

TIMOTEO BALUYOT, JAIME BENITO, BENIGNO EUGENIO, ROLANDO GONZALES, FORTUNATO FULGENCIO AND CRUZ-NA-LIGAS HOMESITE ASSOCIATION, INC., PETITIONERS, VS. THE HONORABLE COURT OF APPEA...

G.R. No. 122947. July 22, 1999

Ponente: MENDOZA, J.

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MENDOZA, J.:

This is a petition for review of the decision of the Court of Appeals, dated November 24, 1995, setting aside an order of the Regional Trial Court of Quezon City, Branch 89, and dismissing the complaint filed by petitioners against private respondents University of the Philippines and the Quezon City government.

The facts are as follows:

Petitioners Timoteo Baluyot, Jaime Benito, Benigno Eugenio, Rolando Gonzales, and Fortunato Fulgencio are residents of Barangay Cruz-na-Ligas,[1] Diliman, Quezon City. The Cruz-na-Ligas Homesite Association, Inc. is a non-stock corporation of which petitioners and other residents of Barangay Cruz-na-Ligas are members. On March 13, 1992, petitioners filed a complaint for specific performance and damages against private respondent University of the Philippines before the Regional Trial Court of Quezon City, docketed as Civil Case No. Q-92-11663. The complaint was later on amended to include private respondent Quezon City government as defendant. As amended, the complaint alleges:[2]

- That plaintiffs and their ascendants have been in open, peaceful, adverse and continuous possession in the concept of an owner since memory can no longer recall of that parcel of riceland known [as] Sitio Libis, Barrio Cruz-na-Ligas, Quezon City (now Diliman, Quezon City), as delineated in the Plan herein attached as Annex "B" while the members of the plaintiff Association and their ascendants have possessed since time immemorial openly, adversely, continuously and also in the concept of an owner, the rest of the area embraced by and within the Barrio Cruz-na-Ligas, Diliman, Quezon City as shown in that Plan herein attached as Annex "C" all in all consisting of at least forty (42) hectares;

- That since October 1972, the claims of the plaintiffs and/or members of plaintiff Association have been the subject of quasi-judicial proceedings and administrative investigations in the different branches of the government penultimately resulting in the issuance of that Indorsement dated May 7, 1975 by the Bureau of Lands, a copy of which is made an integral part of Annex "D", and ultimately, in the issuance of the Indorsement of February 12, 1985, by the office of the President of the Republic of the Philippines, a copy of which is herein attached as Annex "E" confirming the rights of the bonafide residents of Barrio Cruz-na-Ligas to the parcel of land they have been possessing or occupying as originally found and recommended in that Brief dated November 2, 1972 and Recommendation dated November 7, 1972, copies of which are made integral parts hereof as Annexes "F" and "G";

- That defendant UP, pursuant to the said Indorsement (Annex E) from the Office of the President of the Republic of the Philippines, issued that Reply Indorsement dated September 19, 1984, a copy of which is

herein attached as Annex "H", pertinent portion of which is quoted as follows:

"2. In 1979, the U.P. Board of Regents approved the donation of about 9.2 hectares of the site, directly to the residents of Brgy. Krus Na Ligas. After several negotiations with the residents, the area was increased to 15.8 hectares (158,379 square meters); (underscoring supplied)

"3. Notwithstanding the willingness of U.P. to proceed with the donation, Execution of the legal instrument to formalize it failed because of the unreasonable demand of the residents for an area bigger than 15.8 hectares."

