

MONDRAGON LEISURE AND RESORTS CORPORATION, PETITIONER, VS. UNITED COCONUT PLANTERS BANK, RESPONDENT.

G.R. No. 154187. April 14, 2004

Ponente: PANGANIBAN, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-154187/>

PANGANIBAN, J.:

An order denying a motion to dismiss is interlocutory. To remedy the denial, a party has to file an answer and interpose as a defense the objections raised in the motion, and then to proceed to trial. A petition for certiorari is appropriate only when an order has been issued without or in excess of jurisdiction or with grave abuse of discretion amounting to lack or excess of jurisdiction. In the instant case, no such ground has been established by petitioner.

The Case

Before us is a Petition for Review[1] under Rule 45 of the Rules of Court, seeking to set aside the February 18, 2002 Decision[2] and the July 2, 2002 Resolution[3] of the Court of Appeals (CA) in CA-GR SP No. 61046. The assailed Decision disposed as follows:

“WHEREFORE, foregoing premises considered, this petition is denied due course and accordingly DISMISSED.”[4]

The July 2, 2002 Resolution denied reconsideration.

The Facts

The facts of the case are narrated by the appellate court as follows:

“On February 28, 1994, Mondragon International Philippines (MIPI), Mondragon Securities Corporation (MSC) and petitioner x x x entered into a Lease Agreement with the Clark Development Corporation (CDC) for the development of what is now known as the Mimosa Leisure Estate. The parties also subsequently executed Supplemental Lease Agreements for additional smaller areas.

x x x x x x x x

“Over the years, petitioner poured more than P5 Billion in investments to develop the 232-hectare Mimosa Leisure Estate. Among others, petitioner put up the Holiday Inn Hotel, the Mimosa Regency Casino, the Monte Vista Hotel, the Mimosa Golf and Country Club with its 36-hole golf course and other world-class facilities and amenities.

“On November 23, 1995, the parties herein executed an Omnibus Credit and Security Agreement (Omnibus Agreement) whereby respondent bank has agreed, among others, to provide financing to petitioner to be used for the development, operation and management of the leased properties covered by the Lease Agreement, consisting of a Term Loan in the principal amount of Three Hundred Million Pesos (P300,000,000.00). In the said Omnibus Agreement, petitioner has agreed, among others, to constitute an assignment of its leasehold rights accruing from the Lease Agreement, in favor of respondent x x x, up to the extent of the value of such

leasehold rights in the amount of Six Hundred Million Pesos (P600,000,000.00).

“In order to secure the repayment of the loan which petitioner had obtained from the respondent bank, petitioner agreed to provide as collateral the assignment of the leasehold rights granted pursuant to the Lease Agreement.

“Likewise, petitioner executed in favor of respondent x x x Promissory Note PN 573595040194 on December 21, 1995 in the amount of Three Hundred Million Pesos (P300,000,000.00).

“Petitioner likewise executed a Deed of Assignment also dated November 23, 1995, over its leasehold rights, in favor of respondent x x x.

“On April 24, 1996, the parties executed an Amendment to Omnibus Credit and Security Agreement (Amendment) whereby the collateral under the Omnibus Agreement was limited to that of the leasehold right covering the Holiday Inn Hotel Building.

x x x x x x x x

“x x x [B]ecause of the impact of the Asian economic crisis which started in July 1997 and x x x differences with [Philippine Amusement and Gaming Corporation (PAGCOR)] and CDC which eventually led to the untimely temporary closure of the Mimosa Regency Casino, petitioner experienced severe financial setbacks. x x x

x x x x x x x x

“[On August 12, 1999, respondent filed Civil Case No. 9510, entitled ‘United Coconut Planters Bank vs. Mondragon Leisure and Resorts Corporation,’ at the Regional Trial Court of Angeles City, for foreclosure of real estate mortgage. The case was raffled to Branch 61.] On September 27, 1999, petitioner filed a Motion to Dismiss x x x on the following grounds:

1)

[T]he Certification of Non-Forum Shopping appended to the Complaint is fatally defective;

2)

Respondent bank has deliberately engaged in forum-shopping in filing the instant Complaint; and

3)

A condition precedent for the filing of the Complaint has not been complied with and/or the instant Complaint fails to state a cause of action against petitioner or is otherwise premature.

“[Petitioner claimed that] [t]he Complaint was filed, verified and certified by a certain Enrique L. Gana and Milaflor S. Guieb, in violation of the mandatory requirement of certification on non-forum shopping. [It claimed that] Mr. Gana and Ms. Guieb deliberately failed to mention the pendency of Civil Case No. 99-1171 which is required under the Rules. x x x.

