

THIRD DIVISION

[G.R. No. 178461, June 22, 2009]

**CALIFORNIA MANUFACTURING COMPANY, INC., PETITIONER,
VS. THE CITY OF LAS PIÑAS AND THE HON. RIZAL Y. DEL
ROSARIO, CITY TREASURER, RESPONDENTS.**

RESOLUTION

NACHURA, J.:

For our consideration and approval is a Joint Petition^[1] [Motion] to Withdraw Petition for Review on *Certiorari* dated February 5, 2008.

Earlier, or on June 21, 2007, petitioner filed a Petition^[2] for Review on *Certiorari* questioning the assessments issued by the City of Las Piñas through the City Treasurer for local and real property taxes in the amount of P73,043,634.47.

After filing of the required Comment^[3] and Reply^[4], we gave due course to the Petition and directed both parties to submit their respective memoranda^[5].

During the pendency of this case, petitioner offered to compromise the case by paying fifty percent (50%) of the amount assessed. Since petitioner's factory in Las Piñas had already ceased operations and in order to facilitate the issuance of the clearance for the cessation of its business, the decision to enter into a compromise was adopted by the respondents.

Through City Resolution No. 2385-08^[6], the City Council of Las Piñas approved the compromise offer. The City Resolution reads—

Republic of the Philippines
City of Las Piñas
Office of the City Council

Sponsored by: Honorable Councilors Luis I. Bustamante, Renato P. Dumlao, Danilo V. Hernandez, Eduardo P. Lezarda, Dennis S. Aguilar, Alfredo L. Miranda, Ruben C. Ramos, Rex H. Riguera, Oscar C. Peña, Leopoldo F.

Benedicto, Demetrio R. Cristobal, Filemon A. Aguilar, Jr., and Donna Kris R. Alfonso.

CITY RESOLUTION NO. 2385-08
Series of 2008

A RESOLUTION APPROVING THE REQUEST OF CALIFORNIA MANUFACTURING COMPANY, INC., FOR THE SETTLEMENT OF ITS REAL PROPERTY AND BUSINESS TAXES LIABILITIES AND AUTHORIZING THE CITY MAYOR AND/OR CITY TREASURER TO ACCEPT IN BEHALF OF THE CITY THE SETTLEMENT OFFER.

WHEREAS, the Law Offices of Siguion Reyna, Montecillo & Ongsiako, thru Atty. Jose Lis C. Leagogo, the lawyers of California Manufacturing Company, Inc., (now owned by Unilever Philippines, Inc.,) proposed for the settlement of G.R. No. 178461 involving the said company and the City Government pending before the Supreme Court of the Philippines;

WHEREAS, accordingly, the company, without admitting liability but solely for the purpose of buying peace and preventing prolonged and contentious litigation, is considering the compromise settlement of the above-mentioned case;

WHEREAS, the proposal is mutually beneficial and convenient to both parties, bringing not only much needed immediate revenue to the City but also de-clogging the Supreme Court's dockets and assisting and alleviating the plight of investors who had undergone financial distress;

NOW, THEREFORE:

BE IT RESOLVED AS IT IS HEREBY RESOLVED by the Sangguniang Panlungsod of Las Piñas, in session assembled, to approve, as it hereby approves the request of California Manufacturing Company, Inc., (now owned by Unilever Philippines, Inc.,) thru Atty. Jose Lis C. Leagogo of Siguion Reyna, Montecillo & Ongsiako Law Offices, to amicably settle its real property and business income taxes liabilities.

RESOLVED, to authorize as it hereby authorizes the City Mayor and/or City Treasurer to accept in behalf of the City the settlement offer and enter into any compromise agreement, as the case may be, to implement the settlement.

RESOLVED, ALSO, to authorize the City Legal Officer, Atty. Zardi Melito D. Abellera, to file the necessary pleading in the Supreme Court of the Philippines

in support of the Compromise Agreement.

RESOLVED, FURTHER, that copies of this Resolution be furnished the Honorable Mayor of the City of Las Piñas, the City Treasurer and the City Legal Officer for their appropriate action.

This Resolution shall take effect immediately upon its approval.

ADOPTED by the Sangguniang Panlungsod of Las Piñas in its regular session today, December 11, 2008.

(Signed)

HON. HENRY C. MEDINA
Vice-Mayor & Presiding Officer

ATTESTED:

(Signed)

ATTY. JERRY A. TANCHUAN
Sangguniang Secretary

APPROVED:

(Signed)

HON. VERGEL A. AGUILAR
City Mayor

Petitioner has already settled and paid the amount of P36,522,817.24^[7] in accordance with the compromised 50% of the assessed amount.

Article 1306 of the Civil Code of the Philippines provides that contracting parties may establish such stipulations, clauses, terms, and conditions, as they may deem convenient, provided that they are not contrary to law, morals, good customs, public order, or public policy. A compromise agreement is a contract whereby the parties make reciprocal concessions, avoid litigation, or put an end to one already commenced.^[8] It is an accepted, even desirable and encouraged, practice in courts of law and administrative tribunals.^[9]

A compromise agreement intended to resolve a matter already under litigation is a judicial compromise. Having judicial mandate and entered as its determination of the controversy, it has the force and effect of a judgment. It transcends its identity as a mere contract between the parties as it becomes a judgment that is subject to execution in accordance with the Rules of Court. Thus, a compromise agreement that has been made and duly approved by the court attains the effect and authority of *res judicata*, although no execution may be issued unless the agreement receives the approval of the court where the litigation

is pending and compliance with the terms of the agreement is decreed.^[10]

Finding City Resolution No. 2385-08, Series of 2008 of the Sangguniang Panlungsod of Las Piñas to be validly executed and not contrary to law, morals, good customs, public order or public policy, we therefore, accept and approve the same.

WHEREFORE, the Joint Petition [Motion] to Withdraw Petition for Review on Certiorari dated February 5, 2008 is **GRANTED**. Judgment is hereby rendered in accordance with City Resolution No. 2385-08, Series of 2008 of the Sangguniang Panlungsod of Las Piñas. The instant case is **DISMISSED**. No pronouncement as to costs.

SO ORDERED.

Ynares-Santiago, (Chairperson), Chico-Nazario, Velasco, Jr., and Peralta, JJ., concur.

[1] *Rollo*, pp. 409-411.

[2] *Id.* at 3-51.

[3] *Id.* at 234-247.

[4] *Id.* at 272-291.

[5] *Id.* at 305-325 (for respondents) and 343-404 (for petitioner).

[6] *Id.* at. 413-414.

[7] Official Receipts issued by City of Las Piñas to CMCI; *id.* at 418-424.

[8] Article 2028, Civil Code of the Philippines; *Harold v. Aliba*, G.R. No. 130864, October 2, 2007, 534 SCRA 478, 486.

[9] *DMG Industries, Inc. v. Philippine American Investments Corporations*, G.R. No. 174114, July 6, 2007, 526 SCRA 682, 687.

[10] *Viesca v. Gilinsky*, G.R. No. 171698, July 4, 2007, 526 SCRA 533, 557-558.
