

ANTERO LUISTRO, PETITIONER, VS. COURT OF APPEALS AND FIRST GAS POWER CORPORATION, RESPONDENTS.

G.R. No. 158819. April 16, 2009

Ponente: CARPIO, J.

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CARPIO, J.:

The Case

Before the Court is a petition for review[1] assailing the 9 December 2002 Decision[2] and 18 June 2003 Resolution[3] in CA-G.R. SP No. 68703.

The Antecedent Facts

First Gas Power Corporation (respondent) operates a gas-fired power generating facility by virtue of a Power Purchase Agreement (PPA) with the Manila Electric Company (Meralco). Respondent sells the electric power generated by its facility to Meralco.

On 2 September 1997, respondent entered into a Substation Interconnection Agreement (SIA) with Meralco and the National Power Corporation (NPC). The SIA required respondent to design, finance, construct, commission, and energize a 230-kilovolt electric power transmission line, approximately 25 km. in length from its power plant site in Sta. Rita, Batangas City to Calaca, Batangas. Respondent's obligation under the SIA entailed the acquisition of easements of right-of-way over affected lands located along the designated route of the transmission line.

On 25 March 1997, respondent entered into a Contract of Easement of Right-of-Way (Contract) with Antero Luistro (petitioner), owner of a parcel of land located in Barangay Maigsing Dahilig, Lemery, Batangas. Under the Contract, petitioner granted respondent perpetual easement over a 100-sq. m. portion of his property for the erection of the transmission line tower and a 25-year easement over 2,453.60 sq. m. portion of the property for the right to pass overhead line cables. The Contract covered a total area of 2,553.60 sq. m. for a consideration of P88,608 to cover the easement fee, tower pole, guy occupancy fees and improvements. Respondent then commenced the construction of the transmission line tower and the stringing of overhead transmission line cables above petitioner's property covered by the Contract.

On 23 December 1998, petitioner's counsel wrote a letter to respondent's president asking for a temporary stoppage of all kinds of work within the vicinity of petitioner's residential house pending settlement of petitioner's grievance that the house and other improvements lay underneath the transmission wire/line being constructed and would endanger the life and health of the persons in the vicinity. Petitioner also referred the concerns to the NPC in a letter dated 19 April 1999. However, the NPC set aside petitioner's concerns and considered the matter closed.

On 7 September 2000, petitioner filed a complaint[4] for "Rescission/Amendment And Or Modification of Contract Of Easement With Damages," docketed as Civil Case No. 142-2000, against respondent and First

Balfour Beatty Realty, Inc. (defendants). Petitioner alleged that respondent, by means of fraud and machinations of words, was able to convince him to enter into the Contract. Petitioner alleged that he entered into the Contract under misrepresentation, promises, false and fraudulent assurances, and tricks of respondent. Petitioner alleged that while his house was supposed to be 20 to 25 meters away from the transmission wire/line, it turned out after the installation of Posts 97 and 98 that his house was only 7.23 meters directly underneath the transmission wire/line. Petitioner alleged that the powerful 230 kilovolts passing the transmission wire/line continuously endanger the lives, limbs, and properties of petitioner and his family.

Respondent filed a Motion to Dismiss[5] on the ground that petitioner failed to state a cause of action in his complaint.

The Ruling of the Trial Court

In its Order[6] dated 24 January 2001, the Regional Trial Court of Lemery, Batangas, Branch 5 (trial court) denied the Motion to Dismiss and directed defendants to file their respective answers within ten days from receipt of the order. Respondent filed a Motion for Reconsideration. In its 13 November 2001 Order,[7] the trial court denied the motion.

Respondent filed a petition for certiorari before the Court of Appeals assailing the 24 January 2001 and 13 November 2001 Orders of the trial court.

