

### Title: Northern Mindanao Industrial Port and Services Corporation v. Iligan Cement Corporation

### Facts:

Northern Mindanao Industrial & Port Services Corporation (NOMIPSCO) filed a complaint for damages and attorney's fees against Iligan Cement Corporation (ICC) following a bidding process for a cargo handling contract. NOMIPSCO accused ICC of marking its bid folder as "no bid submitted" and favoring Europort Logistics and Equipment Incorporated (Europort) based on undisclosed new policies and the recommendation of the end-user, despite NOMIPSCO offering the lowest bid. ICC countered with an Answer with Compulsory Counterclaims arguing the complaint failed to state a cause of action, emphasizing that NOMIPSCO had no legal right to demand the award of the contract to itself. The Regional Trial Court (RTC) of Iligan City denied ICC's motions to dismiss, leading ICC to file an original Petition for Certiorari before the Court of Appeals (CA), which eventually ruled in favor of ICC finding that NOMIPSCO had no cause of action.

### Issues:

1. Did the RTC commit grave abuse of discretion by not dismissing Civil Case No. 7201 for failure to state a cause of action against ICC?
2. Were the issues raised by ICC evidentiary in nature that should have been addressed during trial rather than at the motion to dismiss stage?
3. Did ICC waive its right to dismiss the complaint for lack of cause of action by participating in the trial?
4. Could issues not presented at the RTC level be raised and considered by the CA in determining whether the RTC had committed grave abuse of discretion?

### Court's Decision:

The Supreme Court denied NOMIPSCO's petition, upholding the CA's decision which found that NOMIPSCO had no legal right to command the award of the contract to itself based on its bidding submission. The Court clarified that an invitation to bid is an invitation to make proposals and that the IC had the prerogative to accept or reject any bids. As a result, NOMIPSCO's complaint was found baseless, as it failed to establish a legal right violated by ICC's actions.

### Doctrine:

1. An advertisement for bidders constitutes merely an invitation for proposals, leaving the advertiser with no obligation to accept any bid, including the lowest, unless stipulated otherwise.
2. The exercise of a business entity's discretion in awarding contracts is generally a policy decision that necessitates thorough evaluation, which courts typically will not interfere with absent any evident abuse or fraudulent conduct.

### ### Class Notes:

- **Fundamental Principles**: In bid invitation processes, the party issuing the invitation retains the discretionary right to reject any and all proposals. Such a decision is shielded from judicial scrutiny unless clear discretion abuse or fraudulent conduct is demonstrated.
- **Legal Statutes**:
  - **Article 19 of the Civil Code**: Mandates acting with justice, giving everyone their due, and observing honesty and good faith in the exercise of one's rights.
  - **Article 1326 of the Civil Code**: Advertisements for bids are invitations to make proposals, with no obligation to accept the highest or lowest bid unless stated.
- These legal bases reinforce the concept of discretionary decision-making in commercial practices, particularly in bidding processes. The decision elucidates how claims of "abuse of rights" require a factual basis demonstrating a clear derogation of these principles.

### ### Historical Background:

This case sheds light on the nuanced legal interpretations related to bidding processes, commercial discretion, and the doctrine of abuse of rights within Philippine jurisprudence. It reflects the balance between commercial autonomy and the obligation to adhere to principles of fairness, a recurrent theme in disputes involving corporate and contractual dealings.