

**JUANITO VICTOR C. REMULLA, PETITIONER, VS. ERINEO S. MALIKSI,
IN HIS CAPACITY AS GOVERNOR OF THE PROVINCE OF CAVITE,
RENATO A. IGNACIO, IN HIS CAPACITY AS PROVINCIAL LEGAL
OFFIC...**

G.R. No. 171633. September 18, 2013

Ponente: PERLAS-BERNABE, J.

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PERLAS-BERNABE, J.:

Assailed in this petition for review on certiorari[1] are the Resolutions dated May 18, 2005[2] and February 16, 2006[3] of the Court of Appeals (CA) in CA-G.R. SP No. 86465 which dismissed petitioner Juanito Victor C. Remulla's (Remulla) petition for annulment of judgment.

The facts

On May 7, 1957, Marietta O'Hara de Villa (de Villa), in her personal capacity and as administratrix of the estate of her late husband Guillermo, ceded, through a deed of donation[4] (1957 deed of donation), 134,957 square meters (sq. m.) (donated portion) of their 396,622 sq. m. property (subject property) in favor of the Province of Cavite, on which now stands various government offices and facilities.[5]

On December 28, 1981 and February 1, 1982,[6] the Province of Cavite respectively filed a Complaint and an Amended Complaint, before the then Court of First Instance of Cavite, Trece Martires City, Branch 1 – now, Regional Trial Court of Trece Martires City, Branch 23 (RTC), docketed as Civil Case No. TM-955 (expropriation case) – seeking to expropriate, for the amount of P215,050.00, the remaining 261,665 sq. m. of the subject property which the former intends to develop as the Provincial Capitol Site. Accordingly, the Province of Cavite made a preliminary deposit of the amount of P21,505.00 and, on January 4, 1982, the RTC issued a Confirmatory Writ of Immediate Possession[7] in its favor, by virtue of which the Province of Cavite took possession of the entire property.[8]

For her part, de Villa, through her Answer,[9] opposed the expropriation proceedings, claiming that there are still areas within the donated portion which the Province of Cavite failed to develop.[10] She also alleged that the fair market value of the subject property should be pegged at the amount of P11,272,500.00, or at P45.00 per sq. m.[11] On June 9, 1989, while the expropriation case was still pending, de Villa sold, for the amount of P2,000,000.00,[12] the 261,665 sq. m. portion of the subject property to Goldenrod, Inc. (Goldenrod), a joint venture company owned by Sonya G. Mathay (Mathay) and Eleuterio M. Pascual, Jr. (Pascual).[13] Subsequently, Mathay and Pascual intervened in the expropriation case.[14]

On November 4, 2003, respondent then Cavite Governor Erineo S. Maliksi (Maliksi) issued Executive Order No. 004[15] authorizing the creation of a committee which recommended the terms and conditions for the proper settlement of the expropriation case. The said committee thereafter submitted its Committee Report[16] dated November 24, 2003 recommending that: (a) the just compensation be pegged at the amount of P495.00 per sq. m.

plus 6% annual interest for 22 years,[17] for a total net consideration of P50,000,000.00, which amount shall be equally shouldered by the Province of Cavite and Trece Martires City; (b) the total area to be expropriated be limited to only 116,287 sq. m. and the donated portion be reduced to 48,429 sq. m.; and (c) 193,662 sq. m. of the subject property be reverted to Goldenrod which include a fenced stadium, one-half of the Trece Martires Cemetery, the forest park; a residential area, and some stalls; in turn, Goldenrod will construct a commercial/business center, an art/historical museum, and an educational institution within five years from the signing of the compromise agreement, among others.

The foregoing recommendations were then adopted/embodied in a Compromise Agreement[18] dated December 8, 2003 (subject compromise) entered into by and between Maliksi and then Trece Martires City Mayor Melencio De Sagun, Jr., both assisted by respondent Cavite Provincial Legal Officer Atty. Renato A. Ignacio (Ignacio), and, on the other hand, Mathay and Pascual, in their capacity as owners of Goldenrod. On February 28, 2004, Goldenrod sold its landholdings to Mathay and Pascual for the amount of P400,000.00.[19]

Thereafter, the subject compromise was approved by the RTC in a Decision[20] dated March 18, 2004 and an Amended Decision[21] dated March 25, 2004 (compromise judgment), both of which were ratified by the Sangguniang Panlalawigan of the Province of Cavite and the Sangguniang Panlungsod of Trece Martires City per Resolution Nos. 195-S-2004[22] and 2004-049,[23] respectively.

