

**MUNICIPALITY OF PAOMBONG, BULACAN,
PETITIONER-APPELLANT, VS. LUIS SAN JUAN,
RESPONDENT-APPELLEE.**

G.R. No. L-25712. October 29, 1976

Ponente: ANTONIO, J.

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ANTONIO, J.:

Appeal from the decision dated September 28, 1965 of the Court of First Instance of Bulacan in Civil Case No. 3155, declaring that the contract "Extension of Lease Agreement" dated July 16, 1962 is null and void, and, as a consequence, dismissing the Petition for Declaratory Relief, without pronouncement as to costs.

Petitioner, Municipality of Paombong, is the registered owner of a fishpond, consisting of three (3) lots with an approximate area of 243.9153 hectares, situated in the barrios of Masukol and Sta. Cruz, of said municipality, and more particularly described in petitioner's Original Certificate of Title No. 478 of the Office of the Register of Deeds for the Province of Bulacan.

On March 10, 1960, the petitioner, represented by its Mayor, Jose S. F. Lopez,[1] entered into a "Contract of Lease of Fishpond"[2] with respondent Luis San Juan whereby the municipality leased to San Juan the aforesaid fishpond for a period of five (5) years from January 1, 1961 to December 31, 1965, at a yearly rental of P101,500.00 Respondent San Juan was the highest bidder in a public bidding held for that purpose on February 26, 1959.

On July 2, 1961, about six (6) months after the execution of the lease contract, a strong typhoon caused floods and destruction in Central Luzon, resulting in extensive damage to the fishpond. Because of this respondent was constrained to propose on August 28, 1961 to the petitioner that his lease contract be extended to another period of five (5) years, i.e., from January 1, 1966 to December 31, 1970, in order to enable him to recoup his losses and expenses occasioned by said typhoon, with the condition that he would give to the petitioner the amount of P20,000.00 for the repairs of the destroyed dikes, in addition to the clearing of Lot 3 and making it into another fishpond, at his own ex-pense.

The Municipal Council of Paombong expressed its conformity to respondent's proposal by enacting Resolution No. 237 on August 28, 1961. This was duly approved by the Provincial Board of Bulacan in its Resolution No. 256 dated September 12, 1961, after receiving the favorable indorsement of the Provincial Treasurer.

Subsequently, the Municipal Council of Paombong enacted Resolution No. 166 dated July 11, 1961 creating a committee among its members to determine whether respondent had complied with all the conditions of the proposed extension of lease agreement. After the committee had submitted its favorable report with the finding that the respondent had already complied with the aforesaid conditions, the Municipal Council of petitioner passed Resolution No. 167, Series of 1962, approving the committee report, and by its Resolution No. 168, Series of 1962, authorized the Municipal Mayor or any person acting on his behalf, to execute the "Extension of Lease Agreement". This was actually executed on July 16, 1962 by the petitioner, represented by the Acting Mayor,

Graciano U. Valencia, and respondent Luis San Juan.[3] This agreement was approved by the Provincial Governor on July 30, 1962 under the provisions of Section 2169 of the Revised Administrative Code and was duly registered and annotated on the certificate of title covering the fishpond in question in accordance with the Land Registration Act.

After the elections of 1963, a new set of municipal officials assumed office on January 1, 1964. By Resolution No. 162, dated April 30, 1964, the new Municipal Council "revoked and considered null and void and of no force and effect for all intents and purposes" the "Extension of Lease Agreement", claiming that it is against the law, public morals, public policy and is also beyond or in excess of the powers of the Municipal Council. This Resolution No. 162 was forwarded, on May 20, 1964,[4] to the Provincial Board, which, in turn, indorsed the matter to the Provincial Fiscal of Bulacan for opinion. The latter, in his 1st Indorsement dated August 17, 1964,[5] informed the Provincial Board that, under the facts and circumstances and the law, the said "Extension of Lease Agreement" is valid and legal and revocation of the same would "impair the obligation of contract which may result in making the municipality or province or their officials liable for damages resulting in the performance of their proprietary functions." Since this opinion of the Provincial Fiscal was adhered to by the Provincial Board of Bulacan, the petitioner filed on November 23, 1964 a Petition for Declaratory Relief with the Court of First Instance of Bulacan and docketed therein as Civil Case No. 3155, praying that the contract of "Extension of Lease Agreement" be declared null and void and contrary to public policy and to recognize and declare the right of the petitioner to offer for lease by public bidding the fishpond subject matter of said agreement, upon the expiration of the existing Contract of Lease of Fishpond on December 31, 1965.

On February 4, 1965, respondent filed an opposition to which petitioner filed its reply on February 25, 1965. Thereafter, the case was submitted for decision on the basis of the pleadings and memoranda submitted by the parties.

On September 28, 1965, the trial court rendered the afore-mentioned decision. Not satisfied with this decision, the petitioner appealed to this Court raising the legal issue of whether or not the Contract of Lease of Fishpond (Annex "A"), which was executed on March 10, 1960 in favor of respondent Luis San Juan for a five-year period, from January 1, 1961 to December 31, 1965, after a public bid-ding, could thereafter, before the expiration there-of, be extended for another five-year period from January 1, 1966 to December 31, 1970, by mere agreement of the petitioner and respondent, without the benefit of a similar public bidding.

It is, however, unnecessary to resolve the question since the five-year period stipulated in the "Extension of Lease Agreement" (Annex "C") expired on December 31, 1970. In other words, by its terms, the challenged contract had already ceased to be effective.

WHEREFORE, the present appeal should be, as it is hereby, DISMISSED for being moot and academic. No costs.

Fernando, (Chairman), Barredo, Aquino, and Concepcion, Jr., JJ., concur.

[1] By virtue of the authority granted to him under Resolution No. 106, dated March 3, 1960, of the Municipal Council of Paombong (Record on Appeal, pp. 21-24).

[2] Annex "A" of the Petition, Record on Appeal, pp. 10-20.

[3] Annex "C", Ibid., pp. 32-42.

[4] By virtue of Resolution No. 366, Series of 1964, of the Municipal Council of Paombong

[5] Record on Appeal, pp. 84-91.

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