- That upon advise of counsel and close study of the said offer of defendant UP to donate 15.8379 hectares, plaintiff Association proposed to accept and the defendant UP manifested in writing [its] consent to the intended donation directly to the plaintiff Association for the benefit of the bonafide residents of Barrio Cruz-na-Ligas and plaintiffs' Association have agreed to comply with the terms and conditions of the donation;
- That, however, defendant UP backed-out from the arrangement to donate directly to the plaintiff Association for the benefit of the qualified residents and high-handedly resumed to negotiate the donation thru the defendant Quezon City Government under the terms disadvantageous or contrary to the rights of the bonafide residents of the Barrio as shown in the Draft of Deed of Donation herein attached as Annex "I";
- That plaintiff Association forthwith amended [its] petition in the pending case LRC No. 3151 before Branch 100 of the Regional Trial Court of Quezon City by adding the additional cause of action for specific performance aside from the exclusion from the technical description of certificate of title of defendant UP the area embraced in the Barrio Cruz-na-Ligas, consisting of at least forty-two (42) hectares, more or less, and praying in the said Amended Petition for a writ of preliminary injunction to restrain defendant UP from donating the area to the defendant Quezon City Government, a copy of the said Amended Petition is herein attached as Annex "J";
- That, after due notice and hearing, the application for writ of injunction as well as the opposition of defendant UP, the Order dated January 24, 1986 granting the writ of preliminary injunction was issued, a copy of which is herein attached as Annex "K";
- That in the hearing of the Motion for Reconsideration filed by defendant UP, a copy of the said Motion for Reconsideration is herein attached as Annex "L", plaintiff Association finally agreed to the lifting of the said Order (Annex K) granting the injunction after defendant UP made an assurance in their said Motion for Reconsideration that the donation to the defendant Quezon City Government will be for the benefit of the residents of Cruz-Na-Ligas as shown in the following:

"6. The execution of the Deed of Donation in favor of the Quezon City government will not work any injustice to the petitioners.

"As well stated in Respondent's Opposition to the Prayer for Issuance of a Writ of Preliminary Injunction, it is to the best interest of the Petitioners that such a deed be executed.

"The plan to donate said property to the residents of Bgy. Krus-na-Ligas, that is, through the Quezon City government, is to their best interests. Left alone, the present land and physical development of the area leaves much to be desired. Road and drainage networks have to be constructed, water and electric facilities installed, and garbage collection provided for. The residents, even collectively, do not have the means and resources to provide for themselves such basis facilities which are necessary if only to upgrade their living condition.

"Should the proposed donation push through, the residents would be the first to benefit." thus, Branch 100 of this Honorable Court issued that Order dated April 2, 1986, lifting the injunction, a copy of which is hereby attached as Annex "M";

- That, however, defendant UP took exception to the aforesaid Order lifting the Order of Injunction and insisted

[on] the dismissal of the case; thus, it was stated that:

"2. Respondent has consistently taken the position that efforts to expedite the formalization of a Deed of Donation for the benefit of the residents of Barangay Kruz-na-Ligas should not only be pre-conditioned on the lifting of the Writ of Preliminary Injunction, but also the dismissal of the Petition;"

in defendant UP's Motion for Reconsideration of the Order dated April 2, 1986, a copy of the said Motion is herein attached as Annex "N";

- That plaintiff Association in [its] "Comment" on the Motion for Reconsideration of the Order dated April 2, 1986, filed on June 2, 1986, manifested [its] willingness to the dismissal of the case, aside from [its] previous consent to the lifting of the preliminary injunction; provided, that the area to be donated thru the defendant Quezon City government be subdivided into lots to be given to the qualified residents together with the certificate of titles, without cost, a copy of the said Comment is hereby attached as Annex "O";

- That, that was why, in the hearing re-scheduled on June 13, 1986 of defendant UP's Motion for Reconsideration of the Order dated April 2, 1986 (Annex N), the Order dated June 13, 1986, was issued, the full text of which is quoted as follows:

"After hearing the manifestation of Atty. Angeles for the petitioners and Atty. Raval for the respondent University of the Philippines, since the petitioners' counsel was the first to make a manifestation that this case which is now filed before this court should be dismissed first without prejudice but because of the vehement objection of the University of the Philippines, thru counsel, that a dismissal without prejudice creates a cloud on the title of the University of the Philippines and even with or without this case filed, the University of the Philippines has already decided to have the property subject of litigation donated to the residents of Cruz-na-Ligas with, of course, the conditions set therein, let this case be DISMISSED without pronouncement as to cost.

