court and at any rate, Gonzales’s complaint in said civil case had already been dismissed and thus, rendered said escrow order *functus officio*.

Be that as it may, the Court observes that Unirock had only submitted a photocopy of a document denominated as “Quarry Materials Withdrawals Summary of Hardrock Corporation” as basis for its claim of ₱34,718,026.25 in view of the compromise judgment’s execution. In this limited extent, the Court agrees with the courts *a quo* that the execution of said judgment for this amount cannot yet proceed. However, instead of denying the motion outright, it would be more prudent to order the remand of the case to RTC-Br.73 in order to determine the actual liability of Hardrock under the terms and conditions of the MOA. In this regard, the Court discerns that Hardrock has not denied – and hence has admitted – that it had breached the MOA. It could have also presented evidence to show that it had partially paid royalties to Unirock but failed to do so and instead, parried with its erroneous claim of misrepresentation which was already herein traversed. That being said, the fact of breach should not anymore be at issue and that the only matter to be resolved is the extent of Hardrock’s liability to Unirock, with both parties being given the opportunity to present their evidence therefor anew. Accordingly, the remand of this case for this purpose is in order.

WHEREFORE, the petition is **PARTLY GRANTED**. The Decision dated February 25, 2014 and the Resolution dated June 30, 2014 of the Court of Appeals in CA-G.R. CV No. 94051 are **SET ASIDE**. The case is hereby **REMANDED** to the Regional Trial Court of Antipolo City, Rizal, Branch 73 for further proceedings as discussed in this Decision.

³⁴ Id.

³⁵ Id.

SO ORDERED.

W. M. M.
ESTELA M. PERLAS-BERNABE
Senior Associate Justice

WE CONCUR:

[Signature]
~~**RAMON PAUL L. HERNANDO**~~
Associate Justice

[Signature]
HENRI JEAN PAUL B. INTING
Associate Justice

[Signature]
EDGARDO L. DELOS SANTOS
Associate Justice

On Official Leave
PRISCILLA J. BALTAZAR-PADILLA
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.

W. M. M.
ESTELA M. PERLAS-BERNABE
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.



DIOSDADO M. PERALTA
Chief Justice