

## FIRST DIVISION

[ G.R. No. 158560, August 17, 2007 ]

**FRABELLE FISHING CORPORATION, PETITIONER, VS. THE  
PHILIPPINE AMERICAN LIFE INSURANCE COMPANY, PHILAM  
PROPERTIES CORPORATION AND PERF REALTY CORPORATION,  
RESPONDENTS.**

### D E C I S I O N

**SANDOVAL-GUTIERREZ, J.:**

Before us is the instant Petition for Review on *Certiorari* under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Decision<sup>[1]</sup> and Resolution of the Court of Appeals dated December 2, 2002 and May 30, 2003, respectively, in CA-G.R. SP No. 71389.

The facts are:

Philam Properties Corporation, Philippine American Life Insurance Company, and PERF Realty Corporation, herein respondents, are all corporations duly organized and existing under Philippine laws.

On May 8, 1996, respondents entered into a Memorandum of Agreement (1996 MOA)<sup>[2]</sup> whereby each agreed to contribute cash, property, and services for the construction and development of Philamlife Tower, a 45-storey office condominium along Paseo de Roxas, Makati City.

On December 6, 1996, respondents executed a Deed of Assignment (1996 DOA)<sup>[3]</sup> wherein they assigned to Frabelle Properties Corporation (Frabelle) their rights and obligations under the 1996 MOA with respect to the construction, development, and subsequent ownership of Unit No. 38-B located at the 38th floor of Philamlife Tower. The parties also stipulated that the assignee shall be deemed as a co-developer of the construction project with respect to Unit No. 38-B.<sup>[4]</sup>

Frabelle, in turn, assigned to Frabelle Fishing Corporation (Frabelle Fishing), petitioner herein, its rights, obligations and interests over Unit No. 38-B.

On March 9, 1998, petitioner Frabelle Fishing and respondents executed a Memorandum of Agreement (1998 MOA)<sup>[5]</sup> to fund the construction of designated office floors in Philamlife Tower.

The dispute between the parties started when petitioner found material concealment on the part of respondents regarding certain details in the 1996 DOA and 1998 MOA and their gross violation of their contractual obligations as condominium developers. These violations are: (a) the non-construction of a partition wall between Unit No.

38-B and the rest of the floor area; and (b) the reduction of the net usable floor area from four hundred sixty eight (468) square meters to only three hundred fifteen (315) square meters.

Dissatisfied with its existing arrangement with respondents, petitioner, on October 22, 2001, referred the matter to the Philippine Dispute Resolution Center, Inc. (PDRCI) for arbitration.<sup>[6]</sup> However, in a letter<sup>[7]</sup> dated November 7, 2001, respondents manifested their refusal to submit to PDRCI's jurisdiction.

On February 11, 2002, petitioner filed with the Housing and Land Use Regulatory Board (HLURB), Expanded National Capital Region Field Office a complaint<sup>[8]</sup> for reformation of instrument, specific performance and damages against respondents, docketed as HLURB Case No. REM-021102-11791. Petitioner alleged, among others, that the contracts do not reflect the true intention of the parties; and that it is a mere buyer and not co-developer and/or co-owner of the condominium unit.

After considering their respective memoranda, HLURB Arbiter Atty. Dunstan T. San Vicente, with the approval of HLURB Regional Director Jesse A. Obligation, issued an Order<sup>[9]</sup> dated May 14, 2002, the dispositive portion of which reads:

Accordingly, respondents' plea for the outright dismissal of the present case is denied. Set the initial preliminary hearing of this case on June 25, 2002 at 10:00 A.M.

IT IS SO ORDERED.

Respondents then filed with the Court of Appeals a petition for prohibition with prayer for the issuance of a temporary restraining order and/or writ of preliminary injunction,<sup>[10]</sup> docketed as CA-G.R. SP No. 71389. Petitioner claimed, among others, that the HLURB has no jurisdiction over the subject matter of the controversy and that the contracts between the parties provide for compulsory arbitration.

On December 2, 2002, the Court of Appeals rendered its Decision<sup>[11]</sup> granting the petition, thus:

WHEREFORE, premises considered, the petition is GRANTED. Public respondents Atty. Dunstan San Vicente and Jesse A. Obligation of the Housing and Land Use Regulatory Board, Expanded National Capital Region Field Office are hereby permanently ENJOINED and PROHIBITED from further proceeding with and acting on HLURB Case No. REM-021102-11791. The order of May 14, 2002 is hereby SET ASIDE and the complaint is DISMISSED.

SO ORDERED.

In dismissing petitioner's complaint, the Court of Appeals held that the HLURB has no jurisdiction over an action for reformation of contracts. The jurisdiction lies with the Regional Trial Court.

Forthwith, petitioner filed a motion for reconsideration<sup>[12]</sup> but it was denied by the appellate court in its Resolution<sup>[13]</sup> dated May 30, 2003.