

SECOND DIVISION

[G.R. No. 228898, December 04, 2019]

MAUNLAD HOMES, INC., N.C. PULUMBARIT, INC., N.C.P. LEASING CORPORATION AND NEMENCIO C. PULUMBARIT, SR., PETITIONERS, VS. UNION BANK OF THE PHILIPPINES, RESPONDENT.

D E C I S I O N

INTING, J.:

We resolve the Petition for Review on *Certiorari*^[1] under Rule 45 of the Rules of Court assailing the Decision^[2] dated September 13, 2016 and the Resolution^[3] dated January 6, 2017 of the Court of Appeals (CA) in CA-G.R. SP No. 131962.

The Antecedents ***

On July 5, 2002, Union Bank of the Philippines (Union Bank), as the seller, and Maunlad Homes, Inc. (Maunlad Homes), as the buyer, entered into a Contract to Sell^[4] involving a commercial complex located in Malolos, Bulacan known as the Maunlad Shopping Mall.^[5] The contract was basically a "buy-back agreement" of the property, which had been previously foreclosed by the bank. The terms of the contract allowed Maunlad Homes to retain possession and management of the Maunlad Shopping Mall, and collect rental payments from its tenants.^[6]

Under the Contract to Sell, the purchase price of the Maunlad Shopping Mall was set at P150,988,586.16, with a downpayment of P2,400,000.00, and the balance of P148,588.586.16 to be paid per agreed amortization schedule over a 180-month period.^[7] The contract also stipulated that in the event of rescission due to failure to pay the monthly amortizations or to comply with its terms and conditions, Maunlad Homes will be required to immediately vacate the property and voluntarily turn over possession thereof to Union Bank.^[8]

Maunlad Homes, however, eventually defaulted in the payment of its monthly amortizations to the bank. Consequently, Union Bank sent Maunlad Homes a Notice of Rescission of Contract dated February 5, 2003, wherein the bank demanded payment of the installments due within 30 days from receipt; otherwise, it shall deem the contract automatically rescinded. Despite receipt of the notice, Maunlad Homes still failed to pay the monthly amortizations it owed to the bank.^[9]

Thus, on November 19, 2003, Union Bank sent Maunlad Homes a letter requiring the latter to: (a) pay the rentals due; and (b) vacate the property and turnover possession thereof to the bank. As its demands were left unheeded, Union Bank filed an **ejectment case** (later decided by the Court in **G.R. No. 190071**) against Maunlad Homes before Branch 64, Metropolitan Trial Court (MeTC), Makati City, on

February 19, 2004.^[10]

Sometime in February 2004, Union Bank began to interfere in the operations and management of the Maunlad Shopping Mall, and convinced its tenants to pay rent directly to the bank instead.^[11] This prompted Maunlad Homes to file an **injunction case** (later decided by the Court in **G.R. No. 179898**) against Union Bank before Branch 15, Regional Trial Court (RTC), Malolos City, to prevent the bank from collecting rental payments from the tenants of the commercial complex.^[12]

I. Proceedings in the Injunction Case

In its Order dated June 23, 2004, the RTC granted Maunlad Homes' application for preliminary injunction.^[13] It explained as follows:

x x x Clearly, at this stage, [Maunlad Homes] x x x has the right to remain in continuous possession [of the property] **subject to the final outcome of the ejectment suit pending before the [MeTC] of Makati**. On the other hand, [Union Bank] cannot validly claim [ownership and possession of the property], even admitting the circumstances offered by it in evidence to be true and correct, because in this jurisdiction no one has the right to obtain possession of a piece of property without resorting to judicial remedies available under the circumstances. x x x^[14] (Emphasis supplied)

On July 8, 2008, Union Bank moved to dissolve the writ of preliminary injunction, but the RTC denied the motion for lack of merit.^[15] Consequently, Union Bank filed a petition for review on *certiorari* before the CA assailing the RTC-Orders.

