

WHITE PLAINS ASSOCIATION, INC., PETITIONER, VS. HON. GODOFREDO L. LEGASPI, IN HIS CAPACITY AS PRESIDING JUDGE OF RTC, QUEZON CITY, BRANCH 79, QUEZON CITY DEVELOPMENT AND FINANCI...

G.R. No. 95522. February 07, 1991

Ponente: GANCAYCO, J.

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GANCAYCO, J.:

The widening of the Katipunan Road in the White Plains Subdivision in Quezon City is the center of controversy in this case.

This is the second time this case has reached this Court. The first was docketed as G.R. No. 55868 entitled White Plains Association, Inc. vs. Court of Appeals and Quezon City Development and Financing Corporation (QCDFC for short).

The background of this case is undisputed. Respondent QCDFC was the owner and developer of the White Plains Subdivision in Quezon City prior to the sale of the lots therein to the residents of the subdivision who compose the petitioner White Plains Association, Inc.

The disputed area of land covered by TCT Nos. 156185, 156186 and 156187 was set aside and dedicated for the proposed Highway 38 of Quezon City. As subdivision owner and developer, respondent QCDFC represented to the lot buyers that there would be a major thoroughfare called Katipunan Avenue and that the width of the land allotted for said road was 38 meters. Of the 38 meters, respondent QCDFC developed only 20 meters.

On April 14, 1970, respondent QCDFC filed a petition with the Court of First Instance of Rizal for the conversion into a residential lot of a portion of Road Lot 1 (LRC), Psd-12333, covered by TCT No. 112637, which covers the remaining undeveloped 18 meters width of the proposed Highway 38.

In said case, neither petitioner nor the Quezon City Government was made a party to the action.

The lower court rendered judgment on May 14, 1970 in favor of respondent QCDFC, granting the authority for the conversion of Road Lot 1 into a residential lot, with the exception of the existing Katipunan Avenue with a width of 20 meters, and directed the Register of Deeds to cancel the reservation of the lien on TCT No. 112637.

On the basis of the order dated May 14, 1970, the Register of Deeds of Quezon City cancelled the lien on TCT No. 112637 on the undeveloped portion of the area of land allotted as an extension of the Katipunan Road. TCT Nos. 156185, 156186 and 156187 were issued separately in lieu of TCT No. 112637.

Petitioner Association subsequently opposed respondent QCDFC's action to convert the disputed property into residential lots through a letter addressed to the City Council of Quezon City.

The City Council, in Resolution Nos. 8490, S-71, 8491, S-71 and 8495, S-71, requested the Commissioner of

Land Registration and the Register of Deeds of Quezon City to forego the implementation of the order issued by the Court of First Instance of Rizal on May 14, 1970. The trial court decided in favor of respondent QCDFC.

In the meantime, an appeal was brought to the Court of Appeals. In due course, a decision was rendered for the petitioner on February 12, 1980. However, acting on a motion for reconsideration filed by respondent QCDFC, the appellate court reconsidered its decision in a resolution dated December 12, 1980.

The case was elevated to this Court. On November 14, 1985, the Court en banc, in G.R. No. 55868, resolved the case as follows:

"ACCORDINGLY, the Court SETS ASIDE respondent court's Resolution of December 12, 1980 and REINSTATES its original Decision of February 12, 1980 and its judgment as follows:

"WHEREFORE, the judgment appealed from is hereby reversed and set aside. The Register of Deeds of Quezon City is ordered to cancel TCT No. 156185, 156186 and 156187 and to issue in their stead TCT No. 112637 and to annotate on the latter the reservation or lien existing thereon prior to the decision of the CFI of Rizal dated May 14, 1970. The plaintiff-appellee is ordered to pay attorney's fees of P5,000.00 to the defendant-appellant and costs.

It is so ordered." [1]

This judgment became final and executory in January, 1986.

Early 1989, petitioner made representations with the authorities, through its representative, Rep. Dominique Coseteng, for the widening of the twenty (20) meter Katipunan Road in view of the worsening traffic condition along said thoroughfare.

