

BATAMA FARMERS' COOPERATIVE MARKETING ASSOCIATION, INC. AND IGNACIO VICENTE, PETITIONERS, VS. HONORABLE INOCENCIO ROSAL, IN HIS CAPACITY AS JUDGE OF THE COURT OF FIRST INSTANCE ...*G.R. No. L-30526. November 29, 1971*

Ponente: MAKASIAR, J.

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On December 11, 1968, respondent Antonio Villegas filed a complaint in the Court of First Instance of Negros Oriental in Civil Case No. 4784, for injunction and damages with prayer for a restraining order against the petitioners, claiming that since he already resigned as a member of petitioner BATAMA Farmers' Cooperative Marketing Association, Inc. as of July 10, 1968, and revoked, effective August 30, 1968, the "Marketing Agree-ment and Power of Attorney" which he executed in favor of said BATAMA Farmers' Cooperative Marketing Association, Inc., said association and its agents should be enjoined from continuing or trying to continue, with the authority of the 1967-1968 "Marketing Agreement and Power of Attor-ney," in the management, production, milling, and marketing of his sugar cane and sugar cane products for the crop year 1968-1969 and succeeding crop years, or from doing or performing any act or acts thereunder (pp. 1-2, Peti-tion; Appendix "A", pp. 18-22, rec.).

On December 18, 1968, the petitioners filed their Answer denying the material averments of the complaint and asserting affirmative defenses and counterclaims (p. 3, Petition; Appendix "G", pp. 24-27, rec.).

On January 6, 1969, respondent Juan Teves, claim-ing to have a legal interest in the subject matter of respondent Antonio Villegas' complaint or in the success of the latter, because "he has a common cause of action with the plaintiff, i.e., the lack of authority of defendant association to act on the strength of the already-expired 'Marketing Agreement and Power of Attorney's", filed, thru the same counsel of respondent Anto-nio Vilegas, an urgent motion for intervention. Attached, to said motion was his proposed complaint-in-intervention, in which he averred, among others, that as a sugar cane planter, he joined defendant association as a member and in 1967, signed with the association a "Marketing Agree-ment and Power of Attorney" similar in substance as to terms and conditions to the "Marketing Agreement and Power of Attorney" of plaintiff Antonio Villegas with said association (pp. 3-4, Petition; Appendices "D" and "D-1", pp. 29-35, rec.).

On January 21, 1969, petitioners filed their oppo-sition to urgent motion for intervention, alleging that Juan Teves' "Marketing Agreement and Power of Attorney" with defendant BATAMA Farmers' Cooperative Marketing Association, Inc., is entirely distinct and separate from the "Marketing Agreement and Power of Attorney" of plaintiff Antonio Villegas; that accordingly, a breach or grievance arising out of one agreement, no matter how similar it may be to a breach or grievance arising out of another or separate agreement with another person, both in the manner of the infliction and in the remedy for the redress thereof, does not and cannot give rise to a so-called "common cause of action" that will justify intervention, or stated differently, that the rights of

movant Juan Teves under his "Marketing Agreement and Power of Attorney" with defendant association are so entirely distinct and separate from the rights of plaintiff Antonio Villegas under the latter's separate "Marketing Agreement and Power of Attorney" with same defendant association, that their enforcement cannot be joined in one action or complaint; and that the proposed intervenor's rights are not of such nature that they may not be fully protected in a separate proceeding (Appendix "H", pp. 40-42, rec.).

Private respondents filed their rejoinder to the opposition to the urgent motion for intervention dated February 5, 1969, asserting, among others, that as "plaintiff-in-intervention has certainly an interest in the matter in litigation, or in the success of the plaintiff, since he has a common cause of action with the plaintiff," the intervention is in order (Appendix "J", pp. 45-46, rec.)

On March 15, 1969, respondent judge issued an order (Appendix "K", p. 47, rec.) admitting respondent Juan Teves' complaint-in-intervention, on the ground that it "is in due form and substance and that it has been shown that he has a legal interest in the matter in litigation, or in the success of the plaintiff."

On March 27, 1969, petitioners filed a motion for reconsideration of the last-mentioned order on the ground that said order is contrary to the facts and the law of the case (Appendix "L", pp. 48-50, rec.). This motion for reconsideration was denied by respondent judge "for lack of sufficient merits" in an order dated May 7, 1969 (Appendix "M", p. 51, rec.).