The Ruling of the Court of Appeals

In its 9 December 2001 Decision, the Court of Appeals set aside the trial court's 24 January 2001 and 13 November 2001 Orders and ordered the dismissal of the complaint for failure to state a cause of action insofar as respondent was concerned. The Court of Appeals ruled that the trial court failed to comply with Section 3, Rule 16 of the 1997 Rules of Civil Procedure which requires that in every case, the resolution shall state clearly and distinctly the reasons therefor. The Court of Appeals ruled that the trial court failed to consider that when the ground for dismissal was failure to state a cause of action, its sufficiency could only be determined by considering the facts alleged in the complaint. The Court of Appeals ruled that the undertaking as regards the distance of the transmission wire/line from petitioner's house which respondent allegedly breached was not in the Contract. The Court of Appeals ruled that the alleged right of petitioner as stated in the complaint did not exist and was without any basis.

The Court of Appeals further ruled that it could not sustain the allegation of fraud because petitioner failed to state with particularity the circumstances constituting the alleged fraud. The dispositive portion of the Decision of the Court of Appeals reads:

WHEREFORE, foregoing premises considered, the petition is hereby GRANTED and the assailed Orders dated January 24, 2001 and November 13, 2001 of the Regional Trial Court, Branch 5, Lemery, Batangas in Civil Case No. 142-2000 are hereby SET ASIDE insofar as petitioner is concerned as the lower court is hereby ORDERED to dismiss the complaint for failure to state a cause of action insofar as petitioner is concerned.

SO ORDERED.[8]

Petitioner filed a motion for reconsideration. In its 18 June 2003 Resolution, the Court of Appeals denied the motion for lack of merit.

Hence, the petition before this Court.

The Issues

Petitioner raises the following issues in his Memorandum:

- Whether the trial court's 24 January 2001 and 13 November 2001 Orders failed to comply with Section 3, Rule 16 of the 1997 Rules of Civil Procedure;
- Whether the complaint states a sufficient cause of action; and
- Whether the complaint alleges fraud with particularity as required under Section 5, Rule 8 of the 1997 Rules of Civil Procedure.

The Ruling of this Court

The petition has no merit.

Violation of Section 3, Rule 16
of the 1997 Rules of Civil Procedure

Section 3, Rule 16 of the 1997 Rules of Civil Procedure provides:

Sec. 3. Resolution of motion. - After the hearing, the court may dismiss the action or claim, deny the motion, or order the amendment of the pleading.

The court shall not defer the resolution of the motion for the reason that the ground relied upon is not indubitable.

In every case, the resolution shall state clearly and distinctly the reasons therefor.

The Rules prescribe that the resolution of the motion to dismiss shall clearly and distinctly declare the reasons therefor. The directive proscribes the common practice of perfunctorily dismissing the motion for lack of merit which can often pose difficulty and misunderstanding on the part of the aggrieved party in taking recourse therefrom and likewise on the higher court called upon to resolve the same, usually on certiorari.[9] In this case, the trial court merely stated:

Examining the allegations in the complaint the Court finds that a cause of action sufficiently exist[s] against defendants.[10]

The trial court did not explain why a sufficient cause of action existed in this case. The trial court merely cited Article 19 of the Civil Code which provides that "[e]very person must, in the exercise of his rights and in the performance of his duties, act with justice, give everyone his due, and observe honesty and good faith." The disposition of the trial court clearly fell short of the requirement set forth under Section 3, Rule 16 of the 1997 Rules of Civil Procedure.

Sufficiency of Cause of Action

In a motion to dismiss based on lack of cause of action, the question posed to the court for determination is the sufficiency of the allegation of facts made in the complaint to constitute a cause of action.[11] To sustain a motion to dismiss for lack of cause of action, it must be shown that the claim for relief does not exist, rather than that a claim has been defectively stated, or is ambiguous, indefinite or uncertain.[12]

In this case, we agree with the Court of Appeals that the complaint lacked sufficient cause of action. The complaint was based on the alleged breach of the Contract and violation of the undertaking that petitioner's house was supposed to be 20 to 25 meters away from the transmission wire/line. Petitioner alleged in the complaint that contrary to what had been "assured and promised," his house turned out to be only 7.23 meters directly underneath the transmission wire/line.

