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Development Corp. *vs.* NLRC, 81 SCRA 489 (1978); Mercury Drug Co., Inc. *vs.* CIR, et al., 56 SCRA 694 (1974)], while the counter-offer of private respondent in the amount of P75,000.00 is unconscionable and without basis; that private respondent is in a poor state of health; that the animosity now existing between petitioner and private respondent militates against any possible harmonious relationship between them; and that the payment of separation pay to private respondent constitutes sufficient compliance with the dictates of social justice as mandated by the 1973 Constitution, the Court RESOLVED TO DIRECT petitioner Hope Christian High School to pay the amount of P15,000.00 to private respondent Lily Li Lee in satisfaction of all of her claims against the petitioner. No costs.

SO ORDERED.

Aquino, Concepcion Jr., Abad Santos, Escolin, and *Cuevas, JJ.,* concur.

FIRST DIVISION

[G.R. Nos. 63879-81. February 28, 1985]

FELIX G. YUSAY, *petitioner-appellant,* vs. THE HON. INTERMEDIATE APPELLATE COURT (Third Special Cases Division) Manila, COURT OF AGRARIAN RELATIONS, etc., et al., *respondents-appellees.*

SYLLABUS

REMEDIAL LAW; CIVIL ACTIONS; JUDGMENTS; APPEALS; REMAND OF THE CASE TO THE LOWER COURT TO RESOLVE FACTS AND ISSUES RAISED IN THE PLEADINGS AND AT THE HEARING PROPER.—

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Considering the facts and issues raised in the parties' pleadings and at the hearing, *inter alia,* that petitioner Yusay is entitled to due process and his day in court as to his defenses against the reinstatement proceedings in pursuance of his claim to be a purchaser in good faith of the lands in question without any prior knowledge or notice of any agrarian litigation over the same; that in case reinstatement would be ordered, there is need of establishing the identity and area of the lands and the respective portions to which the tenants would be entitled to be reinstated, as well as of determining the qualification to succeed thereto of the surviving spouse or next of kin in case the original tenant is no longer living, whereas, others are not interested in reinstatement but only in collecting damages from Rebecca Andres; and finally, that the trial court would have anyway to conduct hearings on respondents' damages as directed in the appellate court's decision under review, the Court Resolved to MODIFY respondent appellate court's decision by eliminating the modification therein inserted *motu proprio* by the appellate court for respondents' reinstatement to the landholdings. In order to expedite the final disposition of the said reinstatement cases, as well as to determine the damages that may be recoverable, as ordered in the appealed judgment, the court directs that the cases involving these two matters be consolidated and jointly heard by the Regional Trial Court at Bacolod City.

APPEARANCES OF COUNSEL

Reynaldo C. Dipasucat & Associates for petitioner-appellant.
Modesto I. Cañonero for respondents-appellees.

RESOLUTION

TEEHANKEE, *J.:*

The present cases are sequels of a previous decision of this Court rendered on July 31, 1969 in *Amando Algabre, et al. vs. Court of Appeals and Rebecca Andres,* wherein this Court ruled that

"x x x the Court of Appeals acted aptly in ruling that these cases be returned to the trial court for the determination of the truth of the

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allegation of vitiated consent made by petitioners on the basis of the evidence the parties may present in connection therewith, albeit not in relation to the decisions in question but to the compromise agreements themselves. In this connection, to avoid further delay, the trial court should treat these cases, not merely as motions to set aside the questioned decisions, but as actions to set aside the compromise agreements themselves. To this end, it is not necessary to determine whether or not the said decisions have become final and executory, which is required in the decision of the Court of Appeals."[1]