The Proceedings Before The CA

On September 21, 2004, Remulla, in his personal capacity as taxpayer and as then Vice-Governor and, hence, Presiding Officer of the Sangguniang Panlalawigan of the Province of Cavite,[24] filed a petition for annulment of judgment[25] under Rule 47 of the Rules of Court before the CA, arguing that the subject compromise is grossly disadvantageous to the government because: (a) the agreed price for the subject property was excessive as compared to its value at the time of taking in 1981;[26] (b) the government stands to lose prime lots;[27] and (c) it nullifies/amends the 1957 deed of donation.[28] Moreover, Maliksi entered into the subject compromise without authority from the Sangguniang Panlalawigan of the Province of Cavite and sans any certification on the availability of funds as required by law.[29] Remulla claimed that extrinsic fraud tainted the expropriation proceedings considering that there was collusion between the parties and that respondent Ignacio deliberately withheld crucial information regarding the property valuation and certain incidents prior to the expropriation case when he presented the subject compromise for ratification before the Sangguniang Panlalawigan of the Province of Cavite.[30]

On motion of respondents, however, the CA rendered a Resolution[31] dated May 18, 2005, dismissing Remulla's petition for annulment of judgment based on the following grounds: (a) there was yet no disbursement of public funds at the time of its filing; thus, it cannot be considered as a taxpayer's suit; and (b) Remulla was not a real party in interest to question the propriety of the subject compromise as he was not a signatory thereto.[32]

Aggrieved, Remulla filed a motion for reconsideration which was, however, denied by the CA in a Resolution[33] dated February 16, 2006. Hence, the instant petition.

The Issue Before The Court

The essential issue in this case is whether or not the CA properly denied Remulla's petition for annulment of judgment due to his lack of legal standing.

The Court's Ruling

The petition is meritorious.

Records bear out that Remulla filed his petition for annulment of judgment in two capacities: first, in his personal capacity as a taxpayer; and, second, in his official capacity as then presiding officer of the Sangguniang Panlalawigan of the Province of Cavite.

With respect to the first, jurisprudence dictates that a taxpayer may be allowed to sue where there is a claim that public funds are illegally disbursed or that public money is being deflected to any improper purpose, or that public funds are wasted through the enforcement of an invalid or unconstitutional law or ordinance.[34] In this case, public funds of the Province of Cavite stand to be expended to enforce the compromise judgment. As such, Remulla – being a resident-taxpayer of the Province of Cavite – has the legal standing to file the petition for annulment of judgment and, therefore, the same should not have been dismissed on said ground. Notably, the fact that there lies no proof that public funds have already been disbursed should not preclude Remulla from assailing the validity of the compromise judgment. Lest it be misunderstood, the concept of legal standing is ultimately a procedural technicality which may be relaxed by the Court if the circumstances so warrant. As observed in *Mamba v. Lara*,[35] the Court did not hesitate to give standing to taxpayers in cases[36] where serious legal issues were raised or where public expenditures of millions of pesos were involved. Likewise, it has also been ruled that a taxpayer need not be a party to the contract in order to challenge its validity,[37] or to seek the annulment of the same on the ground of extrinsic fraud.[38] Indeed, for as long as taxes are involved, the people have a right to question contracts entered into by the government,[39] as in this case.

Anent the second, Remulla equally lodged the petition for annulment of judgment in his official capacity as then Vice-Governor and Presiding Officer of the Sangguniang Panlalawigan of the Province of Cavite. As such, he represents the interests of the province itself which is, undoubtedly, a real party in interest since it stands to be either benefited or injured[40] by the execution of the compromise judgment.

For these reasons, the CA should not have dismissed the petition for annulment of judgment on account of Remulla's lack of legal standing. Consequently, the case should be remanded to the said court for further proceedings.

WHEREFORE, the petition is GRANTED. Accordingly, the Resolutions dated May 18, 2005 and February 16, 2006 of the Court of Appeals in CA-G.R. SP No. 86465 are hereby REVERSED and SET ASIDE. The case is REINSTATED and REMANDED to the Court of Appeals for further proceedings.

SO ORDERED.

Carpio, (Chairperson), Brion, Perez, and Leonen,[*] JJ., concur.

[*] Designated Additional Member per Special Order No. 1551 dated September 16, 2013.