Sometime in the middle of 1989, the government authorities, through respondent Secretary of Public Works and Highways, allotted sufficient funds to widen Katipunan Road by an additional four (4) to five (5) meters. Work was started by the winning contractors, respondents Sprague Construction (Sprague for short) and M.E. Apo Construction.

Respondent QCDFC then filed on December 11, 1989 a complaint for injunction with damages against respondent Hon. Fiorello Estuar, et al., docketed as Civil Case No. A-89-4220 before the Regional Trial Court of Quezon City presided by respondent judge. Respondent QCDFC sought an injunction against the widening of the Katipunan Road as the alleged registered owner of the same property.

On the same date, December 11, 1989, a temporary restraining order was issued ex parte by respondent judge, enjoining public respondents Secretary and District Engineer of Quezon City from widening Katipunan Road until further orders.

On December 28, 1989, respondent QCDFC filed an amended complaint. Petitioner filed its motion to intervene and answer in intervention in January 1990. An opposition thereto was filed by respondent QCDFC. Private respondent Sprague and public respondents filed their answer.

On February 20, 1990, petitioner filed a motion to dissolve writ of preliminary injunction and to cite therein petitioner in contempt for not disclosing that the case had already been disposed of by this Court in G.R. No. 55868. Respondent QCDFC filed its opposition thereto to which a rejoinder was submitted by petitioner.

On April 24, 1990, respondent judge issued an order dissolving the writ of preliminary injunction.

Respondent QCDFC filed a motion for reconsideration of said order to which an opposition was filed by petitioner. Pending the hearing of the motion, respondent judge directed public respondents to "temporarily

suspend the widening project." On July 10, 1990, respondent judge reconsidered the order dated April 24, 1990 and restored the injunction.

Petitioner and public respondent filed a motion for reconsideration thereof. Respondent QCDFC filed its opposition and petitioner filed a reply.

On September 26, 1990, respondent judge denied the motion for reconsideration and maintained the writ of preliminary injunction.

Hence, this petition for certiorari with prayer for the issuance of a writ of preliminary injunction/restraining order seeking to annul the orders of respondent judge dated July 10, 1990 and September 26, 1990.

On October 24, 1990, without giving due course to the petition, the Court required respondents to comment thereon within ten (10) days from notice and issued a temporary restraining order enjoining respondent judge from implementing his questioned orders until further orders from this Court, upon petitioner filing a bond in the amount of P10,000,00.

The public respondents and respondent Sprague joined the cause of petitioner by filing appropriate manifestations to this effect.

The focal issue is whether or not public respondents may be restrained from proceeding with the widening of the Katipunan Road.

The respondent judge in his questioned order dated July 10, 1990 made the following disquisition:

"The issue of whether Road Lot 1 is a road lot of White Plains Subdivision had already been passed upon by the Supreme Court in G.R. Case No. 55868 finding TCT No. 112637 as road lot 1 of White Plains Subdivision which cannot be reverted to a residential lot. Since TCT No. 112637 is a road lot of White Plains Subdivision allotted as extension of Katipunan Avenue with a width of 38 meters of this 20 meters was already developed and presently existing it can be widened by 4.7 meters or more, but since this road lot 1 has not yet been turned over or donated by the plaintiff to Quezon City Government, it appearing that the Deed of Donation does not include Road Lot 1, widening at the moment cannot be done by Quezon City Government or the Department of Public Works and Highways because Road Lot 1 is still a private property registered in the name of the plaintiff and has not yet been donated or turned over to Quezon City Government (sic).

Consequently, the Order issued on April 24, 1990 dissolving the Writ of Preliminary Injunction issued in this case on January 9, 1990 is hereby reconsidered and set aside.

Hence, the Writ of Preliminary Injunction issued on January 9, 1990 is hereby ordered restored under the same injunction bond of P20,000.00 issued by Presidential Guarantee & Assurance Inc. filed and approved by the Court."^[2]

Similarly, in the subsequent order dated September 26, 1990 denying the motions for reconsideration of the earlier order, the respondent judge reiterated that -

"It is the declaration in the order in question that Road Lot 1 is still a private property registered in the name of the plaintiff and has not yet been donated or turned over by the plaintiff to the Quezon City Government which the defendants opposed because according to them the pronouncement of the Supreme Court that Road Lot 1 is beyond the commerce of man shows that the property is now placed beyond the private rights or claims and it can no longer be reviewed or interfered with by this Court.

