

THIRD DIVISION

[CA-G.R. SP NO. 135444, November 28, 2014]

**PILIPINAS DEVELOPMENT CORPORATION, PETITIONER, VS. THE
HONORABLE PRESIDING JUDGE, REGIONAL TRIAL COURT,
BRANCH 195, PARAÑAQUE CITY AS REPRESENTED BY ITS
INCUMBENT MAYOR, MAGDIWANG REALTY CORPORATION AND
FIL-HOMES REALTY DEVELOPMENT CORPORATION,
RESPONDENTS.**

D E C I S I O N

DE GUIA-SALVADOR, R., J.:

This is a petition for *certiorari* seeking the reversal and setting aside of the Orders dated May 27, 2013^[1] and March 21, 2014^[2] of the respondent Presiding Judge of the Regional Trial Court (RTC) of Parañaque City, Branch 195, in Civil Case No. CV-04-0245, entitled "City of Parañaque represented by the incumbent Mayor Joey Marquez v. Magdiwang Realty Corp. and Fil-Homes Realty Development Corp."

The Order dated May 27, 2013 has the following dispositive portion:

WHEREFORE, pursuant to Section 1, Rule 19 of the Rules of Court, the Motion for Leave to Intervene with Attached Complaint-In-Intervention dated November 8, 2012 filed by Pilipinas Development Corporation, through counsel, is DENIED. The Complaint-in-Intervention is accordingly, DISMISSED.

SO ORDERED.^[3]

The Order dated March 21, 2014, which is a resolution of the Motion for Reconsideration filed by petitioner has the following dispositive portion:

For the reasons stated in the Order of this court dated May 27, 2013, the Motion for Reconsideration thereof filed by movant-intervenor, Pilipinas Development Corporation ("PDC"), is hereby Denied.

SO ORDERED.^[4]

The Facts

Under a Deed of Sale with Mortgage dated August 11, 1983, petitioner Pilipinas Development Corporation ("petitioner" / "PDC") sold to private respondents Magdiwang Realty Corporation and Fil-Homes Realty Development Corporation

("respondents" / "Magdiwang" / "Fil-Homes") two parcels of land in Parañaque City ("subject properties") with areas of 50,000 square meters (sq. m.) and 47,042 sq. m., respectively, for a total of 97,042 sq. m.^[5] The purchase price was Php300.00 per square meter or a total of Php29,112,600.00.^[6] The payment consisted of Php10,000,000.00 in downpayment already received by PDC as vendor-mortgagee, while the balance was to be paid in 24 monthly installments with 14% interest per annum.^[7] The Deed of Sale with Mortgage provided that title to the two properties would vest in vendees-mortgagors Magdiwang and Fil-Homes upon the execution of the said deed as well as payment of the downpayment.^[8] Consequently, the titles TCT Nos. 21712 and 21713 were issued by the Registry of Deeds of Pasay City in favor of Magdiwang and Fil-Homes.^[9] Mortgages, however, were constituted on the properties, to secure the payment of the balance of the purchase price by the mortgagors to the mortgagee.^[10]

Then, Magdiwang and Fil-Homes failed to completely pay the balance of the purchase price and the interest agreed upon.^[11]

Further, Magdiwang and Fil-Homes filed a suit for specific performance against PDC, with prayers to "compel the latter to take legal measures at its expense to clear the sold two (2) parcels of land (the subject properties) xxx xxx (of) squatters and deliver immediately thereafter possession and occupancy to plaintiffs."^[12] The complaint was filed with the RTC of Makati City, Branch 141, docketed as Civil Case No. 91-759, and captioned "Magdiwang Realty Corporation and Fil-Homes Realty and Development Corporation vs. Pilipinas Development Corporation."^[13]

According to Magdiwang and Fil-Homes, the RTC of Makati City decided the said case on August 31, 1998, in their favor, ordering PDC to "remove or cause to be removed" 17 squatter families on the property for PDC to be considered to have complied with "paragraph 8 of the contract."^[14] The counter-claim of PDC for rescission of the contract was denied.^[15]

On June 30, 2004, the City of Parañaque filed a complaint for expropriation of the subject properties.^[16] The case was docketed as Civil Case No. CV-04-0245 before the RTC of Parañaque City.^[17]

During the pendency of the expropriation case, PDC filed a Motion for Leave to Intervene with attached Complaint-in-Intervention dated November 12, 2012 claiming that it has a legal interest in the expropriation case as a mortgagee of the subject properties.^[18]

The City of Parañaque filed a Manifestation that it would not file a Comment or Opposition to PDC's motion.^[19] Meanwhile, Magdiwang filed its Comment/Opposition to PDC's motion.^[20] Fil-Homes then filed a Manifestation adopting the Comment/Opposition filed by Magdiwang.^[21]

PDC filed its Reply to the comment/opposition of Magdiwang.^[22] It then filed a Supplemental Reply.^[23]

