

**THE ANTI-GRAFT LEAGUE OF THE PHILIPPINES, INC., REPRESENTED
BY REYNALDO L. BAGATSING, IN HIS CAPACITY AS CHIEF
PROSECUTOR/INVESTIGATOR, PETITIONER, VS. HON. REYNALDO
SAN JUAN, P...**

G.R. No. 97787. August 01, 1996

Ponente: ROMERO, J.

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ROMERO, J.:

It is fundamental in this jurisdiction that any party may only come to court if he has legal standing and a valid cause of action. Petitioner Anti-Graft League of the Philippines, a self-confessed "non-governmental, non-stock and non-profit organization, which was constituted to protect the interest of the Republic and its instrumentalities and political subdivisions and its constituents against abuses of its public officials and employees," claims the instant petition for certiorari is a taxpayer's suit which it filed because the Provincial Board of Rizal (the Board) allegedly illegally disbursed public funds in transactions involving four parcels of land in Ugong Norte, Pasig. The allegation is denied by respondents who challenge the propriety of this action, as well as the capacity of petitioner to file the same. Public respondents, officers of the Province of Rizal (the Province), even intimate that the filing of this petition is politically-motivated.

On March 20, 1975, then President Ferdinand E. Marcos issued Presidential Decree No. 674, establishing the Technological Colleges of Rizal. Among other things, it directed the Board to provide funds for the purchase of a site and the construction of the necessary structures thereon. Acting upon an authority granted by the Office of the President, the Province was able to negotiate with respondent Ortigas & Co., Ltd. (Ortigas) for the acquisition of four parcels of land located in Ugong Norte, Pasig. Three deeds of absolute sale were executed on April 22 and May 9, 1975, whereby Ortigas transferred its ownership over a total of 192,177 square meters of land to the Province at P110.00 per square meter. The projected construction, however, never materialized because of the decimation of the Province's resources brought about by the creation of the Metro Manila Commission (MMC) in 1976.

Twelve years later, with the property lying idle and the Province needing funds to propel its 5-year Comprehensive Development Program, the then incumbent Board passed Resolution No. 87-205 dated October 15, 1987 authorizing the Governor to sell the same. The said property was eventually sold to Valley View Realty Development Corporation (Valley View) for P700.00 per square meter or a total of P134,523,900.00, of which 30 million was given as downpayment. On May 10, 1988, after learning about the sale, Ortigas filed before Branch 151 of the Regional Trial Court of Pasig an action for rescission of contract plus damages with preliminary injunction against the Province. Docketed as Civil No. 55904, the complaint alleged that the Province violated one of the terms of its contracts with Ortigas by selling the subject lots which were intended to be utilized solely as a site for the construction of the Rizal Technological Colleges and the Rizal Provincial Hospital.

Meanwhile, the new provincial officials, including herein public respondents assumed office. On April 21, 1988,

the Board adopted Resolution No. 88-65 which provided for the rescission of the deed of sale between the Province and Valley View on the ground that the sale price was exceedingly low and, thus, prejudicial to the Province. Because of this, Valley View then filed a complaint docketed as Civil Case No. 55913 against the Province for specific performance and damages. The case was, however, dismissed after the parties executed on August 12, 1988 a compromise agreement whereby the Province returned the 30-million peso downpayment earlier given by Valley View.

Civil Case No. 55904 was also resolved through a compromise agreement executed by and between the Province and Ortigas on March 20, 1989. Under the said compromise agreement, which was approved by respondent Judge Eutropio Migriño in his decision dated March 21, 1989, the Province agreed to reconvey the four parcels of land to Ortigas at a price of P2,250.00 per square meter, or a total of P432,398,250.00, payable within two years at an annual interest rate of fourteen percent. This amount is higher than the market values separately determined by respondents Asian Appraisal, Inc. and the Provincial Appraisal Committee, which respectively pegged the price of the subject properties at P1,800.00 and P2,200.00 per square meter. Ortigas made its final payment on March 30, 1991.

On April 1, 1991, petitioner filed the instant petition for certiorari with application for preliminary injunction seeking the nullification of the March 20, 1989 compromise agreement, and, corollarily, the decision of respondent Judge approving the same.

A reading of the petition immediately raises several questions: (1) Is the present action a taxpayer's suit? Corollarily, does petitioner possess the legal standing to question the transaction entered into by the Provincial Board of Rizal with private respondent Ortigas? (2) Is the Supreme Court the proper forum for the instant petition? (3) Assuming *arguendo* that the prior questions may be answered in the affirmative, is the present action barred by laches?

