

****Title:**** *Filstream International Incorporated vs. Court of Appeals, et al.*

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****Facts:****

Filstream International Inc. owned parcels of land in Tondo, Manila. On January 7, 1993, Filstream filed an ejectment suit against occupants (private respondents) for lease termination and rent non-payment, resulting in a Metropolitan Trial Court (MTC) decision in Filstream's favor. Despite appeals by the occupants to the Regional Trial Court (RTC) and then the Court of Appeals (CA), the MTC decision was upheld, becoming final and executory.

Concurrently, during the ejectment proceedings, private respondents filed a complaint against Filstream, and the City of Manila, announcing urban development initiatives, approved ordinances to expropriate Filstream's properties. Subsequently, a complaint for eminent domain was filed, leading to a writ of possession favoring the city. Filstream's motions to dismiss the complaint and quash the writ of possession were denied by the RTC.

Filstream appealed to the CA, which was dismissed for procedural issues. Meanwhile, private respondents attempted to halt the MTC's execution orders. Eventually, the City of Manila also sought intervention, which was denied.

Filstream, facing setbacks at the RTC level, pursued Certiorari before the CA, which issued injunctions against the demolition of structures on the contested land. These injunctions prompted Filstream to elevate the matter to the Supreme Court (SC), leading to the consolidated G.R. Nos. 125218 and 128077 cases.

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****Issues:****

1. Whether the Court of Appeals erred in dismissing Filstream's petition due to procedural non-compliance.
2. Whether the City of Manila's exercise of eminent domain complied with the legal requirements for public use and just compensation.
3. Whether the injunctions against execution and demolition orders were properly issued.

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****Court's Decision:****

The Supreme Court found in favor of Filstream, setting aside the CA resolutions that dismissed Filstream's petition for procedural non-compliance and issued injunctions against execution orders. The SC underscored the necessity of substance over form in legal proceedings and highlighted the paramount interest of the state in exercising eminent domain without overriding the rights of property owners to due process. It was determined that the City of Manila did not comply with the requirements under R.A. 7279, specifically the mandate to exhaust all other modes of acquisition before resorting to expropriation and to prioritize government-owned lands for socialized housing.

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****Doctrine:****

The exercise of eminent domain by local government units must adhere to the constitutional guarantee of due process and the statutory requirements under the relevant laws, such as the Urban Development and Housing Act of 1992 (R.A. 7279). This includes the exhaustion of all other modes of acquisition and adherence to the order of priority in acquiring lands for socialized housing projects.

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****Class Notes:****

1. ****Eminent Domain**** - The state's power to expropriate private property for public use, subject to just compensation.
 2. ****Due Process in Eminent Domain**** - Requires adherence to procedural and substantive legal requirements, emphasizing just compensation and public use.
 3. ****Order of Priority in Land Acquisition (R.A. 7279)**** - Mandates specific order and conditions under which government entities may acquire lands for socialized housing, emphasizing the preference for government-owned lands and the requirement to exhaust alternative acquisition modes before expropriation.
 4. ****Legal Procedural Compliance**** - The necessity of balancing procedural requirements with the need for substantial justice, particularly in cases affecting significant property rights.
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****Historical Background:****

This case exemplifies the complex interplay between property rights, government urban development initiatives, and the judicial process in the Philippines. The government's push for urban development and housing, particularly in densely populated areas such as Manila, often prompts the use of eminent domain. However, this case reaffirms the judiciary's role in ensuring that such powers are exercised within the bounds of the law, respecting individuals' property rights and due process.