As to the charging lien filed by Petitioners thru counsel, it will be a sole litigation between the petitioners and the oppositors both represented by counsel, with the University of the Philippines being neutral in this case."

and a copy of the said Order is herein attached as Annex "P";

- That, true to [its] commitment stated in the aforesaid Order of June 13, 1986, defendant UP executed that Deed of Donation on August 5, 1986, in favor of the defendant Quezon City Government for the benefit of the qualified residents of Cruz-na-Ligas; however, neither the plaintiffs herein nor plaintiff Association officers had participated in any capacity in the act of execution of the said deed of donation, a copy of the said executed Deed of Donation is herein attached as Annex "Q";

- That under the said deed of donation, the 15.8379 hectares were ceded, transferred and conveyed and the defendant Quezon City Government accepted the Donation under the terms and conditions, pertinent portions of which are quoted as follows:

"This donation is subject to the following conditions:

x x x

"2. The DONEE shall, within eighteen (18) months from the signing hereof, undertake at its expense the following:

- Cause the removal of structures built on the boundaries of the donated lot;
- Relocate inside the donated lot all families who are presently outside of the donated lot;

- Relocate all families who cannot be relocated within the boundaries of the donated lot to a site outside of the University of the Philippines campus in Diliman, Quezon City;
- Construct a fence on the boundaries adjoining Kruz-na-Ligas and the University.

In the construction of the fence, the DONEE shall establish a ten-meter setback in the area adjacent to Pook Amorsolo and the Peripheral Road (C.P. Garcia Street);

- Construct a drainage canal within the area donated along the boundary line between Kruz-na-Ligas and Pook Amorsolo.

In the construction of the fence and the drainage canal, the DONEE shall conform to the plans and specifications prescribed by the DONOR.

x x x

- The DONEE shall, after the lapse of three (3) years, transfer to the qualified residents by way of donation the individual lots occupied by each of them, subject to whatever conditions the DONEE may wish to impose on said donation;
- Transfer of the use of any lot in the property donated during the period of three (3) years referred to in Item 4 above, shall be allowed only in these cases where transfer is to be effected to immediate members of the family in the ascending and descending line and said Transfer shall be made known to the DONOR. Transfer shall be affected by the Donee;
- The costs incidental to this Deed, including the registration of the property donated shall be at the expense of the DONEE.

The Donee shall also be responsible for any other legitimate obligation in favor of any third person arising out of, in connection with, or by reason of, this donation."

- That the defendant Quezon City Government immediately prepared the groundworks in compliance with the afore-quoted terms and conditions; however, defendant UP under the officer-in-charge then and even under the incumbent President, Mr. Jose Abueva, had failed to deliver the certificate of title covering the property to be donated to enable the defendant Quezon City Government to register the said Deed of Donation so that corresponding certificate of title be issued under its name;
- That defendant UP had continuously and unlawfully refused, despite requests and several conferences made, to comply with their reciprocal duty to deliver the certificate of title to enable the Donee, the defendant Quezon City Government, to register the ownership so that the defendant Quezon City Government can legally and fully comply with their obligations under the said deed of donation;
- That upon expiration of the period of eighteen (18) [months], for alleged non-compliance of the defendant Quezon City Government with terms and conditions quoted in par. 16 hereof, defendant UP thru its President, Mr. Jose Abueva, unilaterally, capriciously, whimsically and unlawfully issued that Administrative Order No. 21 declaring the deed of donation revoked and the donated property be reverted to defendant UP;
- That the said revocation and reversion without judicial declaration is illegal and prejudicial to the rights of the plaintiffs who are the bonafide residents or who represent the bonafide residents of the Barrio Cruz-na-Ligas because: firstly, they were not made bound to comply with the terms and conditions of the said donation allegedly violated by the defendant Quezon City Government; secondly, defendant UP, as averred in the preceding paragraphs 9 and 11, was the one who insisted that the donation be coursed through the defendant Quezon City Government; and the said revocation or reversion are likewise pre-judicial to third parties who acquired rights

therefrom;