The CA granted the petition for *certiorari*, and reversed the RTC rulings for lack of factual and legal basis.^[16] It held that:

x x x x

In view of the absence of a **clear and unmistakable right** on the part of [Maunlad Homes, *et al.*], we cannot sustain their claim that they would suffer irreparable injury if injunctive relief is not granted in their favor. **Where the complainants' right or title is doubtful or disputed, injunction is not proper. Thus, the possibility of irreparable damage without proof of existing right is no ground for an injunction.**

x x x x

On the other hand, in line with the petition before the Court, we find that [Union Bank] has sufficiently shown its right to the issuance of not only preliminary injunction but also permanent injunction against [Maunlad Homes, *et al.*].^[17] (Emphasis in the original.)

Maunlad Homes, thereafter, elevated the case to the Court *via* a petition for review on *certiorari* under Rule 45 of the Rules of Court.^[18] The case was docketed as **G.R. No. 179898**, and in the Decision^[19] dated December 23, 2008, the Court reversed

and set aside the CA Decision, and reinstated the RTC Order dated June 23, 2004.
[20]

The Court found it "highly premature for the CA to make a definitive resolution of the rights and obligations of the parties under the contract to sell."^[21] The Court ruled that the CA should not have hastily concluded that Maunlad Homes had no right to collect the rental payments under the contract to sell because that issue had yet to be fully resolved by the RTC. Thus, the Court reinstated the writ of preliminary injunction and ordered the RTC to resolve with dispatch the issue of injunction, which mainly involved *the determination of the rights and obligations of Maunlad Homes and Union Bank under the Contract to Sell*.^[22]

Union Bank moved for reconsideration, but the Court denied the motion in its Resolution dated November 22, 2010.^[23] Notably, the Decision dated December 23, 2008 became *final and executory* on December 29, 2010.^[24]

II. Proceedings in the Ejectment Case

Meanwhile, on May 18, 2005, the MeTC dismissed Union Bank's ejectment complaint for lack of jurisdiction. It held that the proper action to resolve the parties' conflicting claims of right of possession over the property on the basis of ownership was an *accion reivindicatoria*, over which it had no jurisdiction.^[25]

On appeal, Branch 139, RTC, Makati City, affirmed the MeTC ruling in its Decision dated July 17, 2008. The RTC ruled that the issues raised in the ejectment complaint were beyond those commonly involved in an unlawful detainer suit. It also held that the proper venue for the ejectment case was in Malolos, Bulacan; notwithstanding, the waiver of venue stipulation in the Contract to Sell.^[26]

Union Bank, thereafter, appealed the RTC Decision with the CA by filing a petition for review under Rule 42 of the Rules of Court.^[27] The CA affirmed the RTC Decision *in toto*. The CA held that Union Bank's cause of action was premised on the interpretation and enforcement of the Contract to Sell, and the validity of the rescission of the contract, which were matters beyond the jurisdiction of the MeTC. It thus concluded that the dismissal of the ejectment complaint was proper.^[28]

Aggrieved, Union Bank filed a petition for review on *certiorari* under Rule 45 of the Rules of Court before the Court assailing the CA ruling. The case was docketed as **G.R. No. 190071**, and in the Decision^[29] dated August 15, 2012, the Court reversed and set aside the CA Decision.

The Court ordered Maunlad Homes to vacate the Maunlad Shopping Mall and to pay rentals-in-arrears and rentals accruing in the interim until it vacates the property, with legal interest of 6% *per annum*, from November 19, 2003, when the demand to pay and to vacate the property was made, up to the finality of the Decision. Thereafter, an interest of 12% *per annum* shall be imposed on the total amount due until full payment is made. The Court *remanded* the case to Branch 64, MeTC, Makati City, for the determination of the amount of rentals due.^[30]

The Court ruled that the allegations of Union Bank in its ejectment complaint clearly

demonstrated a cause of action for unlawful detainer, and vested the MeTC with jurisdiction over the case:^[31] *first*, Maunlad Homes "maintained possession of the subject properties" pursuant to the Contract to Sell; *second*, Maunlad Homes "failed to faithfully comply with the terms of payment," which prompted Union Bank to rescind the contract; *third*, despite receipt of the Notice of Rescission dated February 5, 2003, Maunlad Homes "refused to turn over and vacate the subject premises[;]" and *fourth*, as a consequence, Union Bank filed an action for unlawful detainer before the MeTC on February 19, 2004, which is within one year from the date of the last demand.^[32]