“In its opposition dated November 1999, respondent x x x alleged that there is no forum-shopping since Civil Case No. 99-1171 involves different facts, transactions, issues and causes of action.

“On March 9, 2000, [the trial court] issued an Order [denying the motion to dismiss].

“Petitioner moved for the reconsideration of the aforesaid order [which was denied].”[5]

Ruling of the Court of Appeals

On appeal, the CA ruled that respondent bank was not guilty of forum shopping in instituting Civil Case No.

9510. The appellate court noted that although the subject matter in Civil Case No. 99-1171 involved the same parties, it dealt with an entirely different set of facts, transactions, issues and causes of action.[6] Moreover, the CA found that an event of default under the Omnibus Agreement and the corresponding written notice required under it were the bases for respondent's Complaint.[7]

Hence, this Petition.[8]

The Issues

In its Memorandum, petitioner assigns the following errors for our consideration:

“I.

The [Court of Appeals] committed a serious error of law and acted with grave abuse of discretion amounting to lack or excess of jurisdiction x x x in not holding that respondent x x x deliberately engaged in forum shopping [in filing the complaint in Civil Case No. 9510].

“II.

The [Court of Appeals] committed a serious error of law and acted with grave abuse of discretion amounting to lack or excess of jurisdiction in not holding that a condition precedent for filing Civil Case No. 9510 has not been complied, or that is otherwise premature, and/or that the complaint fails to state a cause of action.”[9]

To simplify, these are the issues in the present suit: (1) whether respondent engaged in forum shopping; and (2) whether respondent's Complaint failed to state a cause of action.

The Court's Ruling

The Petition has no merit.

First Issue:

Forum Shopping

Petitioner contends that respondent deliberately engaged in forum shopping by filing the present suit. The former points out that there is already a pending case at the Regional Trial Court, Branch 134, Makati City, docketed as Civil Case No. 99-1171 and entitled “United Coconut Planters Bank v. Mondragon Leisure and Resorts Corporation, et al.”

To begin with, the essence of forum shopping is the filing of multiple suits involving the same parties for the same cause of action, either simultaneously or successively, for the purpose of obtaining a favorable judgment.[10] A party violates the rule against forum shopping if the elements of *litis pendentia* are present; or if a final judgment in one case would amount to *res judicata* in the other.[11]

Thus, there is forum shopping when the following elements are present: “(a) identity of parties, or at least such parties as represent the same interests in both actions[;] (b) identity of rights asserted and relief prayed for, the relief being founded on the same facts[;] and (c) the identity of the two preceding particulars[,] such that any judgment rendered in the other action will, regardless of which party is successful, amount to *res judicata* in the action under consideration; said requisites [are] also constitutive of the requisites for *auter action pendant* or *lis pendens*.”[12]

Prubankers Association v. Prudential Bank & Trust Company[13] elucidates the consequence of forum shopping as follows:

“[W]here a litigant sues the same party against whom another action or actions for the alleged violation of the

same right and the enforcement of the same relief is/are still pending, the defense of *litis pendentia* in one case is a bar to the others; and, a final judgment in one would constitute *res judicata* and thus would cause the dismissal of the rest.”[14]

Applying the foregoing principles to the case before us in relation to Civil Case No. 99-1171, it is obvious that forum shopping does not exist. The allegations in the two Complaints show that, although there is an identity of parties, there is no identity of rights asserted and reliefs prayed for. The civil cases involve different credit lines.

Civil Case No. 99-1171 is a collection case to recover amounts drawn by petitioner from a P100 million omnibus line with P60 million excess availments, a US\$5 million FCDU promissory note line, and a postdated checks discounting line.[15] On the other hand, Civil Case No. 9510 is a collection case for the recovery of money availed from a P300 million term loan, with an action for foreclosure in case petitioner fails to pay.[16] It should further be noted that the credit accommodations involved in the two cases are covered by different promissory notes.

No doubt, the elements of *litis pendentia* are absent, and a final judgment in either case will not amount to *res judicata* in the other. Petitioner’s claim of forum shopping is evidently baseless.