- That, as it apparently turned out, the plaintiff Association, who duly represented the qualified or bonafide resident of Barrio Cruz-na-Ligas, was deceived into consenting to the lifting of the injunction in said LRC Case No. Q-3151 and in agreeing to the dismissal of the said LRC Case No. Q-3151 when defendant unjustifiably revoked the donation which they undertook as a condition to the dismissal of LRC Case No. 3151;

- That by reason of the deception, the herein plaintiffs hereby reiterate their claims and the claims of the bonafide residents and resident/farmers of Barrio Cruz-na-Ligas [to] the ownership of forty-two (42) hectares area they and their predecessors-in-interest have occupied and possessed; parenthetically, the said 42 hectares portion are included in the tax declaration under the name of defendant UP who is exempted from paying real estate tax; hence, there is no assessment available;

- That by reason of bad faith and deceit by defendant UP in the execution and in compliance with [its] obligations under the said Deed of Donation (Annex Q hereof) plaintiffs have suffered moral damages in the amount of at least P300,000.00;

- That because of wanton and fraudulent acts of defendant UP in refusing to comply with what is incumbent upon [it] under the Deed of Donation (Annex Q) and in whimsically and oppressively declaring the revocation of the said deed of donation and the reversion of the 15.8 hectares donated, [it] should be made liable to pay exemplary damages in the sum of P50,000.00 to serve as example in the interest of public good;

- That because of said defendant UP's unlawful acts, plaintiffs have been compelled to retain the services of their attorneys to prosecute this case with whom they agreed to pay the sum of Fifty Thousand Pesos (P50,000.00) as attorney's fees; and by way of:

APPLICATION FOR WRIT OF PRELIMINARY INJUNCTION

(a) Plaintiffs hereby reallege and reproduce herein by reference all the material and relevant allegations in the preceding paragraphs;

(b) Having legally established and duly recognized rights on the said parcel of lands as shown in the documents marked herein as Annexes "D"; E; F; G; and M, plaintiffs have the rights to be protected by an injunctive writ or at least a restraining order to restrain and to order defendant UP from:

1) Ejecting the plaintiffs-farmers and from demolishing the improvements in the parcel of riceland or farmlands situated at Sitio Libis of Barrio Cruz-na-Ligas, embraced in the claims of the plaintiffs as shown in these photographs herein attached as Annexes "R" to "R-3";

2) Executing another deed of donation with different terms and conditions in favor of another and for the benefit of additional occupants who are not bonafide residents of the Barrio or Barangay Cruz-na-Ligas;

(c) Defendant UP has already started ejecting the plaintiffs and demolishing their improvements on the said riceland and farmlands in order to utilize the same for the residential house project to the irreparable damages and injuries to the plaintiffs-farmers, unless restrained or enjoined to desist, plaintiffs will continue to suffer irreparable damages and injuries;

(d) Plaintiffs are ready and willing to file the injunctive bond in such amount that may be reasonably fixed;

P R A Y E R

WHEREFORE, it is respectfully prayed to this Honorable Court that before the conduct of the proper proceedings, a writ of preliminary injunction or at least a temporary restraining order be issued, ordering

defendant UP to observe status quo; thereafter, after due notice and hearing, a writ of preliminary injunction be issued; (a) to restrain defendant UP or to their representative from ejecting the plaintiffs from and demolishing their improvements on the riceland or farmland situated at Sitio Libis; (b) to order defendant UP to refrain from executing another deed of donation in favor another person or entity and in favor of non-bonafide residents of Barrio Cruz-na-Ligas different from the Deed of Donation (Annex Q hereof), and after trial on the merits, judgment be rendered:

- Declaring the Deed of Donation (Annex Q) as valid and subsisting and ordering the defendant UP to abide by the terms and conditions thereof;
- Adjudging the defendant University of the Philippines to segregate the riceland or farmlands as additional area embraced by the Barrio Cruz-na-Ligas, pursuant to the First Indorsement of August 10, 1984 (Annex E) and pursuant to Findings, Reports and Recommendation (Annex G) of the Bureau of Lands with an estimated assessed value of P700,000.00;
- Ordering defendant UP to pay for plaintiffs' moral damages of P300,000.00, exemplary damages of P50,000.00, and costs of suit;
- Enjoining defendant UP to pay professional fees of P50,000.00 of the undersigned attorneys for the plaintiffs; and

Plaintiffs further respectfully pray for other just and equitable reliefs.

