

Sunrise Garden Corporation vs. Court of Appeals and First Alliance Real Estate Development, Inc.

Facts

In 1998, Antipolo's Sangguniang Panlungsod (City Council) enacted an ordinance creating a technical committee to study the construction of a city road linking several barangays: Cupang, Mayamot, Mabugan, and Munting Dilao. The road would connect Marcos Highway to Antipolo-San Mateo National Road (C-6). Sunrise Garden Corp. (Sunrise Garden) owned land in Cupang and planned to develop a memorial park.

Sunrise Garden agreed to construct the city road at its own expense, subject to reimbursement through tax credits. Their contractor began positioning equipment, but were obstructed by armed guards hired by Hardrock Aggregates, Inc. Sunrise Garden filed for damages and an injunction. The trial court granted a writ of preliminary injunction, preventing Hardrock Aggregates from obstructing construction.

However, informal settlers and security guards later hired by First Alliance Real Estate Development, Inc. (First Alliance) continued to block the project. First Alliance and their security agency, K-9 Security, who were not originally parties to the case, argued they could not be bound by the injunction.

The trial court amended the injunction to include any persons obstructing the project. First Alliance blocked access despite this, prompting the City Planning and Development Office to try conducting a survey. Unable to complete it due to lack of documentation from First Alliance, the court ordered First Alliance to comply with the preliminary injunction until ownership was proven.

First Alliance contested these orders via a petition for certiorari with the Court of Appeals, which issued a Writ of Preliminary Injunction against implementing the trial court's writs. The Court of Appeals later annulled the trial court's orders. Subsequently, Sunrise Garden and the Republic of the Philippines elevated the matter to the Supreme Court.

Issues

1. Whether the Court of Appeals committed grave abuse of discretion by issuing an injunction contrary to Presidential Decree No. 1818.
2. Whether First Alliance was denied due process when the trial court's order required First Alliance to comply with the amended writ of preliminary injunction.
3. Whether the trial court acquired jurisdiction over First Alliance.

Court's Decision

Issue 1: Preliminary Injunction and Presidential Decree No. 1818

The Supreme Court clarified that Republic Act No. 8975, which expressly repealed Presidential Decree No. 1818, applies only to national government infrastructure projects. As the city road was a local government project, Republic Act No. 8975's prohibition on injunctions did not apply.

Issue 2: Due Process and Trial Court's Order

The Supreme Court held that due process was violated, as First Alliance was never a party to the original case and was not notified regarding the writ of injunction. It is fundamental that a court's order cannot bind non-parties who were never given a chance to be heard in the litigation. Ancillary writs, like preliminary injunctions, cannot affect individuals or entities who are not parties to the main action, ensuring that the rights of such non-parties are protected against decisions where they had no representation or opportunity to contest.

Issue 3: Jurisdiction over First Alliance

The Supreme Court noted First Alliance's voluntary appearance to contest jurisdiction does not equate to submission to the court's authority. Their participation was specifically to challenge the court's jurisdiction over them, maintaining their position that they cannot be bound by orders in a case where they are not parties.

Doctrine

A person or entity who is not a party in the main action cannot be affected by an ancillary writ, such as a preliminary injunction. This legal principle is rooted in the due process requirement ensuring affected parties receive proper notice and opportunity to be heard. This case reiterates that ancillary remedies cannot impact non-parties and stresses the importance of jurisdiction over individuals/entities to enforce court orders on them.

Class Notes

- **Ancillary Writs**: Court orders granted during the pendency of a case to maintain the status quo but must be limited to parties involved.
- **Due Process**: In civil procedure, ensures notifications and hearings; actions cannot be binding to non-parties.
- **Republic Act No. 8975**: Prohibits issuing restraining orders against national government projects but does not apply to local government projects.
- **Voluntary Appearance**: Entered to challenge jurisdiction, must be explicit to avoid submission to court authority.

Historical Background

This case contextualizes the interplay between local infrastructure projects and judiciary powers in the Philippines. It emphasizes judiciary restraint in matters involving government projects and underscores the protection of property rights against unlawful encroachment without due process. The case also highlights the evolving legal landscape from Presidential Decree No. 1818 to Republic Act No. 8975, delineating thresholds for judicial intervention in government undertakings.