

SIXTEENTH DIVISION

[CA-G.R. CV NO. 84443, August 18, 2006]

SAMAHANG MAG-AASUKAL SA KANLURANG BATANGAS, INC. (SAMAKABA), REPRESENTED BY ITS PRESIDENT / CHAIRMAN, RUBEN T. RODRIGUEZ, PLAINTIFF-APPELLANT, VS. CENTRAL AZUCARERA DON PEDRO, INC. (CADP), DEFENDANT-APPELLEE.

D E C I S I O N

DE LOS SANTOS, J.:

Assailed on appeal to Us is the Resolution dated January 12, 2005 of the Regional Trial Court, Branch 14 of Nasugbu, Batangas in Civil Case No. 809, which dismissed the petition for writ of prohibitory and mandatory injunction, with prayer for issuance of a temporary restraining order, filed by plaintiff-appellant Samahang Mag-aasukal Sa Kanlurang Batangas, Inc. ("SAMAKABA") against defendant-appellee Central Azucarera Don Pedro, Inc., ("CADP").

SAMAKABA was organized in 1962 as an association of sugarcane planters in Batangas Province, whose by-laws provides that all sugar planters milling with appellee CADP automatically become members of SAMAKABA even without need to apply for membership. It entered into a 10-year milling contract with CADP covering crop year 1984-85 through crop year 1993-199, to expire on August 31, 1994. A prominent feature of the contract authorized SAMAKABA to act as the sole and exclusive representative of all sugar planters in the milling district where CADP is located. As such representative, SAMAKABA had the right to collect from the planters all association dues withheld by CADP.

On June 24, 1994, before the expiration of the aforesaid milling contract, CADP sent to SAMAKABA a letter proposing a new 10-year milling contract which would commence in crop year 1994-1995. Under the new milling contract, SAMAKABA would be stripped of its exclusive authority to represent all the planters milling with CADP. It would then have to share the association dues with the other planters' associations. With its reduced revenues, it would have to lay off its employees, thereby hampering its ability to monitor CADP's vital operations concerning the storage of raw sugar, issuance of quedans, accounting and weighing procedures, physical withdrawal of raw sugar.

SAMAKABA therefore refused to sign the new contract, insisting that the old contract had by its terms been renewed for another 7 or 10 years. On December 06, 1994, SAMAKABA filed Civil Case No. 94-3107 in Makati City against CADP and the other planters' groups milling at CADP, among them the Batangas Sugar Planters' Cooperative Marketing Association, Inc. ("BSPCMA"), SAMAKABA Producers Cooperative Marketing Association, Inc. ("SAPROCOM"), Batangas Association of Free Planters, Inc. ("BAFPI"), Batangas Integrated Sugar Planters' Marketing Association, Inc. ("BISPMA"), and Batangas Agricultural Producers Association

("BAPA"). It wanted to enforce the old contract and to annul the new milling contracts which BSPCMA, SAPROCOM, BAFPI, BISPMA, and BAPA had separately signed with CADP. SAMAKABA also sought to enjoin CADP from accrediting other planters' associations and cooperatives, and to remit to it all association dues collected from the planters, as provided in the old contract.

The reliefs sought by SAMAKABA (see Annex A, respondent's reply and rejoinder, Records, pp149-150) are summarized below, as follows:

"a. To restrain CADP from accrediting associations and cooperatives other than SAMAKABA as authorized representative of the planters and to remit association dues and assessments to SAMAKABA;

"b. Enforcement of the original milling contract entered into by respondent and the individual planters of CADP covering their milling agreement for the period of ten crop-years beginning crop year 1983-1984 to crop year 1993-1994;

"c. Nullification of the amended milling contract which specifically deleted SAMAKABA (petitioner herein) as the only duly accredited planters association and replaced it with "planters' association or planters' cooperative duly accredited by CENTRAL"." (Records, p. 66)

On 02 January 1995, SAMAKABA filed an amended complaint dropping the other planters' associations as defendants and retaining only CADP, which the trial court admitted on March 7, 1995. However, on May 5, 1995 defendant-associations BSPCMA, SAPROCOM, BAFPI, BISPMA, BAPA moved to intervene in the case. The trial court denied the said motion, but on petition for certiorari to this Court, docketed as CA-G.R. No. 39181, we sustained the associations in our decision dated June 21, 1996.

On October 11, 1999, SAMAKABA and CADP filed a joint motion for summary judgment based on the pleadings, documents and other evidence already made part of the records of the case. On September 13, 2000, CADP reiterated the said motion, to which the intervenor-associations joined in a motion dated October 3, 2000, in which they also waived their counterclaims against SAMAKABA.

