

THIRD DIVISION

[G.R. No. 166051, April 08, 2008]

**SOLID HOMES, INC., PETITIONER, VS. EVELINA LASERNA AND
GLORIA CAJIPE, REPRESENTED BY PROCESO F. CRUZ,
RESPONDENTS.**

D E C I S I O N

CHICO-NAZARIO, J.:

This is a Petition for Review on *Certiorari* under Rule 45 of the 1997 Revised Rules of Civil Procedure seeking to annul, reverse and set aside (1) the Decision^[1] dated 21 July 2004 of the Court of Appeals in CA-G.R. SP No. 82153, which denied and dismissed the Petition filed before it by the petitioner for lack of merit; and (2) the Resolution^[2] dated 10 November 2004 of the same court, which denied the petitioner's Motion for Reconsideration.

The factual antecedents of this case are as follows:

On 1 April 1977, respondents Evelina Laserna and Gloria Cajipe, represented by their attorney-in-fact, Proceso F. Cruz, as buyers, entered into a Contract to Sell^[3] with petitioner Solid Homes, Inc. (SHI), a corporation engaged in the development and sale of subdivision lots, as seller. The subject of the said Contract to Sell was a parcel of land located at Lot 3, Block I, Phase II, Loyola Grand Villas, Quezon City, with a total area of 600 square meters, more or less. The total contract price agreed upon by the parties for the said parcel of land was P172,260.00, to be paid in the following manner: (1) the P33,060.00 down payment should be paid upon the signing of the contract; and (2) the remaining balance of P166,421.88^[4] was payable for a period of three years at a monthly installment of P4,622.83 beginning 1 April 1977. The respondents made the down payment and several monthly installments. When the respondents had allegedly paid 90% of the purchase price, they demanded the execution and delivery of the Deed of Sale and the Transfer Certificate of Title (TCT) of the subject property upon the final payment of the balance. But the petitioner did not comply with the demands of the respondents.

The respondents whereupon filed against the petitioner a Complaint for Delivery of Title and Execution of Deed of Sale with Damages, dated 28 June 1990, before the Housing and Land Use Regulatory Board (HLURB). The same was docketed as HLURB Case No. REM-073090-4511. In their Complaint, respondents alleged that as their outstanding balance was only P5,928.18, they were already demanding the execution and delivery of the Deed of Sale and the TCT of the subject property upon final payment of the said amount. The petitioner filed a Motion to Admit Answer^[5] together with its Answer^[6] dated 17 September 1990, asserting that the respondents have no cause of action against it because the respondents failed to show that they had complied with their obligations under the Contract to Sell, since

the respondents had not yet paid in full the total purchase price of the subject property. In view of the said non-payment, the petitioner considered the Contract to Sell abandoned by the respondents and rescinded in accordance with the provisions of the same contract.

On 7 October 1992, HLURB Arbiter Gerardo L. Dean rendered a Decision^[7] denying respondents' prayer for the issuance of the Deed of Sale and the delivery of the TCT. He, however, directed the petitioner to execute and deliver the aforesaid Deed of Sale and TCT the moment that the purchase price is fully settled by the respondents. Further, he ordered the petitioner to cease and desist from charging and/or collecting fees from the respondents other than those authorized by Presidential Decree (P.D.) No. 957^[8] and similar statutes.^[9]

Feeling aggrieved, the petitioner appealed^[10] the aforesaid Decision to the HLURB Board of Commissioners. The case was then docketed as HLURB Case No. REM-A-1298.

On 10 August 1994, the HLURB Board of Commissioners rendered a Decision,^[11] modifying the 7 October 1992 Decision of HLURB Arbiter Dean. The decretal portion of the Board's Decision reads:

WHEREFORE, in view of the foregoing, the [D]ecision of [HLURB] Arbiter Gerardo Dean dated 07 October 1992 is hereby MODIFIED to read as follows:

1. [Herein respondent]^[12] is hereby directed to pay the balance of P11,585.41 within the (sic) thirty (30) days from finality of this [D]ecision.
2. [Herein petitioner] is hereby **directed to execute the necessary deed of sale and deliver the TCT over the subject property immediately upon full payment.**
3. [Petitioner] is hereby directed to cease and desist from charging and/or collecting fees other than those authorized by P.D. 957 and other related laws. ^[13] (Emphasis supplied).

