

Title:

****Noemi S. Cruz and Heirs of Hermenegildo T. Cruz v. City of Makati, City Treasurer of Makati, Register of Deeds of Makati, and Laverne Realty and Development Corporation****

Facts:

****Ownership and Tax Issues:****

1. Noemi Cruz and her husband Hermenegildo T. Cruz were registered owners of Unit 407 in Cityland Condominium 10, Makati City.
2. The couple's designated employee failed to remit tax payments amounting to PHP 201,231.17 to the City of Makati, leading to a levy on the property.

****Levy, Auction, and Legal Actions:****

3. The City of Makati auctioned off the property, which was purchased by Laverne Realty and Development Corporation (Laverne) for PHP 370,000.
4. The property was not redeemed by the Cruz couple.

****Litigation in Multiple Courts:****

5. In 2007, the Cruz couple filed a case for annulment of the sale (Civil Case No. 07-1155) alleging several procedural lapses during the levy and sale process, including misdirected billing notices.
6. The Makati RTC Branch 62 granted them injunctive relief.

****Subsequent Legal Proceedings:****

7. In 2009, Laverne filed a separate case (LRC Case No. M-5237) seeking to surrender the owner's duplicate copy of the title at Makati RTC Branch 148.
8. In 2011, Petitioners sought consolidation of the two cases and default status for Laverne for failure to file responsive pleadings.

****Series of Orders:****

9. On March 29, 2012, the Makati RTC Branch 62 denied consolidation and default status but permitted the expungement of Laverne's untimely answer.
10. On June 26, 2012, the court dismissed Civil Case No. 07-1155 due to Petitioners' non-compliance with an order to apprise it of the developments in the consolidation motion.
11. Petitioners' omnibus motion for reconsideration was denied on December 27, 2012.

****Court of Appeals Involvement:****

12. Petitioners filed a certiorari petition with the CA, which was dismissed on July 22, 2013,

and its motion for reconsideration was denied on January 15, 2014.

Issues:

1. Whether the CA erred in affirming the trial court's dismissal of Civil Case No. 07-1155 despite gross negligence of petitioners' counsel.
2. Whether the CA erred in dismissing the certiorari petition due to procedural mistakes despite meritorious grounds for annulment of sale.

Court's Decision:

****Erroneous Dismissal of the Complaint:****

1. ****Mistake of Counsel:****

- The Supreme Court (SC) identified that the procedural errors attributed to the negligence of Petitioners' counsel should not prejudice the merits of the case.
- The lack of communication regarding the developments in LRC Case No. M-5237 did not justify dismissal in light of substantial events that invalidated the need for consolidation.

2. ****Non-Compliance with LGC:****

- The City of Makati's auction violated several LGC provisions such as improper sending, publication, and posting of notice of tax delinquency.
- There was no proof of proper service of the warrant of levy and notice discrepancies were apparent (misaddressed to Unit 1407 instead of Unit 407).

****Grave Abuse of Discretion:****

- The lack of proper notification and procedural lapses during the levy and auction breached the Petitioners' right to due process.
- Due to these substantive issues, the SC excused procedural lapses by the Petitioners.

Doctrine:

****Strict Compliance with Local Government Code Provisions:****

- Mandatory requirements for levy and sale of delinquent properties must be strictly adhered to. Failure to provide actual notice to delinquent taxpayers invalidates the sale.
- Procedural imperfections committed by litigants owing to counsel's neglect may be overlooked if substantial rights, particularly ownership and due process, are implicated.

Class Notes:

****Key Points for Students:****

1. ****Due Process in Tax Delinquency Sales:****

- Administrative actions resulting in loss of property need strict compliance with legal due notice provisions.
- The law protects property rights and mandates proper notification to avoid unlawful takings.

2. **Role of Counsel's Negligence:**

- Gross incompetence of counsel can provide grounds to reopen cases if it significantly prejudices a client's substantive rights.

3. **Local Government Code Requirements:**

- Proof of posting and mailing notices (Sections 254, 258, 260 LGC).
- Actual notice to the taxpayer is mandatory (no substitution).

Historical Background:

Context of the Case:

The case highlights systemic issues in property levy and tax delinquency sales, revealing potential malpractice by involved government units. The procedural oversights questioned not just the process, but possible collusion and lack of due process in administrative proceedings concerning valuable urban real estate.

This case underscores vigilance in ensuring transparency and fairness in public auctions and protection against potential exploitation in administrative practices related to property tax delinquencies.