

### Title: Philippine Ports Authority v. William Gothong & Aboitiz (WG&A), Inc.

### Facts:

WG&A, a shipping company, sought to lease the Marine Slip Way from PPA, a government-owned entity managing the country's port facilities, after a previous lease expired. A memorandum from then President Estrada, stemming from an Economic Coordinating Council meeting, approved WG&A's lease request for a term specified until the completion of the North Harbor Modernization Project's bidding process and handover. A lease with terms including rental rates, utility responsibilities, and improvement agree to overs was signed by both parties, granting WG&A possession.

Later, PPA attempted to terminate the lease, citing its expiry, and demanded WG&A vacate the premises. WG&A resisted, leading to a legal battle starting with an Injunction suit filed by WG&A against PPA's ejection efforts, seeking also damages for breach of contract. WG&A's legal pleadings evolved, eventually seeking a reformation of the contract to clearly reflect the intended lease term until the North Harbor project's completion. PPA resisted these amendments, arguing they substantially altered WG&A's case.

The matter escalated through the legal system, with the Regional Trial Court (RTC) denying WG&A's motion to amend their complaint. WG&A petitioned the Court of Appeals (CA), which reversed the RTC's decision, prompting the PPA to appeal to the Supreme Court.

### Issues:

1. Whether the Court of Appeals erred in finding the RTC committed grave abuse of discretion by denying WG&A's second amended complaint for contract reformation.

### Court's Decision:

The Supreme Court upheld the CA's decision, affirming that the RTC did indeed commit grave abuse of discretion. The high court clarified that under the 1997 Rules of Civil Procedure, substantial amendments could be made to pleadings to better serve substantial justice and expedite the legal process, even if such amendments alter the cause of action or defense significantly. The Court emphasized that the RTC incorrectly applied outdated procedural rules, and that WG&A's amendment, aiming at contract reformation to reflect the true lease term intended by both parties, was wrongly denied.

### Doctrine:

The Supreme Court reiterated the principle that substantial amendments to pleadings are permissible under the 1997 Rules of Civil Procedure, provided they aim to serve substantial

justice and do not intend to delay the proceedings. Importantly, the Court removed the restriction against amendments that substantially alter causes of action or defenses, signaling a flexible approach to ensuring justice and efficiency in legal proceedings.

### Class Notes:

- **\*\*Legal Amendments under the 1997 Rules of Civil Procedure\*\***: Substantial amendments may be made to pleadings upon court permission, without the prior rule's limitation against changes that substantially alter causes of action or defenses. The focus is on serving substantial justice and preventing undue delay.
- **\*\*Grave Abuse of Discretion\*\***: Defined by improper application of law or procedure by a court, such as not applying the current rules of procedure.

### Historical Background:

This case showcases the evolution of legal procedures in the Philippines, specifically the significant shift made in 1997 regarding amendments to pleadings. It highlights the judicial system's adaptability and its ongoing efforts to streamline legal proceedings for justice. Furthermore, it touches upon issues regarding the intersection of government-controlled corporations and private entities in managing essential infrastructure, reflecting on governance and legal frameworks around public-private partnerships.