SAMAKABA filed no opposition to both motions, and neither did it file its memorandum despite an order from the trial court. On December 7, 2000, the Regional Trial Court, Branch 134 of Makati City rendered judgment dismissing the complaint in Civil Case No. 94-3107 for lack of cause of action. It held that the original milling contract was amended and not extended, and it upheld the prerogative of CADP not to extend the milling contract with SAMAKABA, citing Paragraph 1 of the original contract which provides, as follows:

"PARAGRAPH 1. This Milling Contract shall have a basic duration period of TEN (10) CROP YEARS, beginning with Crop Year 1984/1985 and to last up to Crop Year 1993/1994, extendible at the option of CENTRAL for SEVEN (7) CROP YEARS more under the same terms, that is, the extension to cover CROP YEARS 1994/1995 to 2000/2001, inclusive, which extension option the CENTRAL may exercise not later than the ending date of Crop Year 1993/1994 by sending or serving on the planters' association SAMAKABA a general notice/advice of its exercise of

the option. Should the CENTRAL, on its own initiative, expand its rated daily capacity from the present 6,500 tons to 9,000 tons or more daily capacity on or before the ending of Crop Year 1993/1994, then the CENTRAL may, at its option, extend this Milling Contract for TEN (10) CROP YEARS under the same terms, that is, the extension to cover crop years 1994/1995 to 2003/2004, inclusive, instead of an extension for just SEVEN (7) CROP YEARS under the first stated no milling capacity expansion circumstances, which extension option the CENTRAL may likewise exercise not later than the ending date of Crop Year 1993/1994 by sending or serving on the planters' association SAMAKABA a general notice/advice of its exercise of the option." (Records, p. 58)

In holding that SAMAKABA had no cause of action against CADP because a new milling contract had superseded the original milling contract (OMB), the court said:

"In Par. 3 of the of the amended contract, par. 22 of the old contract was deleted and replaced. The replacement specifically deleted SAMAKABA (plaintiff herein) as the only duly accredited planters' association and replaced it with "planters' association or planters' cooperative duly accredited by the CENTRAL (defendant herein). Likewise, explicit in the same par. 3 of the amended contract is the deletion of the word SAMAKABA from the rest of the paragraphs of the original contract such as those found in pars. 5, 6, 9, 12, 14, 18, 26, and 27. In other words, one of the changes or amendments to the terms and conditions of the original milling contract is the loss of SAMAKABA's monopoly representation of the planters. The planters who had sought representation by other associations (the intervenors in this case) during the original milling contract's expiration, effectively withdrew from the plaintiff the authority to represent them.

"Since the defendant [CADP] did not extend the original milling contract, it follows that the plaintiff has no cause of action. On its part, the defendant [CADP] manifested in its motion for summary judgment that it is waiving its counterclaim for damages in the event of a favorable judgment to it. The intervenors made the same manifestation.

"Considering that there is no more genuine issue to be resolved, the Court finds that summary judgment is proper pursuant to Section 3, Rule 35 of the Rules of Civil Procedure."WHEREFORE, this case is hereby dismissed for lack of cause of action."SO ORDERED" (Records, p. 58-59)

SAMAKABA moved without success for a reconsideration of the decision. On April 27, 2004, this Court dismissed its appeal, docketed as CA-G.R. CV NO. 70529, and affirmed the trial court's decision *in toto*.

Meanwhile, on January 23, 2004, 3 months before the decision in CA-G.R. CV No. 70529, suspecting that CADP had been transferring raw sugar from its warehouse and factory directly to its refinery in violation of the old milling contract and without observing the quedaning and weighing procedures, SAMAKABA inspected the CADP warehouse and allegedly discovered the above violations. On January 26, 2004 SAMAKABA's Chairman and President, Ruben T. Rodriguez wrote (Annex "C") to Mr. Ramon A. Picornell, Jr., Senior Vice President for Operations of CADP, and, still asserting that all the planters milling with CADP are its members, demanded that

CADP *"stop, desist or refrain from directly transferring sugar from your factory/warehouse without prior proper accounting and weighing procedures acceptable to us or the association in order to avoid further damage or prejudice to the right, interest or economic life of all sugar planters milling with CADP, all of whom are members of our association."* It explained, thus:

"I need not over-emphasize that this transfer of our raw sugar produce greatly affected or prejudiced the rights and interest of our planters/members, not to mention their economic life because the association will not be able to determine the excess sugar produced by the mill since periodic quedans were [based] only on theoretical figures. Since excess sugar can only be determined after separation of sugar duly quedaned and weighed, your transfer of raw sugar procedure has undeniably caused losses to the planters in terms of excess sugar for at least nine (9) years or from the time of the reduction of our work force as a result of the unilateral amendment of our milling contract.

