

### Title:

House International Building Tenants Association, Inc. v. Intermediate Appellate Court et al.

### Facts:

The case involves the House International Building Tenants Association, Inc. (the Association), a non-profit corporation formed by tenants of the 14-storey House International Building in Binondo, Manila. The building's land and improvements were initially owned by Felipe Ang, who mortgaged them to the Government Service Insurance System (GSIS). Following foreclosure and Ang's failure to redeem, GSIS became the owner and sold the property to Centertown Marketing Corporation (CENTERTOWN) under a conditional sale. CENTERTOWN, lacking authorization in its Articles of Incorporation to engage in real estate, formed Manila Towers Development Corporation (TOWERS) and transferred its rights and obligations to TOWERS, with GSIS's consent.

The Association filed a complaint in the Regional Trial Court of Manila against CENTERTOWN, TOWERS, and GSIS, seeking the annulment of the deed of conditional sale and its assignment to TOWERS, citing the deed's ultra vires nature. The trial court dismissed the case, and the decision was upheld by the Court of Appeals after the denial of the Association's motion for reconsideration. The Association then filed for a petition for review on certiorari with the Supreme Court.

### Issues:

1. Whether the Association has the legal standing to sue as a corporation representing its members, who are the tenants.
2. Whether the Association has a cause of action against GSIS, CENTERTOWN, and TOWERS.

### Court's Decision:

The Supreme Court denied the petition, affirming the decisions of the lower courts. It elaborated on two main points:

1. The Association, though composed of the relevant tenants, has a separate legal personality and, without showing an actual, material interest in the suit's subject matter, does not qualify as the real party in interest as outlined in Section 2, Rule 3 of the Rules of Court.
2. Regarding the Deed of Conditional Sale being ultra vires, the Court distinguished between a void contract and an ultra vires contract — the latter being voidable, not automatically void. The Association, not being a party or privy to the deed or its assignment,

cannot challenge their validity under Articles 1311 and 1397 of the Civil Code.

**### Doctrine:**

- The principle of legal standing emphasizes that only the party who stands to be benefited or injured by a judgment, or who is entitled to the suit's avails, qualifies as the real party in interest.
- Ultra vires contracts are voidable, not void ab initio, and can be contested only by parties or privies to the contract.

**### Class Notes:**

- Real Party in Interest: Individuals or entities with a material interest in the outcome of a controversy are necessary parties to the lawsuit.
- Ultra Vires Acts: Acts beyond the scope of the powers conferred by the articles of incorporation of an entity are generally voidable, rather than automatically void, and the challenge must come from someone with legal standing.
- Articles 1311 and 1397, Civil Code: Contracts only bind the parties who enter into them, and only those parties, or those who are subsidiarily obliged, can contest their validity.

**### Historical Background:**

This case touches on issues of property rights, corporate authority, and tenant rights within the framework of Philippine law. It reflects the intricacies of navigating legal standing and the capacity to sue in representing collective interests, especially in real estate and corporate matters.