357 Phil. 966

SECOND DIVISION

[G.R. No. 126000, October 07, 1998]

METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM (MWSS), PETITIONER, VS. COURT OF APPEALS, HON. PERCIVAL LOPEZ, AYALA CORPORATION AND AYALA LAND, INC., RESPONDENTS.

[G.R. NO. 128520.OCTOBER 7, 1998]

METROPOLITAN WATERWORKS ANDSEWERAGE SYSTEM, PETITIONER, VS. HON. PERCIVAL MANDAP LOPEZ, CAPITOLHILLS GOLF AND COUNTRY CLUB INC., SILHOUETTE TRADING CORPORATION, ANDPABLO ROMAN JR., RESPONDENTS.

D E C I S I O N

MARTINEZ, J.:

These are consolidated petitions for review emanating from Civil Case No. Q-93-15266 of the Regional Trial Court of Quezon City, Branch 78, entitled *"Metropolitan Waterworks and Sewerage System (hereafter MWSS) vs. Capitol Hills Golf & Country Club Inc. (hereafter, CHGCCI), STC (hereafter, SILHOUETTE), Ayala Corporation, Ayala Land, Inc.(hereafter AYALA) Pablo Roman, Jr., Josefino Cenizal, Jose A. Roxas, Jesus Hipolito, Alfredo Juinio, National Treasurer of the Philippines and the Register of Deeds of Quezon City."*

From the voluminous pleadings and other documents submitted by the parties and their divergent styles in the presentation of the facts, the basic antecedents attendant herein are as follows:

Sometime in 1965, petitioner MWSS (then known as NAWASA) leased around one hundred twenty eight (128) hectares of its land (hereafter, subject property) to respondent CHGCCI (formerly the International Sports Development Corporation) for twenty five (25) years and renewable for another fifteen (15) years or until the year 2005, with the stipulation allowing the latter to exercise a right of first refusal should the subject property be made open for sale. The terms and conditions of respondent CHGCCI's purchase thereof shall nonetheless be subject to presidential approval.

Pursuant to Letter of Instruction (LOI) No. 440 issued on July 29, 1976 by then President Ferdinand E. Marcos directing petitioner MWSS to negotiate the cancellation of the MWSS-CHGCCI lease agreement for the disposition of the subject property, Oscar Ilustre, then General Manager of petitioner MWSS, sometime in November of 1980 informed respondent CHGCCI, through its president herein respondent Pablo Roman, Jr., of its preferential right to buy the subject property

which was up for sale. Valuadation thereof was to be made by an appraisal company of petitioner MWSS'choice, the Asian Appraisal Co., Inc. which, on January 30, 1981, pegged a fair market value of P40.00 per square meter or a total of P53,800,000.00 for the subject property.

Upon being informed that petitioner MWSS and respondent CHGCCI had already agreed in principle on the purchase of the subject property, President Marcos expressed his approval of the sale as shown in his marginal note on the letter sent by respondents Jose Roxas and Pablo Roman, Jr. dated December 20, 1982.

The Board of Trustees of petitioner MWSS thereafter passed Resolution 36-83, approving the sale of the subject property in favor of respondent SILHOUETTE, as assignee of respondent CHGCCI, at the appraised value given by Asian Appraisal Co., Inc. Said Board Resolution reads:

> "NOW, THEREFORE, BE IT RESOLVED, as it is hereby resolved, that in accordance with Section 3, Par. (g) of the MWSS Charter and subject to the approval of the President of the Philippines, the sale of a parcel of land located in Balara, Quezon City, covered by TCT No. 36069 of the Registry of Deeds of Quezon City, containing an area of ONE HUNDRED TWENTY SEVEN (127.313) hectares more or less, which is the remaining portion of the area under lease after segregating a BUFFER ZONE already surveyed along the undeveloped area near the treatment plant and the developed portion of the CHGCCI golf course, to SILHOUETTE TRADING CORPORATION as Assignee of Capitol Hills Golf & Country Club, Inc., at FORTY (P40.00) PESOS per square meter, be and is hereby approved.
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> "BE IT RESOLVED FURTHER, that the General Manager be authorized, as he is hereby authorized to sign for and in behalf of the MWSS the contract papers and other pertinent documents relative thereto."

