508 Phil. 354

SECOND DIVISION

[G.R. NO. 143870, September 30, 2005]

MANILA INTERNATIONAL AIRPORT AUTHORITY, PETITIONER, VS. RIVERA VILLAGE LESSEE HOMEOWNERS ASSOCIATION, INCORPORATED RESPONDENT.

D E C I S I O N

TINGA, J.:

We resolve the *Petition for Review on Certiorari*[1] dated August 23, 2000 filed by the Manila International Airport Authority (MIAA), assailing the *Decision*[2] of the Court of Appeals dated June 30, 2000 which directed the issuance of a writ of preliminary injunction restraining petitioner from evicting the homeowners of Rivera Village from their dwellings.

The antecedents, culled from the petition and the assailed *Decision*, are as follows:

The then Civil Aeronautics Administration (CAA) was entrusted with the administration, operation, management, control, maintenance and development of the Manila International Airport (MIA), now the Ninoy Aquino International Airport. Among its powers was the power to enter into, make and execute concessions and concession rights for purposes essential to the operation of the airport.

On May 25, 1965, the CAA, through its Director, Capt. Vicente C. Rivera, entered into individual lease contracts with its employees (lessees) for the lease of portions of a four (4)-hectare lot situated in what is now known as Rivera Village located in Barangay 199 and 200 in Pasay City. The leases were for a twenty-five (25)-year period to commence on May 25, 1965 up to May 24, 1990 at P20.00[3] per annum as rental.

On May 4, 1982, Executive Order No. (EO) 778 was issued (later amended by EO 903 on July 21, 1983), creating petitioner MIAA, transferring existing assets of the MIA to MIAA, and vesting the latter with the power to administer and operate the MIA.

Sometime in January 1995, MIAA stopped issuing accrued rental bills and refused to accept rental payments from the lessees. As a result, respondent Rivera Village Lessee Homeowners Association, Inc. (homeowners association), purportedly representing the lessees, requested MIAA to sell the subject property to its members, invoking the provisions of Presidential Decree No. (PD) 1517 or the Urban Land Reform Act and PD 2016.

The MIAA, on February 14, 1996, denied the request, claiming that the subject property is included in its Conceptual Development Plan intended for airport-related activities.

Respondent then filed a petition for mandamus and prohibition with prayer for the issuance of a preliminary injunction[4] against MIAA and the National Housing Authority (NHA). The petition, docketed as Civil Case No. 97-1598 in the Regional Trial Court of Pasay City, Branch 109, sought to restrain the MIAA from implementing its Conceptual Development Plan insofar as Rivera Village is concerned. It also sought to compel MIAA to segregate Rivera Village from the scope of the Conceptual Development Plan and the NHA to take the necessary steps for the disposition of the property in favor of the members of the homeowners association.

MIAA filed an answer[5] alleging that the petition fails to state a cause of action in view of the expiration of the lease contracts and the lack of personality to sue of the homeowners association. MIAA also claimed that the homeowners association is not entitled to a writ of mandamus because it does not have a clear legal right to possess the subject property and MIAA does not have a corresponding duty to segregate Rivera Village from its Conceptual Development Plan.

A preliminary hearing on MIAA's affirmative defenses was conducted, after which the trial court issued an *Order*[6] dated October 12, 1998, denying the prayer for the issuance of a temporary restraining order and/or writ of preliminary injunction and dismissing the petition for lack of merit. The dispositive portion of the Order reads:

> In view of all the foregoing, the prayer for the issuance of a temporary restraining order and/or writ of preliminary injunction is hereby denied for lack of merit and the above-entitled petition is hereby ordered dismissed for lack of merit.
>
> SO ORDERED.[7]

The trial court held that PD 1818 bars the issuance of a restraining order, preliminary injunction or preliminary mandatory injunction in any case, dispute or controversy involving infrastructure projects of the government or any public utility operated by the government. It also ruled that the petition failed to state a cause of action inasmuch as petitioner therein (respondent homeowners association) is not the real party-in-interest, the individual members of the association being the ones who have possessory rights over their respective premises. Moreover, the lease contracts have already expired.