Make it known to both parties that this Court did not review or interfere in the decision of the Supreme Court declaring Road Lot 1 as beyond the commerce of man.

What this Court states in its Order of July 10, 1990 is a fact which parties could not deny, that this Road Lot 1 covered by TCT112637 is still registered in the name of the plaintiff. This Road Lot 1 was declared to be beyond the commerce of man, meaning it cannot be sold or alienated anymore but it remains registered in the name of the plaintiff, hence this is a private property of the plaintiff but by reason of the declaration of the Supreme Court, plaintiff can no longer sell or alienate this property because it is a road lot. It is also a fact that Road Lot 1 is not included among those road lots donated by the plaintiff to the Quezon City Government (see Annex "A" of the Urgent Ex-Parte Amended Motion for Reconsideration etc. filed on June 7, 1990). Since the government cannot introduce improvements on private property unless the same is donated to the government which is the purpose of Sec. 31 of PD 957, this Court in its Order of July 10, 1990 made this pronouncement that at the moment widening of Road Lot 1 cannot be done by the City Government of Quezon City or the Department of Public Works and Highways because Road Lot 1 is still a private property registered in the name of the plaintiff and has not yet been donated or turned over to Quezon City Government.

This is probably the reason why the Office of District Engineer of Quezon City thru its OIC Remy R. Deang in his letter dated June 4, 1990 addressed to the President/General Manager of Sprague Construction (Annex "B" of the Urgent Ex-Parte Amended Motion for Reconsideration) directed said construction firm to stop immediately all construction work on the widening of Katipunan Road (White Plains Section).

All the foregoing considered, the Court finds the instant motions not meritorious, hence the same are denied.

SO ORDERED."[3]

The theory of petitioner is that the cause of action of respondent QCDFC is barred by res judicata by the decision of this Court in G.R. No. 55868.

On the other hand, said respondent avers that while the requisites of res judicata are present in that there is a final judgment on the merits, rendered by a court of competent jurisdiction over the subject matter and parties, and there is identity of parties and subject matter, there is no such bar as there are different causes of action. It is stressed that in G.R. No. 55868, the issue was the right of respondent QCDFC to convert into residential lots the portion of Road Lot 1 of 18 meters wide covered by TCT No. 112637 and which remained undeveloped, while the bone of contention in the present case before respondent judge is the right of public respondents and respondent contractors to undertake the widening project involving Road Lot 1 without proper proceedings and the payment of just compensation to respondent QCDFC as registered owner of the lot.

The Court finds and so holds that res judicata had set in. In G.R. No. 55868, this Court made the following findings and conclusions -

"On appeal, respondent court held:

'We find merit in this appeal. The plaintiff-appellee corporation prior to its sale of subdivision lots to the prospective residents of the subdivision had represented to the latter what areas are available for residential lots and what open areas are reserved for parks, roads, commercial centers, etc. The plaintiff represented that there would be a major thoroughfare called Katipunan Avenue with a width of 38 meters. Acting upon the strength of the subdivision plan, the prospective residents chose which lot they preferred to occupy, bearing in mind the access to the open areas. This Court takes judicial notice of the business practice prevailing among the subdivision owners to charge more for corner lots, or for lots situated near an open area (Rules of Court, Rule 129, Sec. 1).

So much so that if a subdivision owner is allowed to renege and claim that the area allotted to a road should revert to a residential area by reason of abandonment, this would prejudice the residents who relied on the subdivision owner's representations when they entered into contracts for the purchase of lots in the subdivision.

Subdivision owners are bound by their business representations under the equitable principles of estoppel. We

have adopted from Anglo-American jurisprudence, more specifically Article 1431 of the Civil Code which reads:

ART. 1431. Through estoppel an admission or representation is rendered conclusive upon the person making it, and cannot be denied or disproved as against the person relying thereon.