Earlier, on May 15, 1992, the trial court denied petitioners' application for preliminary injunction. Its order stated:[3]

ORDER

Acting on plaintiffs' application for the issuance of a temporary restraining order/preliminary injunction and the opposition thereto of the defendant filed on April 3, 1992, as well as plaintiffs' reply therewith filed on April 23, 1992, considered in the light of the affidavit executed on April 23, 1992 by Timoteo Baluyot, Sr. and by Jaime Benito, Benigno Eugenio, Rolando Gonzales and Fortunato Fulgencio executed on April 21, 1929, for the plaintiffs; and, the affidavit of merit executed on April 28, 1992, by Atty. Carmelita Yadao-Guno, for the defendant, it appearing that the principal action in this case is one for the specific performance, apparently, of the Deed of Donation executed on August 8, 1986, by defendant University of the Philippines in favor of the Quezon City Government, involving the land in question, in virtue of which, it is clear that the plaintiffs are not parties to the said deed of donation, by reason of which, consequently, there has not been established by the plaintiffs a clear legal right to the enforcement of the said deed of donation, especially as the said deed was already validly revoked by the University of the Philippines, thru its president, Jose Abueva, in his Administrative Order No. 21, for which reason the same could no longer be enforced, plaintiffs' prayer for the issuance of a temporary restraining order/writ of preliminary injunction, is DENIED.

SO ORDERED.

Petitioners moved for a reconsideration of the above order. Without resolving petitioners' motion, the trial court ordered petitioners to amend their complaint to implead respondent Quezon City government as defendant.[4] Hence, the amended complaint was filed on June 10, 1992, in which it is alleged:

- That the Quezon City Government . . . which should be joined as party plaintiff is instead impleaded herein as party defendant, because its consent can not be secured within a reasonable time;

On July 27, 1992, respondent city government filed its Answer to the Amended Complaint with Cross-Claim.[5]

However, on November 29, 1993, it moved to withdraw its cross-claim against UP[6] on the ground that, after conferring with university officials, the city government had recognized "the propriety, validity and legality of the revocation of the Deed of Donation." [7]

The motion was granted by the trial court in its order, dated December 22, 1994.[8] On the same day, a Joint Motion to Dismiss was filed by UP and the Quezon City government on the ground that the complaint fails to state a cause of action.[9] Petitioners opposed the motion.

On April 26, 1995, the trial court denied respondents' motion to dismiss on the ground that "a perusal of [petitioners'] amended complaint, specifically paragraph 5 thereof, . . . shows that it necessarily alleges facts entitling [petitioners] to acquire ownership over the land in question, by reason of laches, which cannot be disposed of and resolved at this stage without a trial on the merits." [10] The trial court, however, reiterated its ruling that petitioners did not have a cause of action for specific performance on the ground that the deed of donation had already been revoked as stated in its order denying injunction.

On August 14, 1995, respondents filed a petition for certiorari with the Court of Appeals, charging the trial court with grave abuse of discretion in refusing to dismiss the complaint filed by petitioners. Respondents contended that

- Respondent Judge himself had declared that [petitioners] clearly are not parties to the deed of donation sought to be enforced thus they had not shown clear legal right to the enforcement of said deed of donation which is their principal cause of action; and
- Under the factual circumstances obtaining, the respondent judge gravely erred in denying the joint motion to dismiss and declaring that [petitioners] are entitled to acquire ownership over the land in question by reason of laches through a trial on the merits; such constitutes a collateral attack on [respondent UP's] title in the same suit for specific performance.

On November 24, 1995, the appellate court rendered a decision setting aside the trial court's order of April 26, 1995 and ordering the dismissal of Civil Case No. Q-92-11663. The appellate court ruled that

- Petitioners' complaint did not allege any claim for the annulment of UP's title over the portion of land concerned or the reconveyance thereof to petitioners;
- The alleged cause of action based on ownership of the land by petitioners was tantamount to a collateral attack on the title of UP which is not allowed under the law; and
- There is no acquisition of ownership by laches.