On May 12, 1969, petitioners filed an ex parte motion for extension of time to plead to respondent Juan Teves' complaint-in-intervention (Appendix "N", p. 52, rec.).

On May 14, 1969, petitioners filed an urgent motion for suspension of proceedings on the complaint-in-intervention of respondent Juan Teves (Appendix "P", pp. 54--56, rec.). Acting on said motion, respondent judge, on May 15, 1969, issued an order, as prayed for, suspending the proceedings insofar as the complaint-in-intervention of Juan Teves is concerned, in order to afford the petitioners an opportunity to test before the appellate courts the validity of its order dated March 15, 1969, allowing the intervention of respondent Juan Teves, giving the petitioner a period of fifteen (15) days for said purpose (Appendix "Q", p. 57, rec.).

On May 27, 1969, the present petition for certiorari with preliminary injunction was filed with this Court, petitioners praying among others for the annulment of the order of respondent Judge dated March 15, 1969 allowing respondent Juan Teves' complaint-in-intervention, as well as his order dated May 7, 1969 denying petitioners' motion for reconsideration of the aforesaid order dated March 15, 1969, and to disallow, as a consequence, respondent Juan Teves' complaint-in-intervention (p. 16, Petition).

On June 28, 1969, this Court issued a writ of preliminary injunction, ordering respondent Judge to refrain from taking any action on respondent Juan Teves' complaint-in-intervention until further orders from this Court (pp. 64-65, rec.).

As clearly stated in Section 2 of Rule 12 of the Rules of Court, to be permitted to intervene in a pending action, the party must have a legal interest in the matter in litigation, or in the success of either of the parties or an interest against both, or he must be so situated as to be adversely affected by a distribution or other disposition of the property in the custody of the court or an officer thereof.

The legal interest must be actual and material, direct and immediate, and not simply contingent and expectant. If the party who has no true interest in the subject matter of the action would be allowed to intervene, the proceedings will become unnecessarily complicated, expensive and interminable, which contravenes the policies of the law.[1]

Herein private respondent Juan Teves signed a separate independent contract with herein petitioner Association. Nobody else, much less herein private respondent Villegas, signed the said contract with him. Herein private respondent Villegas has likewise a separate independent contract with herein petitioner Association, which he alone signed, without any inter-vention on the part of herein private respondent Teves. Consequently, private respondent Teves has no legal interest in the subject matter of the contract signed by herein private respondent Villegas with petitioner Association. The fact that their respective separate, distinct and independent contracts with herein petitioner Association contain the same identical terms and conditions with respect to the management, production, milling and marketing of their sugar cane, milled sugar and the by-products thereof, does not create in favor of private respondent Teves a legal interest in the contract of private respondent Villegas or vice versa. Whatever may happen to the sugar cane, milled sugar, and its by-products belonging to private respondent Villegas which are the subject matter of the contract between him and herein petitioner Association, or any breach of the terms of said agreement, is no concern of herein private respondent Juan Teves. Consequently, any decision that may be rendered in the case filed by here-in private respondent Villegas against herein petitioner Association on the basis of Villegas' contract with petitioner Association, will not affect one way or the other the interest of herein private respondent Juan Teves under his own contract with herein petitioner Association. Respondent Teves is a total stranger to, and therefore has no legal interest in, the contract of respondent Villegas with petitioner Association.[2] A mere collateral interest in the subject matter of the litigation cannot justify intervention.[3]

The interest of herein private respondent Juan Teves in the contract between herein private respondent Villegas and herein petitioner Association, cannot be likened to the interest of:

- (1) an unpaid vendor who claims right of preference over the proceeds of the sale of the properties he sold to a partnership under dissolution, by reason of which such unpaid vendor may validly intervene in the dissolution and distribution of the proceeds of the property of the partnership;[4]
- (2) a third party who claims preference over the mortgaged property sought to be foreclosed, which interest justifies intervention,[5] unless said third party is merely a general unsecured creditor;[6]
- (3) the heirs in the hereditary estate of a decedent, who believe that the acts of a judicial administrator are prejudicial to their interests;[7]
- (4) the Republic of the Philip-pines, which can properly intervene in an action instituted by a Filipino citizen against the Philippine Alien Property Administration of the United States for the return of a parcel of land of which said entity divested an enemy corporation of all title and rights and transferred the same to the United States government, because under the Property Act of 1946, such properties will have to be transferred to the Republic of the Philippines;[8]
- (5) the possessor of parcels of land, which are the subject matter of an action filed by a judicial adminis-tratrix of the estate of her deceased husband against another party seeking the annulment of a deed of sale over said parcels of land, some of which parcels were the exclusive property of her deceased husband and the others were conjugal property;[9]
- (6) the unpaid supplier of construction materials, who by reason thereof can intervene in an action by the plaintiff for damages against the defendant contractor who abandoned the unfinished construction of a hos-pital;[10]
- (7) the alleged purchaser of the estate of the deceased who was allowed to intervene in the probate of the will and testament of the said deceased;[11]
- (8) the transferee or assignee of the insured's interest in his insurance policy, who was allowed to intervene in an action filed by the insured against the insurance company to recover on his policy under an agreement to