The MWSS-SILHOUETTE sales agreement eventually pushed through. Per the Agreement dated May 11, 1983 covering said purchase, the total price for the subject property is P50,925,200, P25 Million of which was to be paid upon President Marcos' approval of the contract and the balance to be paid within one (1) year from the transfer of the title to respondent SILHOUETTE as vendee with interest at 12% per annum. The balance was also secured by an irrevocable letter of credit. A Supplemental Agreement was forged between petitioner MWSS and respondent SILHOUETTE on August 11, 1983 to accurately identify the subject property.

Subsequently, respondent SILHOUETTE, under a deed of sale dated July 26, 1984, sold to respondent AYALA about sixty-seven (67) hectares of the subject property at P110.00 per square meter. Of the total price of around P74 Million, P25 Million was to be paid by respondent AYALA directly to petitioner MWSS for respondent SILHOUETTE's account and P2 Million directly to respondent SILHOUETTE. P11,600,000 was to be paid upon the issuance of title in favor of respondent AYALA, and the remaining balance to be payable within one (1) year with 12% per annum interest.

Respondent AYALA developed the land it purchased into a prime residential area now known as the Ayala Heights Subdivision.

Almost a decade later, petitioner MWSS on March 26, 1993 filed an action against all herein named respondents before the Regional Trial Court of Quezon City seeking for the declaration of nullity of the MWSS-SILHOUETTE sales agreement and all subsequent conveyances involving the subject property, and for the recovery thereof with damages.

Respondent AYALA filed its answer pleading the affirmative defenses of (1) prescription, (2) laches, (3) waiver/estoppel/ratification, (4) no cause of action, (5) non-joinder of indispensable parties, and (6) non-jurisdiction of the court for non-specification of amount of damages sought.

On June 10, 1993; the trial court issued an Order dismissing the complaint of petitioner MWSS on grounds of prescription, laches, estoppel and non-joinder of indispensable parties.

Petitioner MWSS's motion for reconsideration of such Order was denied, forcing it to seek relief from the respondent Court where its appeal was docketed as CA-G.R. CV No. 50654. It assigned as errors the following:

> "I. The court a quo committed manifest serious error and gravely abused its discretion when it ruled that plaintiff's cause of action is for annulment of contract which has already prescribed in the face of the clear and unequivocal recitation of six causes of action in the complaint, none of which is for annulment.
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> II. The lower court erred and exceeded its jurisdiction when, contrary to the rules of court and jurisprudence, it treated and considered the affirmative defenses of Ayalas - defenses not categorized by the rules as grounds for a motion to dismiss - as grounds of a motion to dismiss which justify the dismissal of the complaint.
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> III.The lower court abused its discretion and exceeded its jurisdiction when it favorably acted on Ayala's motion for preliminary hearing of affirmative defenses (motion to dismiss) by dismissing the complaint without conducting a hearing or otherwise requiring the Ayalas to present evidence on the factual moorings of their motion.
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> IV. The lower court acted without jurisdiction and committed manifest error when it resolved factual issues and made findings and conclusions of facts all in favor of the Ayalas in the absence of any evidence presented by the parties.
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> V. The court a quo erred when, contrary to the rules and jurisprudence, it prematurely ruled that laches and estoppel bar the complaint as against Ayalas or that otherwise the alleged failure to implead indispensable parties dictates the dismissal of the complaint."

In the meantime, respondents CHGCCI and Roman filed their own motions to hear their affirmative defenses which were identical to those adduced by respondent AYALA. For its part, respondent SILHOUETTE filed a similarly grounded motion to dismiss.

Ruling upon these motions, the trial court issued an order dated December 13, 1993 denying all of them. The motions for reconsideration of the respondents concerned met a similar fate in the May 9, 1994 Order of the trial court. They thus filed special civil actions for certiorari before the respondent Court which were docketed as CA-G.R. SP Nos. 34605, 34718 and 35065 and thereafter consolidated with CA-G.R. CV No. 50694 for disposition.