Hence, this petition for review on certiorari based on the following grounds:

- THE RESPONDENT COURT OF APPEALS WAS IN ERROR IN CONCLUDING THAT THE TRIAL COURT ACTED WITH GRAVE ABUSE OF DISCRETION IN DENYING THE JOINT MOTION TO DISMISS.
- IN DISMISSING THE AMENDED COMPLAINT, THE RESPONDENT APPELLATE COURT HAS ACTED IN EXCESS [OF] JURISDICTION WHEN IT MADE [THE] FINDING AND CONCLUSION THAT THE REVOCATION OF THE DONATION IS VALID WHEN THAT IS THE PRIMARY AND CONTROVERTED ISSUE INVOLVING VARIED QUESTIONS OF FACTS.

Petitioners argue that, on its face, their amended complaint alleges facts constituting a cause of action which must be fully explored during trial. They cite paragraphs 18, 19, and 20 of their complaint questioning the validity of the revocation of the donation and seek the enforcement of the donation through specific performance.[11]

On the other hand, respondents contend that by seeking specific performance of the deed of donation as their primary cause of action, petitioners cannot at the same time claim ownership over the property subject of the donation by virtue of laches or acquisitive prescription. Petitioners cannot base their case on inconsistent causes of action. Moreover, as the trial court already found the deed to have been validly revoked, the primary cause of action was already thereby declared inexistent. Hence, according to respondents, the Court of Appeals correctly dismissed the complaint.[12]

First. The question is whether the complaint states a cause of action. The trial court held that inasmuch as the donation made by UP to the Quezon City government had already been revoked, petitioners, for whose benefit the donation had been made, had no cause of action for specific performance. Nevertheless, it denied respondents' joint motion to dismiss petitioners' action on the ground that respondent UP was barred from contesting petitioners' right to remain in possession on the ground of laches.

This is error. While prescription does not run against registered lands, nonetheless a registered owner's action to recover possession of his land may be barred by laches. As held in *Mejia de Lucas v. Gamponia*: [13]

[W]hile no legal defense to the action lies, an equitable one lies in favor of the defendant and that is, the equitable defense of laches. No hold that the defense of prescription or adverse possession in derogation of the title of the registered owner Domingo Mejia does not lie, but that of the equitable defense of laches. Otherwise stated, we hold that while defendant may not be considered as having acquired title by virtue of his and his predecessors' long continued possession for 37 years, the original owner's right to recover back the possession of the property and the title thereto from the defendant has, by the long period of 37 years and by patentee's inaction and neglect, been converted into a stale demand.

Thus, laches is a defense against a registered owner suing to recover possession of the land registered in its name. But UP is not suing in this case. It is petitioners who are, and their suit is mainly to seek enforcement of the deed of donation made by UP in favor of the Quezon City government. The appellate court therefore correctly overruled the trial court on this point. Indeed, petitioners do not invoke laches. What they allege in their complaint is that they have been occupying the land in question from time immemorial, adversely, and continuously in the concept of owner, but they are not invoking laches. If at all, they are claiming ownership by prescription which, as already stated, is untenable considering that the land in question is a registered land. Nor can petitioners question the validity of UP's title to the land. For as the Court of Appeals correctly held, this constitutes a collateral attack on registered title which is not permitted.

On the other hand, we think that the Court of Appeals erred in dismissing petitioners' complaint for failure to state a cause of action.

A cause of action exists if the following elements are present, namely: (1) a right in favor of the plaintiff by whatever means and under whatever law it arises or is created; (2) an obligation on the part of the defendant to respect or not to violate such right; and (3) an act or omission on the part of such defendant in violation of the right of the plaintiff or constituting a breach of the obligations of the defendant to the plaintiff for which the latter may maintain an action for recovery of damages.[14]

We find all the elements of a cause of action contained in the amended complaint of petitioners. While, admittedly, petitioners were not parties to the deed of donation, they anchor their right to seek its enforcement upon their allegation that they are intended beneficiaries of the donation to the Quezon City government. Art. 1311, second paragraph, of the Civil Code provides:

If a contract should contain some stipulation in favor of a third person, he may demand its fulfillment provided he communicated his acceptance to the obligor before its revocation. A mere incidental benefit or interest of a

person is not sufficient. The contracting parties must have clearly and deliberately conferred a favor upon a third person.