As regards the contention that the lessees are entitled to possess the subject property by virtue of PD 1517, Proclamation No. 1967 and PD 2016, which respectively identify parcels of urban land as part of the Urban Land Reform Zone, specify certain areas in Metro Manila, including Rivera Village, as areas for priority development or urban land reform zones, and prohibit the eviction of occupant families from such lands, the trial court declared that the subject property has been reserved by MIAA for airport-related activities and, as such, is exempt from the coverage of the Comprehensive and Continuing Urban Development and Housing Program under Republic Act No. (RA) 7279.

Respondent filed an appeal with the Court of Appeals, interposing essentially the same arguments raised before the trial court. The appellate court annulled and set

aside the order of the trial court and remanded the case for further proceedings. The dispositive portion of the assailed Decision states:

> WHEREFORE, the assailed October 12, 1998 Order is annulled, set aside and reversed. The case is remanded to the court a quo for further proceedings.
>
> A writ of preliminary injunction is issued restraining and preventing respondent MIAA from evicting the members of petitioner Rivera Village Association from their respective lots in the Rivera Village. Petitioner is ordered to post a bond in the amount of P500,000.00 with the condition that petitioner will pay to respondent MIAA all damages it may sustain by reason of the injunction if the court should finally decided that petitioner is not entitled thereto. Upon approval of the bond, the writ of preliminary injunction shall forthwith issue.
>
> SO ORDERED.[8]

The appellate court foremost ruled that the case can be construed as a class suit instituted by the Rivera Village lessees. The homeowners association, considered as the representative of the lessees, merely instituted the suit for the benefit of its members. It does not claim to have any right or interest in the lots occupied by the lessees, nor seek the registration of the titles to the land in its name.

On the issue of the expiration of the lease contracts and the application of PD 1517, Proclamation No. 1967 and PD 2016, the Court of Appeals held that the expiration of the lease contracts cannot adversely affect the rights acquired by the lessees under the foregoing laws. Besides, the lease contracts were impliedly renewed by virtue of MIAA's acceptance of rental payments from May 25, 1990 up to December 1994. This resulted in an implied new lease under Article 1670 of the Civil Code.

Moreover, the appellate court construed Sec. 5(c) of RA 7279 to mean that if the government lot has not been utilized during the ten (10)-year period for the purpose for which it has been reserved prior to 1983, then said lot is encompassed by the law and is subject to distribution to the legitimate and qualified residents of the area after appropriate proceedings have been undertaken.

As to whether PD 1818 bars the issuance of an injunctive writ in this case, the appellate court ruled that PD 1818 is a general law on the issuance of restraining orders and writs of preliminary injunction. On the other hand, PD 2016 is a special law specifically prohibiting the eviction of tenants from lands identified as areas for priority development. Thus, the trial court can issue an injunctive writ if the act sought to be restrained will enforce the eviction of tenants from urban land reform zones.

The court, however, declared that it cannot make a definitive ruling on the rights of the members of the homeowners association *vis-à-vis* the MIAA Conceptual Development Plan, considering the need for a full-blown trial to ferret out whether the claimed rights under the pertinent laws have ripened to actual legal and vested rights in their favor.

MIAA now seeks a review of the *Decision* of the Court of Appeals. In the instant

petition, MIAA contends that the appellate court erred in ruling that PD 2016, which prohibits the eviction of occupant families from real property identified as areas for priority development or urban land reform zones, has modified PD 1818, which bars the issuance of injunctive writ in cases involving infrastructure projects of the government, including public utilities for the transport of goods and commodities.

It argues that the petition filed by the homeowners association with the trial court fails to state a cause of action because the homeowners association is not the real party-in-interest in the suit. Allegedly, the Board Resolution presented by respondent shows that it was only the board of directors of the association, as distinguished from the members thereof, which authorized respondent to act as its representative in the suit.

