

Case Title: St. Francis Square Realty Corporation v. BSA Tower Condominium Corporation

Facts:

- Developer and Condominium Corporation Relationship (1995-2001):** St. Francis Square Realty Corporation (SFSRC), formerly ASB Realty Corporation, was the developer of the BSA Tower in Makati City. The Master Deed executed on April 10, 1995, by SFSRC gave it the exclusive right to operate condotel or apartelle services in the building. Despite this, in 2001, it allowed the condominium corporation, BSA Tower Condominium Corporation (BSATCC), to have another entity operate these services. BSATCC then authorized Quantum Hotels & Resorts, Inc. to manage the condotel operations.
- SFSRC's Reclamation Attempt (2005):** On July 13, 2005, SFSRC signaled its intention to resume condotel operations in the BSA Tower starting January 2007 by sending formal notices to both BSATCC and Quantum.
- Injunction Lawsuit Initiation (2007):** As Quantum persistently retained its operations, SFSRC filed a complaint for injunction against Quantum on April 25, 2007, to cease Quantum's activities and affirm SFSRC's exclusive operation rights.
- Injunction Lawsuit Outcome (2011-2014):** The Regional Trial Court (RTC) ruled in favor of SFSRC in July 2011. This judgment was upheld by both the Court of Appeals (CA) in July 2013 and the Supreme Court in January 2014. A Writ of Execution was issued in May 2014 to enforce this decision. However, upon enforcement, it was discovered Quantum was no longer the operator—Vander Build RE Holdings was.
- Contempt Petition (2014):** SFSRC filed a petition for indirect contempt against Quantum, Vanderbuild, BSATCC, and others on June 4, 2014, for allegedly circumventing the injunction ruling.
- Motion to Dismiss by BSATCC:** BSATCC filed a motion questioning jurisdiction and its involvement, emphasizing its non-inclusion in the original injunction suit.
- RTC's Initial Ruling (2014-2015):** The RTC initially dismissed BSATCC's motion, stating these issues were premature and required further examination.
- CA Intervention (2018):** On appeal, the CA set aside the RTC's order, concluding BSATCC cannot be held in contempt as it was not a party in the original injunction suit.

9. **Further Proceedings:** Noting the RTC's post-petition contempt dismissal, which confirmed Quantum's compliance and identified BSATCC as a non-party, the CA decided not to pursue contempt charges against BSATCC in its subsequent December 2019 verdict.

Issues:

1. **Compliance and Contempt:** Whether BSATCC could be held liable for contempt for not complying with the injunction and Writ of Execution decisions, when it was not a party in the original injunctive case against Quantum.
2. **Legal Binding of Non-Parties:** Whether decisions rendered in in-personam actions like injunctions, can bind non-parties to the original suit.
3. **Conspiracy in Contempt Violations:** Whether sufficient conspiracy allegations could render non-parties culpable for contempt when not directly restrained by an injunction order.

Court's Decision:

1. **Non-Party Status and Contempt Liability:** The Supreme Court ruled that BSATCC, not being a party in the original injunction lawsuit, was not bound by the resulting decision and writ. Therefore, it could not be liable for indirect contempt.
2. **In-personam Nature of Injunctions:** It reiterated that an injunction only affects parties directly involved in the suit, unless they are implicated through proven conspiracy in violation of the writ.
3. **Lack of Conspiracy Evidence:** The court dismissed the conspiracy allegations, indicating SFSRC did not provide sufficient evidence for such claims against BSATCC or demonstrate BSATCC's involvement with Quantum to subvert the injunction.

Doctrine:

- **Finality and Binding Nature of Injunctions:** Injunction cases are in personam; thus, their effects are limited strictly to parties named and involved in the suit, unless third-party involvement is explicitly proved in a continuation of obstructive conduct.
- **Law of the Case and Res Judicata:** Once a legal question is settled with finality within the same case and between the same parties, it cannot be re-litigated in subsequent

proceedings.

****Class Notes:****

- ****Injunction:**** A personal legal remedy preventing specific actions of named parties. Binding only on those parties unless extended through evidence of continued and willful obstruction by others.
- ****Indirect Contempt:**** A party not named in the original action usually cannot be held in contempt unless proven to have willingly obstructed the rightful execution against named parties.

****Historical Background:****

This case underscores the post-2000's booming condominium hotel industry in the Philippines. In this era, property rights, intertwined with urban development projects, often resulted in legal scrutinies centered around adherence to contractual obligations versus operational expansions. The judiciary faced the challenge of balancing enforcement of original contracts with evolving real estate business models, impacting not just primary but also peripheral parties involved.