The same principle is also embodied in Rule 131, Section 3(a) of the Rules of Court which reads:

(a) Whenever a party has, by his own declaration, act, or omission, intentionally and deliberately led another to believe a particular thing true, and to act upon such belief, he cannot, in any litigation arising out of such declaration, act, or omission, be permitted to falsify it;

x x x x x

"The present case is an illustrative example of the principle of promissory estoppel or the reliance theory in the law of Contracts which is best expressed in Section 90 of the Restatement in Contracts.

Sec. 90 provides:

A promise which the promisor should reasonably expect to induce action or forbearance of a definite and substantive character on the part of the promisee and which does induce such action or forbearance is binding if injustice can be avoided only by the enforcement of the promise.

"The plaintiff-appellee in the case at bar induced the residents-members of the defendant-appellant Association to buy residential lots on the basis of its location in accordance with the subdivision plan. To allow the plaintiff-appellee Corporation to change the area allocated for roads and convert the same to residential area will greatly affect the residents who relied on the said representations of the plaintiff-appellee Corporation. The residents expected on the strength of the subdivision plan that the land area allotted as extension of Katipunan Avenue of 38 meters width would be the main thoroughfare in the Subdivision and with the ease of traffic made possible by a greater width of the road.

The allegation made by the plaintiff-appellee that the National Government abandoned the proper expropriation of the area in question is of no moment.

It has long been recognized that the City Government Quezon City, in the same vein as the National Government exercises the police power of the State. By enacting Ordinance No. 60-4580 which requires that the subdivision plan should provide for a 38 meter wide road, the City Council merely acted within its authority 'to enact ordinance as may be necessary and proper for the health and safety; promote the prosperity, improve the morale, peace, good order, comfort and convenience.'

There is no gainsaying that the intervenor below and the defendant-appellant Association were denied due process by the failure to notify them of the petition for cancellation of the lien in TCT No. 112637 in the Court of First Instance of Rizal sitting as a land registration court. The argument, adopted by the lower court, that the White Plains Association composed of more than 400 lot and homeowners in the subdivision is not an interested party and was not entitled to notice is sophistic. More than any other group, it is the people who have chosen to establish their homes and raise their families in the area who are most interested and affected by any change in the subdivision plan. The owners of a subdivision include all costs, such as the setting aside of road spaces and open areas for parks, and possibly the construction of curbs and gutters, underground drainage, an adequate water supply, and whatever improvements it may have published to entice lot buyers, in computing the value at which all the lots shall be sold. If the subdivision reneges on any of its commitments, as exemplified in this case, the lot buyers are short-changed. They are made to pay more for less than what was agreed upon. They are parties in interest. Furthermore, the records show that the subdivision has recognized and dealt with the Association in

various matters involving all the homeowners. The plaintiff-appellee cannot deal with and make use of the defendant-appellant when it suits its purpose and ignore it when the former moves in secrecy in order to perform acts prejudicial to the interests and welfare of the homeowners."

The extended dissent of Justice Gutierrez from the aforecited questioned Resolution at bar, stressed further that 'the importance of the case at bar hinges on the main issue (of) whether a subdivision owner and developer corporation, obliged by law to allot certain areas in a proposed subdivision as open space for parks, roads, commercial centers, etc., should be allowed to revert the area allotted as a road into a residential area on the pretext that the national government abandoned the construction of the same and failed to pay just compensation for the value of the litigated portion --- the 18-meter width of Katipunan Avenue.' In the interest of public policy and welfare, it upheld and endorsed the position of the Quezon City government that 'said Road Lot 1 is withdrawn from the commerce of man and should be developed for the use of the general public.' The dissent concluded that

'We may add that the plaintiff's counsel and a top official admitted during the oral arguments that open spaces set aside for public use had been earlier sold by the subdivision owners for residential or private purposes although the owners claimed that the sale was in consideration of various concessions given to homeowners while the homeowners alleged that the subdivision owners reneged and did not make good their promises. Whatever the truth may be, the fact remains that open spaces in this first-class subdivision are way, way below the mandatory requirements imposed by law and regulations even on fourth or fifth-class subdivisions. This Court should not countenance any act of retrogression in community development or violation of ecological and environmental requirements in urban planning by allowing the sale, in an act of injustice to the defendants, of the little land still available for public purposes. The Ministry of Human Settlements has set thirty (30) percent as the current requirement. The subdivision in question has only three (3) percent left for open spaces.

