

UNIWIDE HOLDINGS, INC., PETITIONER, VS. JANDECS TRANSPORTATION CO., INC., RESPONDENT.

G.R. No. 168522. December 19, 2007

Ponente: CORONA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-168522/>

CORONA, J.:

Petitioner Uniwide Holdings Inc. filed a petition for review for certiorari under Rule 45 of the Rules of Court assailing the decision[1] of the Court of Appeals (CA) dated February 16, 2005 in CA-G.R. CV No. 78931 entitled Jandecs Transportation Co., Inc. v. Uniwide Holdings, Incorporated. In a resolution dated August 17, 2005,[2] we denied the petition for failure to show that the CA committed reversible error. Thereafter, petitioner filed a "Motion to Suspend Proceedings with Motion for Reconsideration" calling this Court's attention to the order of suspension of payments and approval of its rehabilitation plan by the Securities and Exchange Commission (SEC).[3]

The antecedent facts follow.

In January 1997, petitioner and respondent Jandecs Transportation Co., Inc. entered into a contract of "Assignment of Leasehold Rights" under which the latter was to operate food and snack stalls at petitioner's Uniwide Coastal Mall in Parañaque City. The contract was for a period of 18 years, commencing October 1, 1997 up to September 30, 2015, for a consideration of P2,460,630.15. The parties also agreed that respondent's stalls would be located near the movie houses and would be the only stalls to sell food and beverages in that area.

On February 7, 1997, respondent paid the contract price in full. Petitioner, however, failed to turn over the stall units on October 1, 1997 as agreed upon. Respondent sought the rescission of the contract and the refund of its payment. Petitioner refused both.

On July 23, 1999, respondent filed a complaint in the Regional Trial Court (RTC), Branch 257 of Parañaque City, for breach of contract, rescission of contract, damages and issuance of a writ of preliminary attachment. In the complaint,[4] respondent claimed that, despite full payment, petitioner (1) failed to deliver the stall units on the stipulated date; (2) opened its own food and snack stalls near the cinema area and (3) refused to accommodate its request for the rescission of the contract and the refund of payment.

In its answer,[5] petitioner admitted respondent's full payment of the contract price but denied that it was bound to deliver the stalls on October 1, 1997. According to petitioner, the contract was clear that it was to turn over the units only upon completion of the mall. It likewise claimed that, under the contract, it had the option to offer substitute stalls to respondent which the latter, however, rejected.

After trial, the RTC ruled in favor of respondent. It held:

It is not disputed that [petitioner] had failed to [turn over] the units leased to [respondent]. Since the term of the contract is for 18 years to commence on October 1, 1997 to September 30, 2015, it is understood that [petitioner] was obliged to deliver to [respondent] the leased units on October 1, 1997. [Petitioner's] failure to

deliver the leased units as provided in the contract obviously constitutes breach thereof.

[Respondent] had paid [petitioner] the full consideration of P2,460,680.15 for the leasehold rights. While [respondent] had fully complied with [its] obligation, [petitioner] has not performed its part of the obligation to deliver to [respondent] the 2 units leased. Hence, [respondent] has the right to rescind the contract. The power to rescind obligations is implied in reciprocal ones, in case one of the obligors should not comply with what is incumbent upon him (Art. 1191, Civil Code).[6]

xxx xxx xxx

WHEREFORE, finding the act of [respondent] in rescinding the Assignment of Leasehold Rights proper, the same is declared valid and lawful. Accordingly, [petitioner] is ordered to return to [respondent] the amount of P2,460,630.15 plus interest at the legal rate and to pay [respondent] the amount of P30,000.00 for attorney's fees.

SO ORDERED.[7]

Aggrieved, petitioner appealed the decision to the CA. Except for the award of attorney's fees which it found to be bereft of any basis, the CA upheld the RTC decision saying:

UPON THE VIEW WE TAKE OF THIS CASE, THUS, the Decision of the Regional Trial Court, Parañaque City, Branch 257 in Civil Case No. 99-0268 dated March 12, 2003 is hereby AFFIRMED, with the sole modification that the award of attorney's fees to [respondent] be DELETED. Costs shall also be taxed against [petitioner].

SO ORDERED.[8]

Petitioner filed a partial motion for reconsideration (MR) of the CA decision but it was denied as well.[9] Hence, it filed the petition for review on certiorari which we denied on August 17, 2005.[10] Thereafter, petitioner filed the "Motion to Suspend Proceedings with Motion for Reconsideration."

In its motion to suspend the proceedings, petitioner prays that the action in this Court be held in abeyance in view of the SEC's order of suspension of payments and approval of its rehabilitation plan.[11] In its MR, on the other hand, it insists that we should find (1) the rescission decreed by the lower courts erroneous and (2) the order for refund of the P2,460,630.15 (with legal interest) to respondent unwarranted.