Under this provision of the Civil Code, the following requisites must be present in order to have a stipulation pour autrui:[15]

- (1) there must be a stipulation in favor of a third person;
- (2) the stipulation must be a part, not the whole of the contract;
- (3) the contracting parties must have clearly and deliberately conferred a favor upon a third person, not a mere incidental benefit or interest;
- (4) the third person must have communicated his acceptance to the obligor before its revocation; and
- (5) neither of the contracting parties bears the legal representation or authorization of the third party.

The allegations in the following paragraphs of the amended complaint are sufficient to bring petitioners' action within the purview of the second paragraph of Art. 1311 on stipulations pour autrui:

- Paragraph 17, that the deed of donation contains a stipulation that the Quezon City government, as donee, is required to transfer to qualified residents of Cruz-na-Ligas, by way of donations, the lots occupied by them;
- The same paragraph, that this stipulation is part of conditions and obligations imposed by UP, as donor, upon the Quezon City government, as donee;
- Paragraphs 15 and 16, that the intent of the parties to the deed of donation was to confer a favor upon petitioners by transferring to the latter the lots occupied by them;
- Paragraph 19, that conferences were held between the parties to convince UP to surrender the certificates of title to the city government, implying that the donation had been accepted by petitioners by demanding fulfillment thereof[16] and that private respondents were aware of such acceptance; and
- All the allegations considered together from which it can be fairly inferred that neither of private respondents acted in representation of the other; each of the private respondents had its own obligations, in view of conferring a favor upon petitioners.

The amended complaint further alleges that respondent UP has an obligation to transfer the subject parcel of land to the city government so that the latter can in turn comply with its obligations to make improvements on the land and thereafter transfer the same to petitioners but that, in breach of this obligation, UP failed to deliver the title to the land to the city government and then revoked the deed of donation after the latter failed to fulfill its obligations within the time allowed in the contract.

For the purpose of determining the sufficiency of petitioners' cause of action, these allegations of the amended complaint must be deemed to be hypothetically true. So assuming the truth of the allegations, we hold that petitioners have a cause of action against UP. Thus, in *Kauffman v. National Bank*, [17] where the facts were

Stated in bare simplicity the admitted facts show that the defendant bank for a valuable consideration paid by the Philippine Fiber and Produce Company agreed on October 9, 1918, to cause a sum of money to be paid to the plaintiff in New York City; and the question is whether the plaintiff can maintain an action against the bank for the non performance of said undertaking. In other words, is the lack of privity with the contract on the part of the plaintiff fatal to the maintenance of an action by him?[18]

it was held:

In the light of the conclusions thus stated, the right of the plaintiff to maintain the present action is clear

enough; for it is undeniable that the bank's promise to cause a definite sum of money to be paid to the plaintiff in New York City is a stipulation in his favor within the meaning of the paragraph above quoted; and the circumstances under which that promise was given disclose an evident intention on the part of the contracting parties that the plaintiff should have that money upon demand in New York City. The recognition of this unqualified right in the plaintiff to receive the money implies in our opinion the right in him to maintain an action to recover it; and indeed if the provision in question were not applicable to the facts now before us, it would be difficult to conceive of a case arising under it.

It will be noted that under the paragraph cited a third person seeking to enforce compliance with a stipulation in his favor must signify his acceptance before it has been revoked. In this case the plaintiff clearly signified his acceptance to the bank by demanding payment; and although the Philippine National Bank had already directed its New York agency to withhold payment when this demand was made, the rights of the plaintiff cannot be considered to have been prejudiced by that fact. The word "revoked," as there used, must be understood to imply revocation by the mutual consent of the contracting parties, or at least by direction of the party purchasing the exchange.[19]

It is hardly necessary to state that our conclusion that petitioners' complaint states a cause of action against respondents is in no wise a ruling on the merits. That is for the trial court to determine in light of respondent UP's defense that the donation to the Quezon City government, upon which petitioners rely, has been validly revoked.