The RTC's Ruling

On May 27, 2013, the public respondent ruled against the motion for intervention filed by PDC, holding that the latter failed to meet the requirements for intervention, to wit: 1) legal interest in the matter in litigation; and 2) consideration must be given as to whether the adjudication of the rights of the original parties may be delayed or prejudiced, or whether the intervenor's rights may be protected in a separate proceeding or not.^[24] The court held that ownership of the subject properties has been transferred to Magdiwang and Fil-Homes and PDC's only remaining interest is that of an unpaid seller, which is "an indirect one in a case of expropriation."^[25] The unpaid sellers remedies under Article 1191 are to sue for collection or rescission.^[26]

The court also found that PDC's rights were adequately protected in another case, Civil Case No. 91-759, entitled "Magdiwang Realty and Fil-Homes Realty v. Pilipinas Development" and pending before the RTC of Makati City, Branch 141.^[27] The said case is a suit for specific performance where it was held that PDC had no right to demand payment of the remaining purchase price until it has complied with its own obligations in the contract.^[28] Also, the issues allegedly being raised by PDC are of no concern to the original parties to the expropriation case, so that allowing the intervention would only cause delay, prejudice to the original parties and unnecessary complications.^[29]

PDC moved to have the above ruling reconsidered but such was denied.^[30]

Hence, the petition.

Petitioner PDC claims that all persons with lawful interest in the property, including mortgagees, need to be impleaded as defendants in an expropriation case.^[31] It also claims that it is intervening in its capacity as mortgagee, and not as owner or unpaid seller.^[32] As such, it argues that it is an indispensable party who must be impleaded in order to arrive at a final determination of the action.^[33] It adds that whatever judgment will be made in the expropriation case, will have a direct and immediate effect on PDC.^[34]

Further, PDC states that its intervention merely involves the satisfaction of its mortgage lien from its share in the just compensation; thus it will not unduly delay, complicate nor prejudice the adjudication of the expropriation case.^[35] It claims that it only had been paid the downpayment of Php10,000,000.00, with an unpaid balance of Php19,112,600.00, or 2/3 of the purchase price; thus, its interest in the property is allegedly greater than Magdiwang's or Fil-Homes'.^[36] Lastly, PDC states that not allowing it to intervene would lead to grave injustice, unjust enrichment and a multiplicity of suits.^[37]

In its Comment to the petition, the respondent City of Parañaque reiterates the stance of the public respondent, by arguing that PDC is not the owner of the subject properties but a mere creditor of Magdiwang and Fil-Homes.^[38] The said respondent adds that allowing PDC to intervene would "only unduly delay and prolong" the adjudication of the rights of the original parties.^[39]

Respondent Magdiwang, in its own Comment, states that PDC's claims under the Deed of Sale with Mortgage have prescribed.^[40] And even assuming that they have not prescribed, the said respondent argues that PDC's claims do not warrant an intervention, as its rights are personal and directed against Magdiwang and Fil-Homes and can be pursued in a separate action.^[41] Furthermore, PDC allegedly enforces its rights as an unpaid seller, not as a mortgagee, since what it filed was not an Answer-in-Intervention, but a complaint-in-intervention.^[42]

The Issue

Did the public respondent gravely abuse her discretion, resulting in a lack or excess of jurisdiction, in denying petitioner's motion for leave to intervene?

The Court's Ruling

We grant the petition.

We find that certiorari is in order in the case at bar. A special civil action for *certiorari* will prosper if grave abuse of discretion is manifested.^[43] There is grave abuse of discretion when respondent acts in a capricious or whimsical manner in the exercise of its judgment as to be equivalent to lack of jurisdiction.^[44]

The public respondent's bases for denying petitioner's motion to intervene are whimsical and arbitrary and do not serve the ends of justice.

For one, the public respondent blatantly disregarded the prevailing jurisprudence on the matter, i.e., one which clearly states that among the defendants to be impleaded in a case for eminent domain are not just the named owner of the property, but "all those who have lawful interest in the property to be condemned, including a *mortgagee*, a lessee and a vendee in possession under an executory contract." More fully, the Supreme Court held in ***De Knecht v. Court of Appeals***,^[45] as follows:

The power of eminent domain is exercised by the filing of a complaint which shall join as defendants all persons owning or claiming to own, or occupying, any part of the expropriated land or interest therein. If a known owner is not joined as defendant, he is entitled to intervene in the proceeding; or if he is joined but not served with process and the proceeding is already closed before he came to know of the condemnation, he may maintain an independent suit for damages.

The defendants in an expropriation case are not limited to the owners of the property condemned. They include all other persons owning, occupying or claiming to own the property. When a parcel of land is taken by eminent domain, the owner of the fee is not necessarily the only person who is entitled to compensation. In the American jurisdiction, the term "owner" when employed in statutes relating to eminent domain to designate the persons who are to be made parties to the proceeding, refers, as is the rule in respect of those entitled to compensation, **to all those who have lawful interest in the property to be condemned,**