

****Title:****

E.G.V. Realty Development Corporation and Cristina Condominium Corporation vs. Court of Appeals and Unisphere International, Inc.

****Facts:****

Petitioner E.G.V. Realty Development Corporation (E.G.V. Realty) is the developer of Cristina Condominium. The Cristina Condominium Corporation (CCC) manages the common areas of the condominium. Respondent Unisphere International, Inc. (Unisphere) owns Unit 301 of the condominium.

- ****Incident 1 (November 28, 1981):**** Unisphere's Unit 301 is allegedly robbed, items valued at PHP 6,165.
- ****Incident 2 (July 25, 1982):**** Unisphere reported another robbery, items valued at PHP 6,130, totaling PHP 12,295. Both incidents were reported to CCC.
- ****Demand for Compensation (October 5, 1982):**** Unisphere demanded reimbursement from CCC, which denied liability, stating goods belonged to a third party, Amtrade.
- ****Withheld Dues (November 1982):**** Unisphere withheld payment of monthly dues.
- ****Demand for Payment (September 13, 1983):**** CCC demanded past dues.
- ****Deed of Sale (December 5, 1984):**** E.G.V. Realty executed a sale of Unit 301 to Unisphere with a lien for unpaid dues of PHP 13,142.67.
- ****Litigation Initiation (January 28, 1987):**** E.G.V. Realty and CCC petitioned the SEC for collection of unpaid dues.

****Litigation Sequence:****

- ****SEC Hearing (January 11, 1989):**** SEC Hearing Officer Villaflor ruled Unisphere to pay PHP 13,142.67 and awarded Unisphere PHP 12,295 for losses.
- ****Motions for Reconsideration (July 17, 1989):**** Officer Flores modified the decision, denying liability for burglars' value.
- ****Appeal to SEC en banc (July 18, 1989):**** Unisphere filed a notice of appeal, requested extensions, and eventually filed the memorandum on appeal late.
- ****SEC en banc Order (February 23, 1990):**** Appeal dismissed due to late filing.
- ****Court of Appeals (February 17, 1995):**** Reversed SEC decision, set-off losses against unpaid dues, ordered residual payment of PHP 847.67.
- ****Petition for Review (May 15, 1995):**** E.G.V. Realty and CCC filed with Supreme Court.

****Issues:****

1. **Procedural Issue:** Whether the Court of Appeals had jurisdiction and whether the SEC en banc order was final and unappealable.
2. **Substantive Issue:** Whether the Court of Appeals correctly ruled on the offsetting of Unisphere's losses against unpaid dues.

Court's Decision:

Procedural Aspect:

1. **Jurisdiction of Court of Appeals:**
 - The appeal to the Court of Appeals was done under Rule 43 of the Revised Rules of Court, following Republic Act No. 5434. Unisphere correctly filed a notice of appeal with both the SEC en banc and the Court of Appeals.
2. **Finality of SEC en banc Order:**
 - The SEC en banc's order of February 23, 1990, should have attained finality as Unisphere's second motion for reconsideration violated SEC rules, making it void. Consequently, Unisphere's appeal was time-barred.

Substantive Aspect:

Compensation or Set-Off:

- Article 1279 of the Civil Code mandates that for compensation (set-off) to occur, claims must be liquidated, demandable, and both parties must be mutually debtors and creditors.
- Unisphere's claim against E.G.V. Realty and CCC was a disputed, unliquidated claim, not a recognized debt under Article 1279, preventing legal compensation.

Supreme Court's Ruling:

1. The appeal of Unisphere was not timely, rendering the SEC en banc decision final and executory.
2. Asserted losses from burglaries do not qualify for set-off against the recognized unpaid dues since these are unliquidated and disputed claims.

Doctrine:

The Supreme Court established that to allow compensation or set-off under Article 1279, claims must be liquidated, not subject to dispute, and mutually recognized as debts by both parties involved.

****Class Notes:****

1. ****Civil Code Article 1279****: Set-off requires mutually admitted debts, both being due, liquidated, and demandable.
2. ****Finality of Administrative Orders****: Timeliness in filing appeals; non-permissibility of second motion for reconsideration.
3. ****Compensation/Offset Distinction****: Offsetting is permissible only for undisputed, liquidated debts.

****Historical Background:****

This case discusses the preservation of procedural requirements in quasi-judicial body appeals and reinforces strict adherence to statutory rules for claims against condominium corporations. It emphasizes the preserving of finality in orders to avoid dilatory tactics. The context reflects the legal framework's effort to secure orderly administration of justice by enforcing procedural timeliness and clarity on compensation principles.