pay certain fees to the attorney employed in the litigation, because the transferee or assignee would in the end have to pay for such attorney's fees;[12]

(9) an alleged natural daughter of the decedent to intervene in the probate of his will, upon the production of a prima facie evidence of her civil status,[13] although only such heirs whose rights have been prejudiced can intervene in the case of this character;[14]

(10) an heir who can intervene in order to protect the interest of the deceased, when the judicial administrator fails to interpose the necessary and effective legal defenses in an action for the recovery of a claim rejected by the committee on claims and appraisal;[15]

(11) a testamentary heir who may properly intervene in a civil action filed against the administratrix of the estate of the deceased to recover the unpaid balance on a promissory note signed by the deceased and his wife, where the wife alleges that the said promissory note is fictitious, without consideration and was obtained through fraud;[16]

(12) an heir to intervene in the probate of a will and distribution of the testatrix's estate at any time after the court acquired jurisdiction over the estate and establishes his right to participate in the final distribution or disposition thereof;[17]

(13) an alleged partner of the deceased to intervene in the approval of the accounts of the said deceased on the allegations that he and the deceased during his lifetime had formed a partnership which was dissolved upon the death of one of the partners;[18] or

(14) the intervenor seeking possession of the vessel solely from the plaintiff who tried to remove from the defendant the possession of said vessel.[19]

The interest of the herein private respondent Teves does not even approximate the interest of a party whose intervention was disallowed in the following cases:

(1) one who claims that the goods sold by the plaintiff to the defendant were acquired from him, cannot intervene in the case, where it was found that the sale by the intervenor to the plaintiff and the sale by plaintiff to the defendant were two separate and distinct sales which had been consummated (similar to the case at bar) and such intervention would only result in delay in the adjudication of the right of parties and the claim of the intervenor could be better threshed out in a separate proceeding;[20]

(2) in an action filed against the defendant for the recovery of the value of a certain promissory note, the heirs of the deceased husband of the defendant, who on the date of the execution of the note was already married to another, cannot intervene as they have no sufficient legal interest as their interest in the property of the deceased is, if not conjectural, contingent and expectant;[21]

(3) in an action for partition of property of a deceased person where an amicable settlement was reached whereby one of the defendants ceded his interest and title in a parcel of land to the plaintiff, a third party who claims that the said land ceded in the amicable settlement had already been adjudicated to them by the cadastral court, cannot properly intervene as the proceeding is in personam, not in rem, and therefore he is not bound by the amicable settlement;[22]

(4) in an action for the foreclosure of a real estate mortgage executed by the defendant in favor of the plaintiff, the collector of internal revenue cannot properly intervene on the ground that the two defendants in said cases were indebted to the government for a deficiency in a specific tax;[23]

(5) the owner of merchandise lost by reason of a collision between two vessels, may not be allowed to intervene in an action between the owners of the two steamships for damages;[24]

(6) neither a mere creditor can intervene in a foreclosure suit since he has no right to the property litigated;[25]

when the rights of the intervenor may be fully protected in the separate proceedings, the intervention should be disallowed.[26]

A fortiori the intervention of herein private respondent Teves should have been disallowed by the trial court, which erred in so permitting his intervention in the case filed by private respondent. Villegas against herein petitioner Association.

While it is true that the motion for intervention is addressed to the sound discretion of the trial court (Section 2[b], Rule 12, Rules of Court), such discretion however is not without limitations.[27] Intervention should be denied when it will unduly delay or prejudice the adjudication of the right of the parties;[28] or when the claim of the intervenor can be properly decided in a separate proceeding[29] like the claim of respondent Teves.

