

ELISEO FAJARDO, JR. AND MARISSA FAJARDO, PETITIONERS, VS. FREEDOM TO BUILD, INC., RESPONDENT.

G.R. No. 134692. December 08, 2000

Ponente: VITUG, J.

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VITUG, J.:

Petitioners seek a reconsideration of the decision of this Court, dated 01 August 2000, and assail the personality of respondent "Freedom to Build Incorporated" to institute the case in its own name. Petitioners contend that upon conveying the ownership of the De La Costa Homes Subdivision to the individual homeowners, now said to be represented by the De la Costa Homeowners' Association, respondent subdivision developer has lost any interest over the property. Petitioners maintain that private respondent, not being then the real party-in-interest, could not maintain the suit in its own name, even on account of a disclosed principal, and that the authorization from the homeowners' association, expressly empowering it to pursue the action in its behalf, does not cure this procedural deficiency.

In this regard, Section 2, Rule 3 of the New Rules of Civil Procedure provides:

"A real party in interest is the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit. Unless otherwise authorized by law or these rules, every action must be prosecuted or defended in the name of the real party-in-interest."

Essentially, the purpose of the rule on standing is to protect persons against undue and unnecessary litigations^[1] and to ensure that the court will have the benefit of having before it the real adverse parties in the consideration of a case.^[2] The rule, however, is not to be narrowly and restrictively construed,^[3] and its application should be neither dogmatic nor rigid at all times but viewed in consonance with extant realities and practicalities.^[4]

The interest of a party ordinarily is pecuniary and substantial,^[5] but it need not be the sole matter involved.^[6] Construction of the rule necessitates that one should look into the substantive issues to determine whether there is a logical nexus between the status asserted and the claim sought to be adjudicated.^[7]

The conveyance by respondent Freedom to Build Incorporated of its ownership over the property to the individual homeowners did not unavoidably mean its having lost altogether any interest in respect thereto. As the developer of the De la Costa Subdivision, respondent would naturally be concerned in seeing to it that the subdivision which bears the stamp of its workmanship maintain, for instance, the physical, as well as aesthetic, value of the property. Non-observance of the provisions on the restrictive covenants with the buyers of the property could bring about the "slumming" of the community which could have adverse consequences on the reputation of respondent in the operation of its business. The developer can rightly seek to ensure that the property continues to meet the conditions and requirements, like building specifications and easement provisions, stipulated in, and made part of, the individual contracts with its buyers. The right granted to the De la Costa Homeowners' Association by respondent, even if assumed, to enforce the reservation clauses of these contracts neither necessarily precludes the latter from acting on its own behalf to see to their compliance nor peremptorily subverts its right to ensure that the

contractual covenants are observed. Equally to be considered is that respondent, as developer of the property, has its own agreed undertakings in favor of the buyers which could well survive the transfer of ownership and provide it with such genuine stake in the controversy as would sufficiently clothe it with personality.

It cannot also be denied that the homeowners have explicitly joined cause with respondent in pursuing the instant action thereby negating any legal feasibility of petitioners being yet made party-defendants in a subsequent action involving the same cause.[8]

At all events, this Court has repeatedly exhorted that procedural rules cannot be used to defeat the ends of justice, and courts can aptly look at substance rather than form towards that end.

WHEREFORE, the motion for reconsideration is DENIED. The denial is final.

SO ORDERED.

Melo, (Chairman), Panganiban, and Gonzaga-Reyes, JJ., concur.

[1] See *State ex. rel. Thomson vs. State Board of Parole*, 115 NH414, 342 A2d 634.

[2] See *Moore vs. Jamieson*, 45L Pa 299, 306 A2d 283.

[3] *Washakie County School Dist. vs. Herschler (Wyo)* 606 P2d 310 cert den 449 US 824, 66 L Ed 2d 28, 101 S Ct 86.

[4] See *Chrysler Corp. vs. New Orleans*, 2243 La 498, 145 So 2d 11.

[5] See *Stackpole vs. Pacific Gas and Electric Co.*, 181 Cal 7000, 186 P354.

[6] See *Flast vs. Cohen*, 392 US 83, 20 E Ed 2d 947, 88 S Ct 1942.

[7] See *Szilaygi vs. Testa*, 99 Nev 834, 673 P2d 495.

[8] *Kimmel vs. Iowa Realty Co. (Iowa)* 339 NW2d 374, *Shurtleff vs. Jay Tuft & Co. (Utah)* 622 P2d 1168.

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