SUSPENSION OF PROCEEDINGS WHEN WARRANTED

The relevant law dealing with the suspension of payments for money claims against corporations under rehabilitation is Presidential Decree (PD) No. 902-A,[12] as amended. The term "claim" under said law refers to debts or demands of pecuniary nature.[13] It is the assertion of rights for the payment of money.[14] The *raison d'être* behind the suspension of claims pending rehabilitation was explained in the case of *BF Homes, Inc. v. CA*[15]:

...the reason for suspending actions for claims against the corporation should not be difficult to discover. It is not really to enable the management committee or the rehabilitation receiver to substitute the [corporation] in any pending action against it before any court, tribunal, board or body. Obviously, the real justification is to enable the management committee or the rehabilitation receiver to effectively exercise its/his powers free from any judicial or extra-judicial interference that might unduly hinder or prevent the "rescue" of the debtor [corporation]. To allow such other action to continue would only add to the burden of the management committee or rehabilitation receiver, whose time, effort and resources would be wasted in defending claims against the corporation instead of being directed toward its restructuring and rehabilitation.

In *Philippine Air Lines [(PAL)], Incorporated v. Zamora*,^[16] we said that "all actions for claims against a corporation pending before any court, tribunal or board shall ipso jure be suspended in whatever stage such actions may be found upon the appointment by the SEC of a management committee or a rehabilitation receiver."

However, we would still find no cogent reason to reverse our August 17, 2005 resolution denying petitioner's appeal even if the proceedings here were to be suspended in the meantime. And such suspension would not at all affect our position that the MR should be denied as well.

RIGHT OF RESCISSION WHEN AVAILABLE

Article 1191 of the Civil Code provides:

The power to rescind obligations is implied in reciprocal ones, in case one of the obligors should not comply with what is incumbent upon him.

The injured party may choose between the fulfillment and the rescission of the obligation, with the payment of damages in either case. He may also seek rescission, even after he had chosen fulfillment, if the latter should become impossible.

xxx xxx xxx

From the foregoing, the right of rescission is implied in every reciprocal obligation where one party fails to perform what is incumbent upon him while the other is willing and ready to comply. Certainly, petitioner's failure to deliver the units on the commencement date of the lease on October 1, 1997 gave respondent the right to rescind the contract after the latter had already paid the contract price in full.

Furthermore, respondent's right to rescind the contract cannot be prevented by the fact that petitioner had the option to substitute the stalls. Even if petitioner had that option, it did not, however, mean that it could insist on the continuance of the contract by forcing respondent to accept the substitution. Neither did it mean that its previous default had been obliterated completely by the exercise of that option.

However, so as not to run counter to or depart from the well-established doctrines in *BF Homes, Inc. and PAL*, and considering further the SEC's appointment of a receivership committee,^[17] we will defer the entry of judgment in this case even after this resolution attains finality. In effect, the execution of the RTC decision (which the CA and this Court have affirmed) is suspended until further advice from us.

One final note. Petitioner's extreme bad faith in dealing with respondent was too glaring for the Court to ignore. Petitioner's lack of good and honest intentions, as well as the evasive manner by which it was able to frustrate respondent's claim for a decade, should not go unsanctioned. Parties in a contract cannot be allowed to engage in double-dealing schemes to dupe those who transact with them in good faith.

WHEREFORE, premises considered, the motion for reconsideration of our August 17, 2005 resolution is **DENIED** with finality. However, the motion for suspension of proceedings is **GRANTED** and the entry of judgment held in abeyance until further orders of this Court. Accordingly, petitioner *Uniwide Holdings, Inc.* is hereby **DIRECTED** to make a quarterly report to this Court on the status of its ongoing rehabilitation.

Treble costs against petitioner.

SO ORDERED.

Puno, C.J., (Chairperson), Sandoval-Gutierrez, Azcuna and Leonardo-De Castro, JJ., concur.

[1] Penned by Associate Justice Renato C. Dacudao (retired), with the concurrence of Associate Justices Edgardo F. Sundiam and Japar B. Dimaampao, Thirteenth Division of the Court of Appeals. Rollo, pp. 46-59.

[2] Id., p. 168.

[3] Petitioner previously filed a "Petition for the Declaration of Suspension Payment, Formation and Appointment of a Rehabilitation Receiver/Committee and Approval of Rehabilitation Plan" in the SEC claiming its inability to pay its creditors.

[4] Rollo, pp. 67-78.

[5] With opposition to the application for issuance of a writ of preliminary attachment. Id., pp. 106-111.

[6] Decided by Judge Rolando G. How. Id., p. 118.

[7] Id., p. 119.

[8] Supra at note 1.

[9] CA Resolution dated June 10, 2005. Rollo, pp. 61-62.

[10] Supra at note 2.

[11] SEC Decision dated 11 April 2000.

[12] Reorganization of the Securities and Exchange Commission.

[13] See Section 6 (c) of PD No. 902-A, as amended. See also *Sobrejuanite v. ASB Development Corporation*, G.R. No. 165675, 30 September 2005, 471 SCRA 763.

[14] *Sobrejuanite v. ASB Development Corporation*, id.

[15] G.R. No. 76879 and G.R. No. 77143, 3 October 1990, 190 SCRA 262.

[16] Supra.

[17] SEC Decision, supra at note 11.

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.