To sustain the position of private respondent Juan Teves would be to permit persons similarly situated as he is, to save on filing fees and other expenses of litigation by just intervening in cases analogous to the case filed by private respondent Villegas against herein petitioner Association.

There are numerous borrowers from financing institutions and purchasers on credit from industrial concerns from Batanes in the North down to Sulu in the South executing identical contracts with the same terms and conditions. Following the logic of herein private respondent Juan Teves, the moment one borrower or purchaser on credit files a suit on the basis of his contract with the creditor firm, all other customers of such firm with similar contracts can intervene in such suit. Such absurdity can never be envisioned as permissible under the rules on intervention.

The respondent Judge therefore committed a grave abuse of discretion in allowing the intervention of private respondent Juan Teves in Civil Case No. 4784.

As a consequence, private respondent Juan Teves should file against herein petitioner Association a separate action, which may be heard jointly with Civil Case No. 4784, should the court and the parties find it feasible and convenient.

WHEREFORE, the writ prayed for is granted; the orders of respondent Judge dated March 15, 1969 and May 7, 1969 are hereby set aside as null and void; and the motion for intervention and the complaint filed by private respondent Juan Teves are hereby denied and disallowed, with costs against private respondents Antonio Villegas and Juan Teves.

Concepcion, C.J., Reyes, Makalintal, Zaldivar, Castro, Fernando, Teehankee, Barredo, and Villamor, JJ., concur.

[1] Garcia, etc. vs. David, et. al., 67 Phil. 279; Hacienda Sapang Palay Tenants League vs. Yatco, L-14651, Sept. 29, 1960.

[2] Garcia vs. David, supra.

[3] The Lottawanna (William vs. Ball), 20 Wall. (U.S.) 201, 22 L. ed. 259.

[4] Torres vs. Genato, 7 Phil. 204.

[5] International Banking Corporation vs. Corrales, 10 Phil. 435.

[6] International Banking Corporation vs. Corrales, 14 Phil. 360.

[7] Dais vs. CFI of Capiz, 51 Phil. 396.

[8] Rep. of the Phil. vs. Ysip, L-3928, July 27, 1951, 89 Phil. 535, 540.

- [9] Sta. Romana, et. al. vs. Barrios, 63 Phil. 456, 458-60.
- [10] Provincial Government of Sorsogon vs. Stamatelaky, et. al., 65 Phil. 206.
- [11] Mirasol vs. Magsusi, et. al., L-12166, April 29, 1959, 105 Phil. 1284.
- [12] Gmur, Inc. vs. Revilla, 55 Phil. 604.
- [13] Asinas vs. Court, 51 Phil. 665.
- [14] Gutierrez del Campo vs. Varela, 59 Phil. 631.
- [15] Adriano vs. Obleada, et. al., 58 Phil. 302.
- [16] Adriano vs. Obleeda, supra.
- [17] Ramirez vs. Gmur, 42 Phil. 855.
- [18] Villanueva vs. de Leon, 47 Phil. 780.
- [19] Froilan vs. Pan Oriental Shipping Company, L-6060, Sept. 30, 1954, 95 Phil. 905.
- [20] Evans vs. Soriano, et. al., L-9033, April 30, 1956, 98 Phil. 1008.
- [21] Garcia, et. al. vs. David, 67 Phil. 279.
- [22] Bool vs. Mendoza, L-5539, April 13, 1953, 92 Phil. 892, 894.
- [23] Rizal Surety vs. Tan, 83 Phil. 732.
- [24] Urrutia & Co. vs. Baco River Plantation Co., 26 Phil. 632.
- [25] Hongkong & Shanghai Banking Corporation vs. Aldecoa & Do., etc., 30 Phil. 255
- [26] Pfleider vs. de Britanico, L-19077, Oct. 30, 1964, 12 SCRA 222.
- [27] Jerez, et. al. vs. Nietes, et. al., L-26876, Dec. 27, 1969, 30 SCRA 904, 911.
- [28] Balane, et. al. vs. de Guzman, L-21281, May 24, 1967, 20 SCRA 177-79; Evans vs. Soriano, et. al., supra; Rizal Surety vs. Tan, 83 Phil. 732.
- [29] Bool vs. Mendoza, supra; Pfleider vs. Britanico, L-19077, Oct. 30, 1964, 12 SCRA 222.

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