

Title: Republic of the Philippines and HUDCC v. Roque, et al.

Facts:

In 1978, the Republic of the Philippines, through the Department of Public Works and Highways (DPWH), initiated discussions with landowners Gonzalo Roque Jr. and others, regarding the sale of their property in Constitution Hills, Quezon City, for the National Government Center (NGC) Project. The negotiations resulted in a sale wherein respondents sold their land at a government-dictated rate below market value, trusting in representations that the unacquired lands would appreciate in value and could be repurchased if the NGC project did not push through. The deeds were executed, and the land transferred, though occupation continued.

However, the NGC project was abandoned, and informal settlers occupied the lands. The respondents sought to repurchase the land as originally discussed, writing letters to DPWH in 1987 and 1988, yet no agreement was reached. By 2003, Republic Act 9207 specified the use of the land for low-cost housing, reinforcing that the NGC project was abandoned. Respondents filed a complaint in 2005 claiming fraud and undue influence and sought annulment of the sale or alternatively, additional compensation.

The RTC ruled in favor of the respondents, annulling the sale based on fraud and granting the right to repurchase, finding that respondents were vigilant about their rights and actions were not barred by prescription or laches. The CA upheld the RTC decision. Aggrieved, the Republic petitioned to the Supreme Court.

Issues:

1. Is the Republic immune from suit?
2. Is the respondents' action barred by prescription or laches?
3. Does the parol evidence rule apply concerning the sale contract conditions?

Court's Decision:

1. **Sovereign Immunity**: The Supreme Court ruled that while the Republic typically enjoys sovereign immunity from suit, it had impliedly waived this immunity by entering into the sale agreement and not fulfilling the oral conditions associated with the contract. Justice can only be served upon acknowledging the state's responsibility in contractual commitments.

2. **Prescription and Laches**: The Court upheld that respondents' actions were within the legal time frames. The CA correctly found that the eradication of respondents' rights only

began when official intentions to change the land's purpose were conclusively legally established in RA 9207. Laches did not apply because of respondents' consistent efforts to assert their rights.

3. **Parol Evidence**: The ruling denied the admittance of parol evidence aiming to prove conditions not stipulated in the written sale contracts. The respondents neither produced the sale documents nor properly raised the issue of its failure to express the full intent in their pleadings, preventing the successful application of exceptions to the parol evidence rule.

The Supreme Court ultimately granted the Republic's petition, reversing the lower courts' decision to annul the sale contracts, emphasizing the absence of concrete proof regarding conditional terms on repurchase and value enhancement.

#### Doctrine:

1. **Implied Waiver of Immunity**: The government, when engaging in commercially reciprocal transactions, implicitly waives immunity by engaging in negotiation under mutual conditions without fulfilling obligations.

2. **Parol Evidence Rule**: Written contracts are conclusive, hence admissible evidence cannot modify the terms unless significant ambiguity, mistake, or failure of document intent expression is expressly alleged.

#### Class Notes:

- **Sovereign Immunity**: Under Article XVI, Section 3, immunity is waived impliedly by consent through contractual engagements if state actions follow breach of mutually agreed terms.

- **Prescription and Laches**: Initiation through official acknowledgment of change in purpose starts the prescription period; vigilance negates laches.

- **Parol Evidence Exceptions**: Applicability presupposes pleaded intrinsic investigation of contract terms; proper introduction of latent conditions affect admissibility.

#### Historical Background:

The case occurs against the backdrop of the Marcos era in the Philippines, characterized by large-scale government projects and frequent allegations of state overreach during Martial Law. It reflects transitions of power, amendments in government projects, and consequent legal conflicts about state commitments and rights of citizens post-EDSA Revolution. The decision touches upon a regime's coercive possibilities and the reactionary legal assurances

to protect private rights against state deviations from original plans.