Respondents contend, however, that the trial court has already found that the donation (on which petitioners base their action) has already been revoked. This contention has no merit. The trial court's ruling on this point was made in connection with petitioners' application for a writ of preliminary injunction to stop respondent UP from ejecting petitioners. The trial court denied injunction on the ground that the donation had already been revoked and therefore petitioners had no clear legal right to be protected. It is evident that the trial court's ruling on this question was only tentative, without prejudice to the final resolution of the question after the presentation by the parties of their evidence.[20]

Second. It is further contended that the amended complaint alleges inconsistent causes of action for specific performance of the deed of donation. Respondents make much of the fact that while petitioners claim to be the beneficiaries-donees of 15.8 hectares subject of the deed,[21] they at the same time seek recovery/delivery of title to the 42 hectares of land included in UP's certificate of title.[22]

These are not inconsistent but, rather, alternative causes of action which Rule 8, §2 of the Rules of Court allows:

Alternative causes of action or defenses.- A party may set forth two or more statements of a claim or defense alternatively or hypothetically, either in one cause of action or defense or in separate causes of action or defenses. When two or more statements are made in the alternative and one of them if made independently would be sufficient, the pleading is not made insufficient by the insufficiency of one or more of the alternative statements.

Thus, the parties are allowed to plead as many separate claims as they may have, regardless of consistency, provided that no rules regarding venue and joinder of parties are violated.[23]

Moreover, the subjects of these claims are not exactly and entirely the same parcel of land; petitioners' causes of action consist of two definite and distinct claims. The rule is that a trial court judge cannot dismiss a complaint which contained two or more causes of action where one of them clearly states a sufficient cause of action against the defendant.[24]

WHEREFORE, the decision of the Court of Appeals is REVERSED and the case is REMANDED to the Regional Trial Court of Quezon City, Branch 89, for trial on the merits.

SO ORDERED.

Bellosillo, (Chairman), Puno, Quisumbing, and Buena, JJ., concur.

[1] Also referred to as Barangay Krus-na-Ligas in the deed of donation and portions of the amended complaint.

[2] Petition, Annex B; Rollo, pp. 32-41.

[3] Id., Annex J, pp. 1-2; Id., pp. 74-75.

[4] Id., Annex K, p. 13; Id., p. 91.

[5] Id., Annex D; Id., pp. 48-54.

[6] Id., Annex E; Id., pp. 55-60.

[7] Rollo, pp. 55-56.

[8] Petition, Annex H; Rollo, p. 67.

[9] Id., Annex G, pp. 1-5; Id., pp. 61-66.

[10] Id., Annex J, p. 4; Id., p. 77.

[11] Id., pp. 6-12; Id., pp. 12-18.

[12] Joint Comment, pp. 10-13; Id., pp. 149-152.

[13] 100 Phil. 277, 280 (1956).

[14] Leberman Realty Corporation v. Joseph Typingco, G.R. No. 126647, July 29, 1998.

[15] Constantino v. Espiritu, 148-A Phil. 169 (1971); Young v. Court of Appeals, 169 SCRA 213 (1989).¹⁵

[16] Acceptance need not be directly, formally or expressly made, according to Florentino v. Encarnacion, 79 SCRA 193 (1977). In Kauffman v. National Bank, 42 Phil. 182 (1921), for instance, a demand for payment made by the third party on the obligor was held sufficient to constitute acceptance.

[17] 42 Phil. 182 (1921).

[18] Id. at 187.

[19] Id. at 188-189.

[20] Viray v. Court of Appeals, 191 SCRA 308 (1990).

[21] See Amended Complaint, pars. 7-21, *infra*.

[22] Id., pars. 6-5, 22-23, *infra*.

[23] 1 V. J. Francisco, *The Revised Rules of Court in the Philippines* 574 (1973).

[24] Mendoza v. Court of Appeals, 156 SCRA 597 (1987).

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