As pointed out by the Court of Appeals, there was no such undertaking in the Contract. The Contract only granted

respondent a perpetual easement over 100 sq. m. portion of petitioner's property, as well as 25 years easement of right-of-way over the property or portions thereof, as indicated in the sketch plan, for the installation and maintenance of wooden poles, steel towers, tower footings, and electric and guy wires. Therefore, the alleged right of petitioner, which respondent supposed to have violated, did not exist in the Contract.

Allegation of Fraud

Section 5, Rule 8 of the 1997 Rules of Civil Procedure states:

Section 5. Fraud, mistake, condition of the mind. - In all averments of fraud or mistake, the circumstances constituting fraud or mistake must be stated with particularity. Malice, intent, knowledge or other condition of the mind of a person may be averred generally.

Again, the complaint falls short of the requirement that fraud must be stated with particularity. The complaint merely states:

4. That sometime in the year of 1997, the consolidator-facilitator of the Defendants FGPC and Balfour by means of fraud and machinations of words were able to convince[] the plaintiff to enter into 'CONTRACT OF EASEMENT OF RIGHT OF WAY' wherein the latter granted in favor of the defendant FGPC the right to erect [its] Tower No. 98 on the land of the plaintiff situated at Barangay Maigsing Dahilig, Lemery 4209 Batangas including the right to Install Transmission Lines over a portion of the same property for a consideration therein stated, a xerox copy of said contract is hereto attached as [] ANNEXES "A" up to "A-4" of the complaint;

5. That the said contract, (Annexes "A" up to "A-4") was entered into by the plaintiff under the "MISREPRESENTATION, PROMISES, FALSE AND FRAUDULENT ASSURANCES AND TRICKS" of the defendants[.][13]

Not only did petitioner fail to allege with particularity the fraud allegedly committed by respondent. A review of the Contract shows that its contents were explained to petitioner. The Contract states:

Bago ko/namin nilagdaan ang kasulatang ito ay ipinaliwanag muna sa akin/amin sa wikang Tagalog/ o sa wikang aking/aming naiintindihan. Ang nilalaman nito'y lubusan ko/naming nauunawaan kaya't lumagda kami rito ng kusang loob, walang sinumang pumilit o tumakot sa akin/amin.[14]

There is clearly no basis for the allegation that petitioner only signed the Contract because of fraud perpetrated by respondent.

WHEREFORE, we DENY the petition. We AFFIRM the 9 December 2002 Decision and 18 June 2003 Resolution in CA-G.R. SP No. 68703.

SO ORDERED.

Corona, Leonardo-De Castro, and Bersamin, JJ., concur.

Puno, C.J., (Chairperson), no part.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Rollo, pp. 40-51. Penned by Associate Justice Remedios A. Salazar-Fernando with Associate Justices Ruben T. Reyes (a retired member of this Court) and Edgardo F. Sundiam, concurring.

[3] Id. at 53-54.

[4] Id. at 55-60.

[5] Id. at 74-89.

[6] Id. at 97-98. Penned by Executive Judge Eutiquio L. Quitain.

[7] Id. at 109.

[8] Id. at 50.

[9] *Barrazona v. Regional Trial Court, Br. 61, Baguio City*, G.R. No. 154282, 7 April 2006, 486 SCRA 555.

[10] *Rollo*, p. 97.

[11] *Santiago v. Subic Bay Metropolitan Authority*, G.R. No. 156888, 20 November 2006, 507 SCRA 283.

[12] *Universal Aquarius, Inc. v. Q.C. Human Resources Management Corporation*, G.R. No. 155990, 12 September 2007, 533 SCRA 38.

[13] *Rollo*, p. 56.

[14] Id. at 64.

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