The history of subdivision development in our country is replete with sad stories of middle-class or low salaried homeowners who believe they have been shortchanged through acts of the subdivision owners subsequent to the purchase of their lots and the building of their homes but who find themselves helpless in the fight to seek justice against the big corporations who made the promises resulting in the purchase of lots.'

The Court fully agrees with the above-quoted findings and considerations succinctly underscored by Justice Gutierrez in the original decision of February 12, 1980 and in his dissent against the overturning Resolution of December 12, 1980 which is hereby reversed and set aside."^[4]

Expressly, this Court debunked the claim of respondent QCDFC that said undeveloped portion of Road Lot 1 should be reverted as a residential lot as the government had abandoned the construction of the same and failed to pay just compensation for the value thereof. In the interest of public policy and welfare, this Court up held and endorsed the position of the Quezon City government that "said Road Lot 1 is withdrawn from the commerce of man and should be developed for the use of the general public." The Court observed that the open spaces in the subdivision constitute only 3% of the total area, which is way below the mandatory 30% requirement for first class subdivisions as set by the Ministry of Human Settlements.

Subdivision owners are mandated to set aside such open spaces before their proposed subdivision plans may be approved by the government authorities, and that such open spaces shall be devoted exclusively for the use of the general public and the subdivision owner need not be compensated for the same. A subdivision owner must comply with such requirement before the subdivision plan is approved and the authority to sell is issued.

Considering that the said Road Lot 1 had been withdrawn from the commerce of man, thus constituting part of mandatory open space reserved for public use to be improved into the widened Katipunan Avenue, the public respondent, should proceed with the ongoing widening work of said road and the petitioner is entitled to an

injunction against any obstacle to the continuation of this public improvement. Respondent QCDFC has no right whatever to demand compensation from the government for the use of the unimproved portion of said Road Lot 1. To repeat, when it was withdrawn from the commerce of man as the open space required by law to be devoted for the use of the general public, its ownership was automatically vested in the Quezon City government and/or the Republic of the Philippines, without need of paying any compensation to respondent QCDFC, although it is still registered in the latter's name. Its donation by the owner/developer to the government is a mere formality. Indeed, the standard practice and requirement is that a developer must, among its mandatory obligations, develop the road lots in its subdivision at its own expense, before it can turn over the same to the government by way of a donation.

While it may be true that the developed portion of said Road Lot 1 had already been donated by respondent QCDFC to the Quezon City government, it did not thereby follow that it was thus relieved of its obligation to develop the remaining portion of said road lot and thereafter, as a formality, donate the same to the said local government. Respondent QCDFC should be gratified that the government had opted to proceed with the widening of the Katipunan Road at its own expense. The least respondent QCDFC should do is to cooperate by executing the deed of donation of said remaining 18 meters width undeveloped portion, which is nominally registered in its name, to the government. The manifestation of respondent QCDFC that it is entitled to the payment of just compensation for the same is without lawful basis and is to say the least absurd.

There should be no further quibbling about the fact that the resolution of this Court in G.R. No. 55868 had written finis to the controversy. The action filed with the respondent judge is barred by res judicata.

WHEREFORE, the petition is GRANTED. The questioned orders of respondent judge dated July 10, 1990 and September 26, 1990 are hereby reversed and set aside. Respondent QCDFC is hereby directed to execute a deed of donation of the remaining undeveloped portion of Road Lot 1 consisting of about 18 meters wide in favor of the Quezon City government, otherwise, the Register of Deeds of Quezon City is hereby directed to cancel the registration of said Road Lot 1 in the name of respondent QCDFC under TCT No. 112637 and to issue a new title covering said property in the name of the Quezon City government. Costs against respondent QCDFC.

SO ORDERED.

Narvasa, (Chairman), Cruz, Griño-Aquino, and Medialdea, JJ., concur.

[1] Annex C to Petition; page 70, Rollo.

[2] Page 38, Rollo.

[3] Pages 43 to 44, Rollo.

[4] Underscoring supplied. Pages 2 to 5 of the original resolution in the records of G.R. No. 55868. The copy of the resolution, Annex C to Petition is incomplete. Underscoring Supplied.

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