MIAA also stresses that the subject property has recently been reserved by MIAA for airport-related activities and, as such, Sec. 5(c) of RA 7279 applies. Under the said law, lands which are used, reserved or otherwise set aside for government offices, facilities and other installations are exempt from the coverage of the law.

Moreover, MIAA avers that the Court of Appeals should not have granted injunctive relief to respondent, considering that the grant of an injunction would inflict greater damage to petitioner and to the public.

Respondent filed a *Comment*[9] dated November 20, 2000, arguing that MIAA is mandated by law to dispose of Rivera Village to the homeowners thereof. Under existing laws, the homeowners have the right to possess and enjoy the property. To accept MIAA's pretense that the property has been recently reserved for airport-related activities and therefor exempt from the coverage of RA 7279 will allegedly violate the right of the homeowners as *bona fide* tenants to socialized housing.

Respondent further argues that PD 1818 is inapplicable to this case because it has established a clear and unmistakable right to an injunction. Besides, PD 2016 which protects from eviction tenants of lands identified for priority development, is a later enactment which should be deemed to prevail over PD 1818.

In the *Resolution*[10] dated January 24, 2001, the petition was given due course and the parties were required to submit their respective memoranda.

Accordingly, MIAA submitted its *Memorandum*[11] dated March 20, 2001, while respondent filed its *Memorandum*[12] dated April 20, 2001. For its part, NHA manifested that it is adopting the memorandum of MIAA as its own insofar as the same is germane and material to NHA's stand.[13]

As presented and discussed by the parties, the issues are the following:

1. Has PD 2016 modified PD 1818?

2. Did the petition filed by respondent with the trial court state a cause of action against petitioner?

3. Is petitioner obliged to dispose of the subject properties in favor of the members of respondent association after appropriate

proceedings?

4. Is respondent entitled to the issuance of a writ of preliminary injunction?[14]

We first resolve the threshold question of whether respondent has personality to sue.

MIAA contends that the real parties-in-interest in the petition filed with the trial court are the individual members of the homeowners association. Not having been brought in the name of the real parties-in-interest, the suit was correctly dismissed by the trial court for failure to state a cause of action.

The 1997 Rules of Civil Procedure (Rules of Court) requires that every action must be prosecuted or defended in the name of the real party-in-interest, *i.e.*, 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.[15] A case is dismissible for lack of personality to sue upon proof that the plaintiff is not the real party-in-interest, hence grounded on failure to state a cause of action.[16]

The petition before the trial court was filed by the homeowners association, represented by its President, Panfilo R. Chiutena, Sr., upon authority of a Board Resolution empowering the latter to file "[A]ll necessary action to the Court of Justice and other related acts necessary to have our Housing Project number 4 land be titled to the members of the Association."

Obviously, the petition cannot be considered a class suit under Sec. 12, Rule 3[17] of the Rules of Court, the requisites therefor not being present in the case, notably because the petition does not allege the existence and prove the requisites of a class suit, *i.e.*, that the subject matter of the controversy is one of common or general interest to many persons and the parties are so numerous that it is impracticable to bring them all before the court, and because it was brought only by one party.

In *Board of Optometry v. Colet*,[18] we held that courts must exercise utmost caution before allowing a class suit, which is the exception to the requirement of joinder of all indispensable parties. For while no difficulty may arise if the decision secured is favorable to the plaintiffs, a quandary would result if the decision were otherwise as those who were deemed impleaded by their self-appointed representatives would certainly claim denial of due process.

There is, however, merit in the appellate court's pronouncement that the petition should be construed as a suit brought by the homeowners association as the representative of the members thereof under Sec. 3, Rule 3 of the Rules of Court, which provides:

> Sec. 3. *Representatives as parties.*—Where the action is allowed to be prosecuted or defended by a representative or someone acting in a fiduciary capacity, **the beneficiary shall be included in the title of the case and shall be deemed to be the real party in interest.** A representative may be a trustee of an express trust, a guardian, an