Pursuant thereto, the Court of Agrarian Relations at Bacolod City conducted hearings solely on the question of whether or not the compromise agreements between the tenants of the land (herein respondents) as executed with the civil lessee thereof, Rebecca Andres, whereby the tenants surrendered their respective landholdings, were vitiated on the ground of fraud, violence and/or intimidation, or non-payment of the agreed compensation. Rebecca Andres died during the hearings and was represented by her daughter-administratrix Andiolina A. Dreyfus. The herein petitioner Felix G. Yusay was not a party to the compromise agreements that had been executed in 1962-63. His role is that he bought on January 10, 1968 the subject two parcels of land from the registered owner Amado P. Jalandoni. At that time, six years after the execution and carrying out of the compromise agreements between Rebecca Andres, the civil lessee, and the tenants, the lands were fully planted to sugar cane and the lands were clear of any tenants. Petitioner Yusay duly registered the sale in his favor and was issued the corresponding certificates of title and took actual possession of the lands, having paid for the leasehold rights of Rebecca Andres as civil lessee of the lands. Petitioner Yusay got to know of the litigation between Rebecca Andres and the tenants only on October 24, 1970 when he was impleaded in the Court of Agrarian Relations cases as the buyer and new owner of the lands.

On September 21, 1981, the CAR rendered its decision annulling and setting aside the compromise agreements, as follows:

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[1] Reported in 28 SCRA 1130, 1143.

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"WHEREFORE, IN VIEW OF ALL THE FOREGOING CONSIDERATIONS, judgment is hereby rendered declaring the compromise agreements in question dated December 4, 1962 in CAR Case No. 2217, January 26, 1963 in CAR Case No. 2455 and February 23, 1963 in CAR Case No. 2456 as annulled on the ground of fraud, intimidation, force, undue influence and non-payment of the compensation therein agreed upon. Consequently, the said compromise agreements as well as the decisions based thereon should be, as they are hereby ordered, set aside and rendered without any force and effect.

"SO ORDERED.

"Bacolod City, Philippines, September 21, 1981."

The estate of Rebecca Andres and petitioner Yusay appealed the trial court's aforesaid judgment to the Court of Appeals (now the Intermediate Appellate Court). On March 15, 1983, respondent appellate court rendered its decision, as follows:

"By and large, the herein appellees, having been practically ousted from their respective landholdings by virtue of the herein Compromise Agreement which is hereby found to be illegal and hence, invalid, are entitled to be reinstated to said landholdings under Section 27(1) of RA 1199 with damages as provided for therein. That although this matter has not been taken up in the pleadings and in the decision of the trial court, nevertheless, 'the Court of Appeals is not precluded from taking into consideration any issue, question or incident, even if not raised, if resolution thereon is necessary for a complete and just disposition of the case' (Sec. 18, P.D. 946, June 17, 1976). Therefore, their reinstatement is in order as it is justified.

"As to the award of damages, there is not enough evidence in the records to support any amount for each and every appellee for which the trial court is hereby authorized and is directed to conduct a hearing thereon if the parties will not be able to agree on a settlement amicably.

"Under Section 9 of the Judiciary Reorganization Act of 1980,

> 'The Intermediate Appellate Court shall have the power to try cases and conduct hearings, receive evidence and perform any and all acts necessary to resolve factual issues raised in cases falling within its original and appellate jurisdiction, including the power to grant and conduct new trials or further proceedings.'

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"This does not mean, however, that the authority to conduct such hearing is exclusive for the Intermediate Appellate Court. But to point out, this Court is now clothed with the authority to do it if it can without causing any inconvenience, expenses and anxiety to the parties, especially to the poor, lowly tenant-farmers, the herein appellees. The Batasan Pambansa definitely could not have intended to burden the poor litigants with any unnecessary expense and incidentals in pursuing their appeal to this Court.

"Considering the impossibility of bringing all the herein appellees, some of whom are not alive anymore, from their barrios in Bacolod City to Manila for this purpose which will entail expenses and difficulty in finding their lodging houses and other matters incident to their stay in Manila, it is then imperative that the trial court or the now Regional Trial Court at Bacolod City conduct the said hearing on the amount of damages to be awarded to them.

"WHEREFORE, the appealed judgment is hereby affirmed with modification in that the herein appellees and/or their wives or next of kin who are qualified, are hereby REINSTATED to the landholdings with damages, which amount shall be determined by the trial court in such hearings to be called for this purpose, unless an amicable settlement is reached between the appellees and the appellants.

"It is further ordered that the trial court is to exert all its efforts to effect an amicable settlement, in arriving at the amount of damage for each and every appellee in accordance with Sec. 17, P.D. 946."

While the Court originally denied the petition per its Resolution of January 16, 1984, it subsequently gave due course to petitioner Yusay's motion for reconsideration dated February 23, 1984, required respondents' comment thereon and heard the same on the merits on May 21, 1984.