The Court stressed that "[t]he authority granted to the MeTC to preliminarily resolve the issue of ownership to determine the issue of possession ultimate[y] allow[ed] it to interpret and enforce the contract or agreement between [Maunlad Homes] and [Union Bank]."^[33]

Moreover, the Court found that "Maunlad Homes act of withholding [its] installment payments rendered the contract [between the parties] ineffective and without force and effect, and **ultimately deprived itself of the right to continue possessing [the] Maunlad Shopping Mall.**"^[34]

III. Proceedings after the finality of the Court's Decision in the Ejectment Case

To recall, the Court, in **G.R. No. 179898**, reinstated the writ of preliminary injunction issued by the RTC against Union Bank and remanded the case to the trial court for the resolution of the issue of injunction with dispatch.^[35]

When the Decision dated August 15, 2012 attained finality on February 14, 2013,^[36] Union Bank immediately moved for the dismissal of the injunction case before the RTC on the ground of *mootness*. It claimed that the legal and factual issues involved in the complaint for injunction had already been resolved in **G.R. No. 190071**.^[37]

Ruling of the RTC

In its Order^[38] dated February 14, 2013, the RTC denied the motion for lack of merit^[39] It ruled that the interpretation of the Contract to Sell in the Decision dated August 15, 2012 was merely *provisional* in order to resolve the issue of possession, *viz.*:

As it stands, the ejectment suit only made a **provisional interpretation** of the contract to sell to determine possession. **The conclusive interpretation rests upon the injunction suit where the status quo ante was that [Maunlad Homes], after entering into a contract to sell, was not precluded by [Union Bank] from leasing the property.** As to whether or not the contract to sell was properly rescinded remained unresolved and only upon its determination lies the fate of the acts being restrained.^[40] (Emphasis supplied.)

Union Bank moved for reconsideration but the RTC denied the motion in its Order^[41] dated June 27, 2013. This prompted Union Bank to file a petition for

certiorari before the CA to challenge the RTC Orders on the ground of grave abuse of discretion.^[42]

Ruling of the CA

In its Decision dated September 13, 2016, the CA reversed and set aside the assailed RTC Orders and dismissed the Complaint for injunction for having been rendered moot by the Court's Decision dated August 15, 2012 in G.R. No. 190071.^[43]

The CA ruled that there was no longer any basis to enjoin Union Bank from collecting rental payments from the tenants of the Maunlad Shopping Mall, considering the Court's final and executory ruling in G.R. No. 190071.^[44] It explained that:

There is here no more substantial relief which may be accorded to [Maunlad Homes] in this case. Notably, in this Complaint for injunction, [Maunlad Homes] premised their alleged right to possess the subject properties, and to lease out the stalls to the tenants, on the contract to sell. However, as we already stated, the Supreme Court, in G.R. No. 190071, already ruled with finality that the contract to sell executed by [Union Bank] and [Maunlad Homes] was ineffective and without force and effect. Since the contract to sell failed to have force and effect, [Maunlad Homes'] right to possess and lease out the subject properties, was also extinguished.^[45]

Thus, the CA concluded that the RTC had gravely abused its discretion when it denied Union Bank's Motion to Dismiss.^[46] Maunlad Homes moved for reconsideration, but the CA denied the motion in its Resolution^[47] dated January 6, 2017. As a result, Maunlad Homes filed the present Petition for Review on *Certiorari* assailing the CA Decision and Resolution.

Issue

The issue for the Court's resolution is *whether the CA correctly dismissed the Complaint for injunction for having been rendered moot by the Decision dated August 15, 2012 in G.R. No. 190071.*

The Court's Ruling

The petition is unmeritorious.

"The power of judicial review is *limited* to actual cases or controversies."^[48] There are two concepts that affect the existence of an actual case or controversy for the courts to exercise the power of judicial review: the *first* is the concept of *ripeness* which relates to the premature filing of a case, while the *second* is the concept of *mootness* which pertains to a belated or unnecessary judgment on the issues.^[49]

These concepts highlight the importance of timing in the exercise of judicial review.^[50] Thus, "an issue that was once ripe for resolution but whose resolution, since then, has been rendered unnecessary, needs no resolution from the Court, as it