Petitioner and respondents agree that to constitute a taxpayer's suit, two requisites must be met, namely, that public funds are disbursed by a political subdivision or instrumentality and in doing so, a law is violated or some irregularity is committed, and that the petitioner is directly affected by the alleged *ultra vires* act.[1] The same pronouncement was made in *Kilosbayan, Inc. v. Guingona, Jr.*, [2] where the Court also reiterated its liberal stance in entertaining so-called taxpayer's suits, especially when important issues are involved. A closer examination of the facts of this case would readily demonstrate that petitioner's standing should not even be made an issue here, "since standing is a concept in constitutional law and here no constitutional question is actually involved." [3]

In the case at bar, disbursement of public funds was only made in 1975 when the Province bought the lands from Ortigas at P110.00 per square meter in line with the objectives of P.D. 674. Petitioner never referred to such purchase as an illegal disbursement of public funds but focused on the alleged fraudulent reconveyance of said property to Ortigas because the price paid was lower than the prevailing market value of neighboring lots. The first requirement, therefore, which would make this petition a taxpayer's suit is absent. The only remaining justification for petitioner to be allowed to pursue this action is whether it is, or would be, directly affected by the act complained of. As we stated in *Kilosbayan, Inc. v. Morato*, [4]

"Standing is a special concern in constitutional law because in some cases suits are brought not by parties who have been personally injured by the operation of law or by official action taken, but by concerned citizens, taxpayers or voters who actually sue in the public interest. Hence the question in standing is whether such parties have 'alleged such a personal stake in the outcome of the controversy as to assure that concrete adverseness which sharpens the presentation of issues upon which the court so largely depends for illumination of difficult constitutional questions.' (Citing *Baker v. Carr*, 369 U.S. 186, 7 L. Ed. 2d 633 [1962])"

Undeniably, as a taxpayer, petitioner would somehow be adversely affected by an illegal use of public money. When, however, no such unlawful spending has been shown, as in the case at bar, petitioner, even as a taxpayer, cannot question the transaction validly executed by and between the Province and Ortigas for the simple reason that it is not privy to said contract. In other words, petitioner has absolutely no cause of action, and consequently no locus standi, in the instant case.

Petitioner committed further procedural error by filing its petition with this Court. While it is ostensibly questioning the reconveyance of the subject lots to Ortigas, that is, the acts of the Governor of Rizal and of the members of the Provincial Board, it is in effect mainly assailing the March 21, 1989 judgment of respondent Judge Migriño who approved the compromise agreement. The proper remedy which it should have taken was to file a petition for review of the trial court's decision before the Court of Appeals because petitioner is questioning the wisdom of the trial court's action which, in turn, calls for a factual determination of the feasibility of an amicable settlement between the litigants. No legal issue cognizable by this Court was ever raised by petitioner. Even if there was, such an action would have failed because of petitioner's lack of legal standing to file the same.

Assuming arguendo that petitioner did have the personality and was justified in lodging this case before the Court, did it do so seasonably? We think not. The questioned decision was promulgated on March 21, 1989 and, no appeal having been made therefrom, became final and executory on April 5, 1989. Petitioner filed the present action only on April 1, 1991, two years later, contending that the trial court's decision merely adopted the compromise agreement which provided, inter alia, that the last installment was due only on March 30, 1991. This specious line of reasoning is easily demolished. Why should petitioner wait until the parties to the transaction have fulfilled their respective obligations, which is two years from the date of the contract, when it could have questioned the same much earlier, even at the contract's inception, and in the process, spared everyone from unnecessary aggravation?

Accordingly, after concluding that, not only does petitioner lack the legal personality to file this so-called taxpayer's suit, but that it filed the same beyond the reglementary period, this Court no longer finds any reason to delve into the merits, or the lack of it, of the instant petition.

WHEREFORE, premises considered, the instant petition for certiorari is hereby DISMISSED. Costs against petitioner.

SO ORDERED.

Narvasa, C.J., Padilla, Regalado, Davide, Jr., Melo, Puno, Kapunan, Mendoza, Francisco, Hermosisima, Jr., Panganiban, and Torres, Jr., JJ., concur.

Vitug, J., in the results.

Bellosillo, J., is on official leave.

[1] Bugnay Construction & Development Corp. v. Laron, 176 SCRA 240 (1989).

[2] 232 SCRA 110 (1994), reiterated in Tatad v. Garcia, Jr., 243 SCRA 436 (1995) and Bagatsing v. Committee on Privatization, 246 SCRA 334 (1995).

[3] Kilosbayan, Inc. v. Morato, 246 SCRA 540 (1995).

[4] Supra.

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