

****Case Title:**** Alvarado v. Ayala Land, Inc. et al.

****Facts:****

- Capitol Hills Golf and Country Club, Inc. owned a parcel of land in Quezon City which became subject to a tax delinquency sale due to unpaid real estate taxes amounting to over P2 million.
- The entire 15,598-square-meter parcel was sold to Samuel M. Alvarado, the highest bidder, for P2,600,000.00.
- Respondents Ayala Land Inc., Ayala Hillside Estates Homeowners' Association, and several individuals filed a complaint in the Quezon City RTC assailing the sale's validity on grounds of regulatory anomalies and asserted interests, such as their use of the property.
- Alvarado filed an answer with a compulsory counterclaim asserting procedural defects in the complaint. He filed a motion to dismiss the complaint based on non-compliance with a condition precedent, lack of a cause of action, and lack of jurisdiction.
- The RTC denied Alvarado's motion to dismiss and motion for reconsideration, leading to his petition for certiorari with the Court of Appeals, which was denied, prompting Alvarado to appeal to the Supreme Court.

****Issues:****

1. Whether the respondents failed to comply with Section 267 of the Local Government Code, requiring a deposit before challenging a tax sale.
2. Whether the respondents failed to state a cause of action or lacked the standing to sue as they were not the registered owner of the property.
3. Whether the RTC had jurisdiction over the subject matter given the alleged lack of respondents' substantial legal rights or interest in the property.

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

1. ****Compliance with Section 267:**** The Supreme Court held that respondents complied with the deposit requirement under Section 267 as the RTC confirmed receiving the necessary deposit.
2. ****Cause of Action and Standing:**** The Court rejected the petitioner's argument that respondents failed to state a cause of action or lacked standing, finding that respondents had alleged substantive rights impaired by the sale, thus making them real parties in interest.
3. ****Jurisdiction of RTC:**** The Court noted that jurisdiction is determined by law, not the parties' personal circumstances, and that the RTC had the power to adjudicate the issue of the tax sale's validity.

****Doctrine:****

- The filing of an answer precludes a defendant from filing a motion to dismiss, though the grounds may still be litigated if they were pleaded as affirmative defenses in the answer.
- A motion to dismiss filed after an answer can still be considered if its grounds were previously pleaded as affirmative defenses.
- Real party in interest refers to those who would benefit from or be injured by a judgment and who have a legal interest in the action.

****Class Notes:****

- Key Elements: Real Party in Interest, Condition Precedent, Jurisdiction, Affirmative Defense.
- Legal Provision: Local Government Code, Rule 16 of 1997 Rules of Civil Procedure, particularly emphasizing grounds for dismissal and exceptions.
- Application: Even non-owners with legal interest in property can challenge sales if substantive rights are impaired.

****Historical Background:****

- This case delves into the procedural intricacies and legal safeguards involving tax delinquency sales, a topic of particular relevance in jurisdictions with significant informal property markets. It underscores the balance struck by the Local Government Code to protect the legal interests of various stakeholders (not just the registered owners) in matters of public land auction.