"I need not further emphasize that the unilateral amendment of our milling contract has greatly affected the service the association provides to all planters milling their canes at CADP. Be it noted that all planters milling with CADP become automatic members without any written application for such pursuant to the association's By-Laws which had been registered and approved by the Securities and Exchange Commission since 1962 and uncontested for the past 42 years." (Records, p. 16)

There was no response from CADP, and on February 20, 2004 SAMAKABA filed Civil Case No. 809, now on appeal before Us, against CADP with the Regional Trial Court, Branch 14 of Nasugbu, Batangas, praying as follows:

"WHEREFORE, petitioner prays that upon filing of the instant petition, the writs of injunction be issued directing respondent CADP to render an accounting of excess sugar and unremitted association dues and/or deposit the same before this Honorable Court or its authorized bank for proper disposition, and temporarily enjoin respondent CADP from transferring raw sugar from its warehouse and factory directly to the refinery without corresponding sugar quedan, verified, accounted and weighed, and that after due notice, judgment be rendered, as follows:

" 1. Order the release of association dues and to deposit the same in favor of petitioner SAMAKABA and pay the latter directly all current association dues;

"2. Pay petitioner the sum equivalent to unaccounted excess sugar since the sugar refinery started its operation when the direct transfer of raw sugar from the factory and warehouse was done;

"3. Make permanent the temporary restraining so issued and/or writs of injunction be issued permanently enjoining respondent CADP from transferring raw sugar from its warehouse and factory directly to its refinery;

"4. Fix reasonable injunction bond to answer for damages by reason of the writs of injunction, if it turns out later that the petitioner is not entitled thereto;

- "5. Pay petitioner the sum of P100,000.00 as and for attorney's fees and a further sum of P5,000.00 as appearance fee per court attendance;
- "6. Pay the costs of suit.
- " Other reliefs and remedies just and equitable are likewise prayed for." (Records, pp. 7-8)

In the petition below for injunction, now before Us on appeal, SAMAKABA insists that it continues to be the sole and exclusive representative of all the sugar planters who *"have been milling sugar cane with respondent CADP since 1962 under a milling agreement or contract, the latest of which was dated crop year 1984-1985 to crop year 1993-1994 and crop year 1994-1995 to crop year 2003-2004"* (see Paragraph 2 of Petition). In particular, SAMAKABA complained that CADP *"unilaterally, illegally, capriciously, whimsically, and arbitrarily amended paragraph 22 of the original milling contract and added thereon other planters' association or planters' cooperative to be the representative of sugarcane planters milling with CADP, the validity of which is now pending with the Court of Appeals"* (see Paragraph 2.1, *ibid.*), referring to CA-G.R. CV No. 70529.

On motion of CADP to dismiss the complaint (Annex "1") for forum shopping and lack of cause of action, on January 15, 2005 the court *a quo* issued its now assailed Resolution dismissing the complaint. On appeal to us, SAMAKABA insists that the court's decision deprived it of due process, and that it failed to consider that the earlier case Civil Case No. 94-3107 dealt with issues unrelated to the present action, which arose from acts occurring subsequent to the institution of the first case. SAMAKABA again reiterates that it remains the sole and exclusive representative of all planters milling with CADP.

The appeal has no merit.

Paragraph 1 of the old milling contract expressly provides that it is the "CENTRAL", referring to appellee CADP, which held the option to extend or renew for another seven (7) years the original milling contract after its expiration in crop year 1993/1994, or from crop year 1994/1995 to crop year 2000/2001. The extension would be signified by CADP serving on SAMAKABA a general notice/advice of its exercise of the said option.

Instead of the extension, however, CADP sent to SAMAKABA a letter proposing a new 10-year milling contract containing significant amendments, among which are that SAMAKABA would cease to be the exclusive representative of the planters, and that CADP could henceforth accredit other planters' associations to represent them with CADP.

As a result of the termination of SAMAKABA's authority as sole representative of the sugar planters, or at least its non-recognition as such by CADP, SAMAKABA's revenues from association dues dwindled and it lost the ability to monitor vital operations of CADP on the storage of raw sugar, issuance of *quedans*, accounting and weighing procedures, as well as physical withdrawal of raw sugar for transport to CADP's refinery.

To justify its petition for injunction, SAMAKABA alleged the following causes of action and reliefs: