

Title:

****Metroheights Subdivision Homeowners Association, Inc. v. CMS Construction and Development Corporation et al.****

Facts:

On June 29, 1992, Metroheights Subdivision Homeowners Association, Inc. (Petitioner) filed a complaint with the Regional Trial Court (RTC) of Quezon City against CMS Construction and Development Corporation (CMS Construction), Metropolitan Waterworks and Sewerage System (MWSS), and various individuals (collectively, Respondents). This complaint sought damages, a temporary restraining order, and preliminary injunctions due to disruptions in the subdivision's water supply.

1. ****Contract and Improvements****: Petitioner had earlier resolved water supply issues by entering a contract with MWSS in November 1990 for an improved water connection from Visayas Avenue, costing PHP 190,000. This resolved the water supply issues until April 1992.
2. ****Disruption of Service****: In April 1992, CMS Construction started laying new water pipes along Fisheries Street and Morning Star Drive in Sanville Subdivision. This project, contracted by MWSS, inadvertently disconnected Metroheights' water line without notifying the association, resulting in a three-day water outage. The Petitioner's pipes and related materials were also reported stolen.
3. ****Response****: Upon discovery, Petitioner demanded restoration of the water supply and the return of stolen materials. CMS Construction temporarily reconnected the water line using a 2-inch rubber hose, but did not restore it to its original condition despite several demands from the petitioner.
4. ****RTC Decisions****: The RTC ruled in favor of the petitioner on March 30, 1999, awarding various damages. Respondents' MWSS appealed, and CMS Construction/Cruzes motioned for a new trial, which the RTC granted. The RTC reaffirmed its decision on May 18, 2006, citing bad faith and dismissing the respondents' defense of legitimate right.
5. ****CA Decisions****: The Court of Appeals (CA) reversed the RTC's decision on October 10, 2012, dismissing the complaint for lack of merit. This decision was upheld on September 30, 2013.

Issues:

1. Did the CA err in finding that there was prior notice to the petitioner of the rehabilitation project undertaken by the respondents?
2. Can the respondents be held liable under Article 19 of the Civil Code for abuse of rights?
3. Was the abuse of right by the respondents sufficiently established?
4. Did the CA err in absolving respondents of civil liability to the petitioner?

Court's Decision:

1. ****Prior Notice****: The Supreme Court found that there was no credible evidence proving that such notice was given to the petitioner. Testimonies and presented evidence were inadequate to substantiate claims of prior notification.
2. ****Article 19 (Abuse of Rights)****: The Court applied the principles of Article 19, emphasizing that the use of rights in bad faith leading to prejudice suffices for liability. The Court found that the respondents acted with an arbitrary disregard for the petitioner's rights by failing to notify them of the disruptions, thus violating Article 19.
3. ****Establishment of Abuse****: The Court established that the respondents' failure to inform, the subsequent inconvenience, and health risks due to a lack of water constituted bad faith and an abuse of rights. The respondents' actions were deemed injurious and unjust.
4. ****Civil Liability****: The Court reversed the CA's decision, reinstated, and modified the RTC's original decision. MWSS and CMS Construction were held liable for damages, while the individual private respondents (Cruzes) were not held personally liable as it was not sufficiently proven that they acted in bad faith or gross negligence distinct from their corporate roles.

Doctrine:

The doctrine reaffirmed in this case is that the exercise of a right must not be performed in a manner that causes unjust prejudice or injury to another party, adhering to the standards of justice, fairness, and good faith as outlined in Article 19 of the New Civil Code.

Class Notes:

1. ****Elements of Abuse of Rights (Article 19, Civil Code)****:
 - Legal right or duty.
 - Exercise of the right or duty in bad faith.
 - Sole intention to prejudice or injure another.

2. **Key Points:**

- A person exercising a right must act with justice.
- Good faith is crucial in the exercise of rights.
- Abuse of rights can lead to liability even if the act is not, per se, illegal.

3. **Case-specific Application:**

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Art. 19: “Every person must, in the exercise of his rights and in the performance of his duties, act with justice, give everyone his due, and observe honesty and good faith.”

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In this case, CMS Construction and MWSS failed to act with the justice and good faith required by cutting off the petitioner’s water supply without notice.

Historical Background:

During the early 1990s, water supply issues were pervasive in many Philippine subdivisions. Municipal utilities often undertook extensive rehabilitation projects to improve supply and distribution. This case reflects the overlaps between public utility operations and private rights, particularly emphasizing respect for contractual and property rights amidst public service obligations.