

Title: BF Corporation vs. Manila International Airport Authority

Facts:

BF Corporation, along with Mitsubishi Corporation, Tokyu Construction Co., Ltd., and A.M. Oreta & Co., Inc., formed the MTOB Consortium to participate in a bidding process for the construction of the Ninoy Aquino International Airport Terminal II (NAIA II), which was eventually awarded to them by the Manila International Airport Authority (MIAA). Subsequently, serious disagreements among the consortium members emerged, particularly involving Tokyu's refusal to execute a final consortium agreement and its demand that BF lower its prices, ultimately leading to BF being marginalized from the project.

BF Corporation initiated legal proceedings against its consortium partners and originally included MIAA as a party-defendant. However, MIAA was later dropped from the complaint following its objection on the ground that the dispute was internal to the consortium. Despite this, BF Corporation sought to re-implead MIAA as the project neared completion to secure a share of the payments due to the consortium from MIAA, arguing that such re-impleading was necessary for obtaining complete relief.

The Regional Trial Court (RTC) initially issued, then extended a Temporary Restraining Order against Tokyu and later ordered it to comply with several demands of BF Corporation, which was contested by Tokyu through petitions filed with the Court of Appeals (CA). The CA, in various decisions, found in favor of discontinuing actions against MIAA and highlighted that the disputes were internal to the consortium and that BF Corporation had no standing against MIAA based on the consortium agreement.

Issues:

1. Whether BF Corporation has a cause of action against MIAA.
2. Whether BF Corporation is estopped from re-impleading MIAA as a defendant.
3. Whether the doctrine of res judicata bars BF Corporation from re-impleading MIAA in the main case.

Court's Decision:

The Supreme Court denied BF Corporation's petition and affirmed the Court of Appeals' decision. The SC held that:

- BF Corporation had no cause of action against MIAA as the disputes were related to the consortium agreement, to which MIAA was not a party.
- BF Corporation was estopped from re-impleading MIAA as a defendant after voluntarily

dropping it from the complaint, thereby misleading MIAA to believe it had no cause of action against it.

- The doctrine of res judicata did not apply as there was no identity of parties, subject matter, and cause of action between the original CA case (CA-G.R. SP No. 43133) and the subsequent case involving the re-impleading of MIAA (CA-G.R. SP No. 67765).

Doctrine:

This case reaffirmed the principles regarding cause of action, estoppel, and res judicata. It clarified that a party cannot be held liable or included as a defendant if it is not privy to a contract or dispute among other parties. It also established that parties cannot act in a way that misleads others to their detriment and then change positions to the contrary.

Class Notes:

- **Cause of Action:** Requires an existing right, a duty on the defendant's part to respect this right, and a violation of this duty.

- **Estoppel:** Prevents a party from assuming a position inconsistent with one previously adopted to the detriment of another who has relied on the original position.

- **Res Judicata:** To bar a subsequent case, there must be a final judgment, jurisdiction over the parties and subject matter, judgment on the merits, and identity of parties, subject matter, and cause of action between the first and second actions.

Historical Background:

This case highlights the complexities of legal disputes involving consortium agreements in large infrastructure projects. It underscores the significance of clear contractual relationships and the limitations of parties' rights to seek remedies from entities not privy to their internal agreements.