Petitioner remained unsatisfied with the Decision of the HLURB Board of Commissioners, thus, it appealed the same before the Office of the President, wherein it was docketed as O.P. Case No. 5919.

After evaluating the established facts and pieces of evidence on record, the Office of the President rendered a Decision^[14] dated 10 June 2003, affirming *in toto* the 10 August 1994 Decision of the HLURB Board of Commissioners. In rendering its Decision, the Office of the President merely adopted by reference the findings of fact and conclusions of law contained in the Decision of the HLURB Board of Commissioners.

Resultantly, petitioner moved for the reconsideration^[15] of the 10 June 2003 Decision of the Office of the President. However, in an Order^[16] dated 9 December 2003, the Office of the President denied the same.

The petitioner thereafter elevated its case to the Court of Appeals by way of Petition for Review under Rule 43^[17] of the 1997 Revised Rules of Civil Procedure, docketed as CA-G.R. SP No. 82153, raising the following issues, to wit: (1) the Honorable Office of the President seriously erred in merely adopting by reference the findings and conclusions of the HLURB Board of Commissioners in arriving at the questioned [D]ecision; and (2) the Honorable Office of the President seriously erred in not dismissing the complaint for lack of cause of action.^[18]

On 21 July 2004, the appellate court rendered a Decision denying due course and dismissing the petitioner's Petition for Review for lack of merit, thus affirming the Decision of the Office of the President dated 10 June 2003, viz:

WHEREFORE, in view of the foregoing, the instant [P]etition is hereby **DENIED DUE COURSE** and **DISMISSED** for lack of merit.^[19] (Emphasis supplied).

Petitioner moved for reconsideration of the aforesaid Decision but, it was denied by the Court of Appeals in a Resolution dated 10 November 2004.

Hence, this Petition.

Petitioner raises the following issues for this Court's resolution:

- I. WHETHER OR NOT THE [HONORABLE] COURT OF APPEALS SERIOUSLY ERRED IN HOLDING THAT THE DECISION OF THE OFFICE OF THE PRESIDENT, WHICH MERELY ADOPTS BY REFERENCE THE FINDINGS AND CONCLUSIONS OF THE BOARD OF COMMISSIONERS OF THE [HLURB], IS IN ACCORDANCE WITH THE MANDATE OF THE CONSTITUTION THAT THE DECISION SHOULD BE BASED ON THE FINDINGS OF FACTS AND LAW TO ARRIVE AT A DECISION; AND
- II. WHETHER OR NOT THE [HONORABLE] COURT OF APPEALS SERIOUSLY ERRED IN NOT REVERSING THE DECISION OF THE OFFICE OF THE PRESIDENT CONSIDERING THAT THE COMPLAINT OF THE RESPONDENTS LACKS CAUSE OF ACTION.^[20]

In its Memorandum,^[21] the petitioner alleges that the Decision of the Office of the President, as affirmed by the Court of Appeals, which merely adopted by reference the Decision of the HLURB Board of Commissioners, without a recitation of the facts and law on which it was based, runs afoul of the mandate of Section 14, Article VIII of the 1987 Philippine Constitution which provides that: "No decision shall be rendered by any court without expressing therein clearly and distinctly the facts and law on which it is based." The Office of the President, being a government agency, should have adhered to this principle.

Petitioner further avers that a full exposition of the facts and the law upon which a decision was based goes to the very essence of due process as it is intended to inform the parties of the factual and legal considerations employed to support a decision. The same was not complied with by the Office of the President when it rendered its one-page Decision dated 10 June 2003. Without a complete statement

in the judgment of the facts proven, it is not possible to pass upon and determine the issues in the case, inasmuch as when the facts are not supported by evidence, it is impossible to administer justice to apply the law to the points argued, or to uphold the rights of the litigant who has the law on his side.