The thrust of petitioner Yusay's motion for reconsideration is that the only issue before the respondent appellate court was the validity or invalidity of the compromise agreements executed between respondents and the civil lessee of the lands in question, Rebecca Andres. The only evidence introduced in and admitted by the trial court was with respect to the question of the validity of the compromise agreements. The issue of reinstatement was independently raised by private respondents in separate cases for reinstatement filed by them against Rebecca Andres and petitioner

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Yusay as purchaser and new owner of the lands. These reinstatement cases are pending in the Regional Trial Court (formerly Court of Agrarian Relations) at Bacolod City. Petitioner Yusay invokes his right to due process and to be heard in the said pending reinstatement cases, as follows:

"The private respondents filed separate cases for reinstatement after petitioner Felix G. Yusay has already bought the property and they impleaded him in said cases. These cases now are pending in the Regional Trial Court in the City of Bacolod (formerly Court of Agrarian Relations). The issue of reinstatement has to be threshed out, therefore, in separate and pending proceedings. In fact, petitioner Felix G. Yusay has put up defenses in said cases for reinstatement. On the other hand, the case before the respondent Intermediate Appellate Court does not involve any issue of reinstatement but only the validity of the Compromise Agreements so much so that the only evidence introduced therein was with respect to the validity of the Compromise Agreements. The respondent Intermediate Appellate Court affirmed the judgment of the respondent Court of Agrarian Relations which set aside the Compromise Agreements and rendered the same without any force and effect. However, the respondent Intermediate Appellate Court, probably unaware that the property is already owned and possessed by another person for the past fifteen (15) years and not by the former lessee Rebecca Andres who entered into the Compromise Agreements, unjustifiably and wantonly went beyond the issue by ordering the reinstatement of the private respondents with damages. Apparently the respondent Intermediate Appellate Court was likewise unaware of the pendency of the cases for reinstatement which are and until now pending before the Regional Trial Court in Bacolod City. By and large it is clear that the herein petitioner Felix G. Yusay has been illegally and indubitably deprived of his constitutional right to due process.

"The present petition is simply asking that the Decision of the respondent Intermediate Appellate Court be modified to the effect that the Order of Reinstatement be set aside and that the said issue of reinstatement be heard and ventilated in the pending cases for reinstatement before the Regional Trial Court in Bacolod City, so that the herein petitioner can also introduce his evidence and be given his day in Court. Even the private respondents did not believe in the remedy of immediate reinstatement in connection with the present cases. That is the reason why they had to file separate cases for reinstatement. x x x"

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Considering the facts and issues raised in the parties' pleadings and at the hearing, *inter alia,* that petitioner Yusay is entitled to due process and his day in court as to his defenses against the reinstatement proceedings in pursuance of his claim to be a purchaser in good faith of the lands in question without any prior knowledge or notice of any agrarian litigation over the same; that in case reinstatement would be ordered, there is need of establishing the identity and area of the lands and the respective portions to which the tenants would be entitled to be reinstated, as well as of determining the qualification to succeed thereto of the surviving spouse or next of kin in case the original tenant is no longer living, whereas, others are not interested in reinstatement but only in collecting damages from Rebecca Andres; and finally, that the trial court would have anyway to conduct hearings on respondents' damages as directed in the appellate court's decision under review, the Court Resolved to MODIFY respondent appellate court's decision by eliminating the modification therein inserted *motu proprio* by the appellate court for respondents' reinstatement to the landholdings such that the first paragraph thereof as herein modified will read, as follows:

"WHEREFORE, the appealed judgment is hereby affirmed with damages, which amount shall be determined by the trial court in such hearings to be called for this purpose, unless an amicable settlement is reached between the appellees and the appellants."

In order to expedite the final disposition of the said reinstatement cases, as well as to determine the damages that may be recoverable, as ordered in the appealed judgment, the Court DIRECTS that the cases involving these two matters be consolidated and jointly heard by the Regional Trial Court at Bacolod City.

SO ORDERED.

Melencio-Herrera, Plana, Relova, Gutierrez, Jr., de la Fuente, and *Alampay, JJ.,* concur.