Second Issue:

Cause of Action

It should be stressed that in determining whether a complaint fails to state a cause of action, only the allegations therein may be properly considered.[17] Moreover, a defendant who moves to dismiss the complaint on this ground hypothetically admits all the averments thereof.[18]

The test of the sufficiency of the facts alleged in a petition is whether, admitting the facts alleged, the court may render a valid judgment upon them in accordance with the prayer of the complaint.[19] If the allegations in the complaint furnish sufficient basis on which it can be maintained, it should not be dismissed regardless of the defense that may be presented by the defendants.[20] If the trial court finds the allegations to be sufficient, but doubts their veracity, it must deny the motion to dismiss and then require the defendant to answer, and proceed to try the case on the merits.[21]

A complaint states a cause of action when it contains these three essential elements: (1) the legal right of the plaintiff, (2) the correlative obligation of the defendant, and (3) the act or the omission of the defendant in violation of the said legal right.[22]

In the instant case, respondent’s Complaint sufficiently establishes a cause of action. Assuming the facts to be true, (a) petitioner and respondent executed an Omnibus Credit and Security Agreement for P300 million, from which the former obtained a loan in the same amount covered by a promissory note; (b) petitioner executed an assignment of leasehold rights over the Holiday Inn Hotel to the extent of P600 million in favor of respondent to secure the repayment of the loan; (c) petitioner failed to pay the principal and interest payments on the due dates; (d) respondent made formal demands and gave notices to the former, which was subsequently declared in default; and (e) under the Omnibus Agreement, respondent may avail itself of the remedies under the existing contracts and the law and may thus seek judicial foreclosure of the collateral.[23] On the basis of these allegations, the trial court may render a valid judgment. The Complaint, therefore, passes the test of sufficiency of the facts alleged.

Petitioner raises other matters that cannot be determined in a motion to dismiss. Those are purely factual issues that should be the subject of further proceedings, even a full-dress trial in the RTC.[24] Hence, they will not be taken up in this Decision.

WHEREFORE, the Petition is DENIED. The Regional Trial Court of Angeles City is DIRECTED to continue with deliberate speed the proceedings in Civil Case No. 9510. Costs against petitioner.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Ynares-Santiago, Carpio, and Azcuna, JJ., concur.

[1] Rollo, pp. 11-59.

[2] Id., pp. 60-73. Fourteenth Division. Penned by Justice Mercedes Gozo-Dadole, with the concurrence of Justices Salvador J. Valdez Jr. (Division chairman) and Juan Q. Enriquez Jr. (member).

[3] Id., p. 75.

[4] CA Decision, p. 14; rollo, p. 73.

[5] Id., pp. 2-7 & 61-66.

[6] Id., pp. 11 & 70.

[7] Id., pp. 13 & 72.

[8] This case was deemed submitted for resolution on May 22, 2003, upon this Court's receipt of petitioner's Memorandum, signed by Atty. Ernesto B. Francisco Jr. Respondent's Memorandum, signed by Atty. Ma. Cecilia B. Macatangay-Avila, was received by this Court on April 8, 2003. (Another copy of this Memorandum was filed on April 25, 2003.)

[9] Petitioner's Memorandum, pp. 2-3.

[10] T'Boli Agro-Industrial Development, Inc. (TADI) v. Solilapsi, 394 SCRA 269, 278, December 27, 2002.

[11] Philippine Nails and Wires Corporation v. Malayan Insurance Company, Inc., 397 SCRA 431, 443, February 14, 2003; First Philippine International Bank v. Court of Appeals, 322 Phil. 280, 306, January 24, 1996; Solid Homes, Inc. v. Court of Appeals, 337 Phil. 605, 615, April 11, 1997.

[12] Saura v. Saura Jr., 372 Phil. 337, 349, September 1, 1999, per Pardo, J.

[13] 361 Phil. 744, January 25, 1999.

[14] Id., p. 755, per Panganiban, J.

[15] Respondent's Complaint, Civil Case No. 99-1171, pp. 5-11, 14-15; rollo, pp. 149-155, 158-159.

[16] Respondent's Complaint, Civil Case No. 9510, pp. 6-8; rollo, pp. 170-172.

[17] Vda. de Daffon v. Court of Appeals, 387 SCRA 427, 432, August 20, 2002; Azur v. The Provincial Board, 136 Phil. 301, 308, February 27, 1969.

[18] Ibid.

[19] Sta. Clara Homeowners' Association v. Gaston, 374 SCRA 396, 411, January 23, 2002; Suyom v. Hon. Judge Collantes, 161 Phil. 667, 677, February 27, 1976; Azur v. The Provincial Board, supra.

[20] Vda. de Daffon v. Court of Appeals, supra; Boncato v. Siason, 138 SCRA 414, 419, September 5, 1985.

[21] Dimayuga v. Dimayuga, 96 Phil. 859, 862, April 29, 1955; PiHero v. Enriquez, 84 Phil. 774, 777, October

25, 1949.

[22]Sta Clara Homeowners' Association v. Gaston, supra; Far East Bank and Trust Company v. Court of Appeals, 341 SCRA 485, 490, September 29, 2000; Vda. de Daffon v. Court of Appeals, supra, p. 433.

[23] Respondent's Complaint, Civil Case No. 9510, supra.

[24] Socorro v. Vargas, 134 Phil. 641, 645, October 26, 1968.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.