Lastly, petitioner argues that the Complaint filed against it by the respondents stated no cause of action because the respondents have not yet paid in full the purchase price of the subject property. The right of action of the respondents to file a case with the HLURB would only accrue once they have fulfilled their obligation to pay the balance of the purchase price for the subject property. Hence, the respondents' Complaint against the petitioner should have been dismissed outright by the HLURB for being prematurely filed and for lack of cause of action.

The Petition is unmeritorious.

The constitutional mandate that, "no decision shall be rendered by any court without expressing therein clearly and distinctly the facts and the law on which it is based,"^[22] **does not preclude the validity of "memorandum decisions,"** which adopt by reference the findings of fact and conclusions of law contained in the decisions of inferior tribunals.^[23] In fact, in *Yao v. Court of Appeals*,^[24] this Court has sanctioned the use of "memorandum decisions," a specie of succinctly written decisions by appellate courts in accordance with the provisions of Section 40,^[25] B.P. Blg. 129, as amended,^[26] **on the grounds of expediency, practicality, convenience and docket status of our courts.** This Court likewise declared that "memorandum decisions" comply with the constitutional mandate.^[27]

This Court found in *Romero v. Court of Appeals*^[28] that the Court of Appeals substantially complied with its constitutional duty when it adopted in its Decision the findings and disposition of the Court of Agrarian Relations in this wise:

"We have, therefore, carefully reviewed the evidence and made a re-assessment of the same, and We are persuaded, nay compelled, to affirm the correctness of the trial court's factual findings and the soundness of its conclusion. *For judicial convenience and expediency, therefore, We hereby adopt, by way of reference, the findings of facts and conclusions of the court a quo spread in its decision, as integral part of this Our decision.*" (Underscoring supplied)

In *Francisco v. Permskul*,^[29] this Court similarly held that the following memorandum decision of the Regional Trial Court (RTC) of Makati City did not transgress the requirements of Section 14, Article VIII of the 1997 Philippine Constitution:

"MEMORANDUM DECISION

After a careful perusal, evaluation and study of the records of this case, *this Court hereby adopts by reference the findings of fact and conclusions of law contained in the decision of the Metropolitan Trial Court of Makati, Metro Manila, Branch 63* and finds that there is no cogent reason to disturb the same.

"WHEREFORE, judgment appealed from is hereby affirmed *in toto*."
(Underscoring supplied.)

Hence, incorporation by reference is allowed if only to avoid the cumbersome reproduction of the decision of the lower courts, or portions thereof, in the decision of the higher court.^[30]

However, also in *Permskul*,^[31] this Court laid down the conditions for the validity of memorandum decisions, to wit:

The memorandum decision, to be valid, **cannot incorporate the findings of fact and the conclusions of law of the lower court only by remote reference, which is to say that the challenged decision is not easily and immediately available to the person reading the memorandum decision.** For the incorporation by reference to be allowed, **it must provide for direct access to the facts and the law being adopted, which must be contained in a statement attached to the said decision.** In other words, the memorandum decision authorized under Section 40 of B.P. Blg. 129 **should actually embody the findings of fact and conclusions of law of the lower court in an annex attached to and made an indispensable part of the decision.**

It is expected that this requirement will allay the suspicion that no study was made of the decision of the lower court and that its decision was merely affirmed without a proper examination of the facts and the law on which it is based. **The proximity at least of the annexed statement should suggest that such an examination has been undertaken.** It is, of course, also understood **that the decision being adopted should, to begin with, comply with Article VIII, Section 14** as no amount of incorporation or adoption will rectify its violation.

The Court finds necessary to emphasize that the memorandum decision should be sparingly used lest it become an addictive excuse for judicial sloth. It is an **additional condition for the validity that this kind of decision may be resorted to only in cases where the facts are in the main accepted by both parties and easily determinable by the judge and there are no doctrinal complications involved that will require an extended discussion of the laws involved.** The memorandum decision may be employed in simple litigations only, such as ordinary collection cases, where the appeal is obviously groundless and deserves no more than the time needed to dismiss it.

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Henceforth, **all memorandum decisions shall comply with the requirements herein set forth both as to the form prescribed and the occasions when they may be rendered. Any deviation will summon the strict enforcement of Article VIII, Section 14 of the Constitution and strike down the flawed judgment as a lawless disobedience.**^[32]