

Title: Municipality of Hagonoy, Bulacan v. Hon. Simeon P. Dumdum, Jr., et al.

Facts:

- Initial Engagement and Agreement:** Sometime in the middle of 2000, Emily Rose Go Ko Lim Chao, doing business as KD Surplus, was contacted by Felix V. Ople, the chief executive of the Municipality of Hagonoy, Bulacan. There was an agreement between Chao and the municipality for the delivery of twenty-one motor vehicles, purportedly for developmental projects in the municipality. Ople assured that the funds for the project were allocated, and Chao agreed to the delivery.
- Delivery Details:** Chao delivered the vehicles from Cebu City. The complaint included bills of lading to show that the vehicles were consigned and received by the municipality. Despite deliveries, Ople allegedly did not fulfill the payment obligation, amounting to an accumulated total of P10,026,060.13 at the time of the complaint.
- Complaint Filed:** Chao filed a complaint for collection of a sum of money and damages, including interest, penalties, and exemplary damages.
- Initial Legal Maneuvering:** On February 13, 2003, the Regional Trial Court (RTC) issued an Order granting a writ of preliminary attachment against the petitioners' properties upon Chao posting a bond. A Writ of Preliminary Attachment was subsequently issued on March 20, 2003.
- Motions to Dismiss and Dissolve Writ:** Petitioners filed a Motion to Dismiss, citing the statute of frauds due to lack of a written contract. They also moved to dissolve the writ based on claims of state immunity, unenforceability of the contract, and lack of substantiated fraud allegations.
- RTC's Orders:** The RTC denied both motions on October 20, 2003, and the subsequent motion for reconsideration was denied on December 29, 2003.
- CA Petition:** Petitioners filed for certiorari under Rule 65 with the Court of Appeals, which, on January 31, 2005, denied the petition. The motion for reconsideration was also denied.
- Petition to Supreme Court:** Petitioners elevated the matter to the Supreme Court, claiming errors in the decisions regarding the motion to dismiss and the writ of preliminary attachment.

****Issues:****

1. Whether the complaint should have been dismissed based on the statute of frauds.
2. Whether the writ of preliminary attachment was improperly issued given the claim of state immunity and other defenses.
3. Whether the motion for reconsideration was improperly denied by the Court of Appeals.

****Court's Decision:****

1. ****Statute of Frauds****: The Supreme Court held that the statute of frauds does not render oral contracts invalid but unenforceable unless evidenced by writing. The court noted that Chao had performed part of her obligation by delivering the vehicles, supported by bills of lading, which remove the agreement from the statute's purview. Hypothetical admission in a motion to dismiss implies the allegations, which in this case were sufficient to set forth a valid cause of action.
2. ****Writ of Preliminary Attachment****: The court underscored that local governments are bound by Section 22 of the Local Government Code, making them capable of suing and being sued. The Supreme Court, however, distinguished between suability and liability, recognizing that while the municipality can be sued, its properties remain exempt from seizure by attachment or garnishment. Consequently, the initial writ of attachment lacked practical utility since governmental properties cannot be executed upon without legislative appropriation.
3. ****Motion for Reconsideration****: The court found that the denial of the motion by the Court of Appeals on technical grounds due to unauthorized counsel was incorrect. However, the arguments in the motion had been sufficiently addressed in prior decisions, warranting the denial.

****Doctrine:****

- ****Statute of Frauds****: Contracts within the purview of the statute of frauds are unenforceable, not void, and may be remedied if there is performance of the obligation by one party.
- ****Suability and Liability of the State and its Subdivisions****: While local governments can be sued, their properties are protected from execution unless legislated otherwise.
- ****Performance and Valid Cause of Action****: Hypothetical admission in motions to dismiss extends to well-pleaded facts and rational inferences.

****Class Notes:****

- ****Statute of Frauds (Article 1403, Civil Code)**:**
- Writing and subscription by the party to be charged are necessary unless there's part performance.
- ****Suability and Liability (Local Government Code, Section 22)**:**
- Municipalities can be sued, but their properties are protected from execution.
- ****Execution of Judgments**:**
- Government funds cannot be diverted from their appropriated purpose for satisfying judgments.

****Historical Background:****

This case highlights the complex interplay of contract enforcement, the statute of frauds, and local government immunity in the Philippines. A significant aspect is the protection of public resources against improper judicial seizures despite the acknowledgment that municipalities can engage in and be parties to legal suits. The decision reiterates the distinction between the suability of public entities and the inaccessibility of public properties for judgment enforcement.