[1] Rollo, pp. 3-60.

[2] Id. at 65-76. Penned by Associate Justice Amelita O. Tolentino, with Associate Justices Roberto A. Barrios and Vicente S.E. Veloso, concurring.

[3] Id. at 78-80. Penned by Associate Justice Arnelita Golentino, with Associate Justices Roberto A. Barrios and Fernanda Lampas Peralta, concurring, and Associate Justices Mariano C. Del Castillo (now Supreme Court Associate Justice) and Vicente S.B. Veloso, dissenting.

[4] Id. at 105-107.

[5] Id. at 7-8, 227-228, 460, and 507.

[6] See *id.* at 460. In the Compromise Agreement, the Complaint and Amended Complaint were dated January 4, 1982 and February 2, 1982, respectively.

[7] *Id.* at 115-116. Issued by District Judge Pablo D. Suarez.

[8] *Id.* at 8-9 and 229-230.

[9] *Id.* at 418-426. Dated June 20, 1982.

[10] *Id.* at 419 and 423.

[11] *Id.* at 9-10 and 426.

[12] *Id.* at 131-133. Per a Deed of Absolute Sale.

[13] *Id.* at 460.

[14] *Id.* at 461.

[15] See *id.* at 455-456. Entitled “CREATING A COMMITTEE TO RECOMMEND THE TERMS AND CONDITIONS OF THE SETTLEMENT OF THE EXPROPRIATION CASE INVOLVING THE PROVINCIAL CAPITOL SITE.”

[16] *Id.* at 457-458.

[17] See *id.* at 134-135, and 139. The court-appointed Committees on Appraisal (one in 1993 and another in 1997) submitted their respective reports dated October 26, 1993 and December 15, 1997, recommending that just compensation for the area sought to be expropriated should be pegged at P500.00 and P2,800.00 per sq. m.

[18] *Id.* at 459-468.

[19] *Id.* at 469-470.

[20] *Id.* at 474-477. Penned by Executive Judge Aurelio G. Icastano, Jr.

[21] *Id.* at 478-489.

[22] *Id.* at 214-216. Dated August 2, 2004.

[23] *Id.* at 502-503. Dated September 20, 2004.

[24] Section 467(a), Article III of Republic Act No. 7160 provides:

Section 467. Composition.

(a) The sangguniang panlalawigan, the legislative body of the province, shall be composed of the provincial vice-governor as presiding officer, the regular sanggunian members, the president of the provincial chapter of the liga ng mga barangay, the president of the panlalawigang pederasyon ng mga sangguniang kabataan, the president of the provincial federation of sanggunian members of municipalities and component cities and the sectoral representatives, as members. (Emphasis supplied)

x x x x.

[25] Rollo, pp. 504-529.

[26] See *id.* at 516-517.

[27] See *id.* at 518-519.

[28] Id. at 518.

[29] See id. at 519-520.

[30] Id. at 523-526.

[31] Id. at 65-76.

[32] Id. at 70-74.

[33] Id. at 78-80.

[34] Land Bank of the Philippines v. Cacayuran, G.R. No. 191667, April 17, 2013.

[35] See G.R. No. 165109, December 14, 2009, 608 SCRA 149, 162-163.

[36] Id. at 163. See also Constantino, Jr. v. Cuisia, G.R. No. 106064, October 13, 2005, 472 SCRA 505, 518-519; Abaya v. Ebdane, Jr., G.R. No. 167919, February 14, 2007, 515 SCRA 720, 758; Province of North Cotabato v. Government of the Republic of the Philippines Peace Panel on Ancestral Domain (GRP), G.R. Nos. 183591, 183752, 183893, 183951, & 183962, October 14, 2008, 568 SCRA 402; Garcillano v. House of Representatives Committees on Public Information, Public Order and Safety, National Defense and Security, Information and Communications Technology, and Suffrage and Electoral Reforms, G.R. Nos. 170338 & 179275, December 23, 2008, 575 SCRA 170, 185.

[37] Mamba v. Lara, *supra* note 35, at 162.

[38] In Arcelona v. CA (G.R. No. 102900, October 2, 1997, 280 SCRA 20, 51), the Court held that “x x x a person need not be a party to the judgment sought to be annulled by reason of extrinsic fraud x x x.”

[39] Mamba v. Lara, *supra* note 35, at 162.

[40] Section 2, Rule 3 of the Rules of Court provides:

SEC. 2. Parties in interest. — 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.

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