Respondent court, on August 19, 1996, rendered the assailed decision, the dispositive portion of which reads:

> "WHEREFORE, judgment is rendered:
> 1.) DENYING the petitions for writ of certiorari for lack of merit; and
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> 2.) AFFIRMING the order of the lower court dismissing the complaint against the appellees Ayalas.
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> "SO ORDERED."

Petitioner MWSS appealed to this Court that portion of the respondent Court's decision affirming the trial court's dismissal of its complaint against respondent AYALA, docketed as G.R. No. 126000. The portion dismissing the petition for certiorari (CA-GR Nos. 34605, 347718 and 35065) of respondents Roman, CHGCCI and SILHOUETTE, however, became final and executory for their failure to appeal therefrom. Nonetheless, these respondents were able to thereafter file before the trial court another motion to dismiss grounded, again, on prescription which the trial court in an Order of October 1996 granted.

This prompted petitioner MWSS to file another petition for review of said trial court Order before this Court and docketed as G.R. No. 128520. On motion of petitioner MWSS, this Court in a Resolution dated December 3, 1997 directed the consolidation of G.R. Nos. 126000 and 128520.

> The errors assigned by petitioner MWSS in CA-GR No. 126000 are:
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> I
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> In holding, per the questioned Decision dated 19 August 1996, that plaintiffs cause of action is for annulment of contract which has already prescribed in the face of the clear and unequivocal recitation of six causes of action in the complaint, none of which is for annulment and in effect affirming the dismissal by the respondent judge of the complaint against respondent Ayalas. This conclusion of respondent CH is, with due respect, manifestly mistaken and legally absurd.
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> II
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> In failing to consider that the complaint recited six alternative causes of action, such that the insufficiency of one cause - assuming there is such insufficiency - does not render insufficient the other causes and the complaint itself. The contrary ruling in this regard by respondent CA is founded entirely on speculation and conjecture and is constitutive of grave abuse of discretion.

In G.R. No. 128520, petitioner MWSS avers that:

I

The court of origin erred in belatedly granting respondent's motions to dismiss which are but a rehash, a disqualification, of their earlier motion for preliminary hearing of affirmative defense / motion to dismiss. These previous motions were denied by the lower court, which denial the respondents raised to the Court of Appeals by way of perfection for certiorari, which petitions in turn were dismissed for lack of merit by the latter court. The correctness and validity of the lower court's previous orders denying movant's motion for preliminary hearing of affirmative defense/motion to dismiss has accordingly been settled already with finality and cannot be disturbed or challenged anew at this instance of defendant's new but similarly anchored motions to dismiss, without committing procedural heresy causative of miscarriage of justice.

II

The lower court erred in not implementing correctly the decision of the Court of Appeal. After all, respondents' own petitions for certiorari questioning the earlier denial of their motion for preliminary hearing of affirmative defense / motion to dismiss were dismissed by the Court of Appeal, in the process of affirming the validity and legality of such denial by the court a quo. The dismissal of the respondents' petitions are embodied in the dispositive portion of the said decision of the Court of Appeals dated 19 August 1996. The lower court cannot choose to disregard such decretal aspect of the decision and instead implement an obiter dictum.

III.

That part of the decision of the decision of the Court of Appeals resolving the issue of prescription attendant to the appeal of plaintiff against the Ayalas, has been appealed by plaintiff to the Supreme Court by way of a petition for review on certiorari. Not yet being final and executory, the lower court erred in making capital out of the same to dismiss the case against the other defendants, who are the respondents herein.

IV.

The lower court erred in holding, per the questioned orders, that plaintiff's cause of action is for annulment of contract which has already prescribed in the face of the clear and unequivocal recitation of six causes of action in the complaint, none of which is for annulment. This conclusion of public respondent is manifestly mistaken and legally absurd.

V.

The court a quo erred in failing to consider the complaint recites six alternative causes of action, such that the insufficiency of one cause -