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SECOND DIVISION

[G.R. No. 165109. December 14, 2009]

MANUEL N. MAMBA, RAYMUND P. GUZMAN and LEONIDES N. FAUSTO, *petitioners, vs.* **EDGAR R. LARA, JENERWIN C. BACUYAG, WILSON O. PUYAWAN, ALDEGUNDO Q. CAYOSA, JR., NORMAN A. AGATEP, ESTRELLA P. FERNANDEZ, VILMER V. VILORIA, BAYLON A. CALAGUI, CECILIA MAEVE T. LAYOS, PREFERRED VENTURES CORP., ASSET BUILDERS CORP., RIZAL COMMERCIAL BANKING CORPORATION, MALAYAN INSURANCE CO., and LAND BANK OF THE PHILIPPINES,** *respondents.*

SYLLABUS

1. POLITICAL LAW; TAXPAYER'S SUIT; REQUISITES TO PROSPER; AS LONG AS TAXES ARE INVOLVED, A TAXPAYER NEED NOT BE A PARTY TO THE GOVERNMENT CONTRACT TO CHALLENGE ITS VALIDITY.— A taxpayer is allowed to sue where there is a claim that public funds are illegally disbursed, or that the public money is being deflected to any improper purpose, or that there is wastage of public funds through the enforcement of an invalid or unconstitutional law. A person suing as a taxpayer, however, must show that the act complained of directly involves the illegal disbursement of public funds derived from taxation. He must also prove that he has sufficient interest in preventing the illegal expenditure of money raised by taxation and that he will sustain a direct injury because of the enforcement of the questioned statute or contract. In other words, for a taxpayer's suit to prosper, two requisites must be met: (1) public funds derived from taxation are disbursed by a political subdivision or instrumentality and in doing so, a law is violated or some irregularity is committed and (2) the petitioner is directly affected by the alleged act. In light of the foregoing, it is apparent that contrary to the view of the RTC, a taxpayer need not be a party to the contract to challenge its validity. As long

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as taxes are involved, people have a right to question contracts entered into by the government.

2. ID.; ID.; ID.; MET IN CASE AT BAR; ORDINARY CITIZENS AND TAXPAYERS ARE ALLOWED TO SUE EVEN IF THEY FAILED TO SHOW DIRECT INJURY WERE THEY INVOKED "TRANSCENDENTAL IMPORTANCE," "PARAMOUNT PUBLIC INTEREST," OR "FAR-REACHING IMPLICATIONS."— In this case, although the construction of the town center would be primarily sourced from the proceeds of the bonds, which respondents insist are not taxpayer's money, a government support in the amount of ₱187 million would still be spent for paying the interest of the bonds. In fact, a Deed of Assignment was executed by the governor in favor of respondent RCBC over the Internal Revenue Allotment (IRA) and other revenues of the provincial government as payment and/or security for the obligations of the provincial government under the Trust Indenture Agreement dated September 17, 2003. Records also show that on March 4, 2004, the governor requested the *Sangguniang Panlalawigan* to appropriate an amount of ₱25 million for the interest of the bond. Clearly, the first requisite has been met. As to the second requisite, the court, in recent cases, has relaxed the stringent "direct injury test" bearing in mind that *locus standi* is a procedural technicality. By invoking "transcendental importance," "paramount public interest," or "far-reaching implications," ordinary citizens and taxpayers were allowed to sue even if they failed to show direct injury. In cases where serious legal issues were raised or where public expenditures of millions of pesos were involved, the court did not hesitate to give standing to taxpayers. We find no reason to deviate from the jurisprudential trend.

3. ID.; ID.; LIBERAL APPROACH MUST BE ADOPTED IN DETERMINING *LOCUS STANDI* IN PUBLIC SUITS; REASONS; CASE AT BAR.— What is more, the provincial government would be shelling out a total amount of ₱187 million for the period of seven years by way of subsidy for the interest of the bonds. Without a doubt, the resolution of the present petition is of paramount importance to the people of Cagayan who at the end of the day would bear the brunt of these agreements. Another point to consider is that local government

units now possess more powers, authority and resources at their disposal, which in the hands of unscrupulous officials may be abused and misused to the detriment of the public. To protect the interest of the people and to prevent taxes from being squandered or wasted under the guise of government projects, a liberal approach must therefore be adopted in determining *locus standi* in public suits. In view of the foregoing, we are convinced that petitioners have sufficient standing to file the present suit. Accordingly, they should be given the opportunity to present their case before the RTC.

4. ID.; POLITICAL QUESTION; A QUESTION OF POLICY; ISSUES AS TO THE LEGALITY OF THE ACTS COMPLAINED OF FALL WITHIN THE AMBIT OF JUDICIAL REVIEW; CASE AT BAR.— A political question is a question of policy, which is to be decided by the people in their sovereign capacity or by the legislative or the executive branch of the government to which full discretionary authority has been delegated. In filing the instant case before the RTC, petitioners seek to restrain public respondents from implementing the bond flotation and to declare null and void all contracts related to the bond flotation and construction of the town center. In the petition before the RTC, they alleged grave abuse of discretion and clear violations of law by public respondents. They put in issue the overpriced construction of the town center; the grossly disadvantageous bond flotation; the irrevocable assignment of the provincial government's annual regular income, including the IRA, to respondent RCBC to cover and secure the payment of the bonds floated; and the lack of consultation and discussion with the community regarding the proposed project, as well as a proper and legitimate bidding for the construction of the town center. Obviously, the issues raised in the petition do not refer to the wisdom but to the legality of the acts complained of. Thus, we find the instant controversy within the ambit of judicial review. Besides, even if the issues were political in nature, it would still come within our powers of review under the expanded jurisdiction conferred upon us by Section 1, Article VIII of the Constitution, which includes the authority to determine whether grave abuse of discretion amounting to excess or lack of jurisdiction has been committed by any branch or instrumentality of the government.

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5. REMEDIAL LAW; MOTIONS; DENIAL OF THE MOTION TO ADMIT AMENDED PETITION, PROPER.— However, as to the denial of petitioners' Motion to Admit Amended Petition, we find no reason to reverse the same. The inclusion of the province of Cagayan as a petitioner would not only change the theory of the case but would also result in an absurd situation. The provincial government, if included as a petitioner, would in effect be suing itself considering that public respondents are being sued in their official capacity. In any case, there is no need to amend the petition because petitioners, as we have said, have legal standing to sue as taxpayers.

6. ID.; ID.; MOTION FOR RECONSIDERATION; NOTICE REQUIREMENT; FAILURE TO NOTIFY ALL THE PARTIES, NOT FATAL; NOTICE REQUIREMENT SUBSTANTIALLY COMPLIED WITH IN CASE AT BAR.— A perusal of the Motion for Reconsideration filed by petitioners would show that the notice of hearing was addressed only to the Clerk of Court in violation of Section 5, Rule 15 of the Rules of Court, which requires the notice of hearing to be addressed to all parties concerned. This defect, however, did not make the motion a mere scrap of paper. The rule is not a ritual to be followed blindly. The purpose of a notice of hearing is simply to afford the adverse parties a chance to be heard before a motion is resolved by the court. In this case, respondents were furnished copies of the motion, and consequently, notified of the scheduled hearing. Counsel for public respondents in fact moved for the postponement of the hearing, which the court granted. Moreover, respondents were afforded procedural due process as they were given sufficient time to file their respective comments or oppositions to the motion. From the foregoing, it is clear that the rule requiring notice to all parties was substantially complied with. In effect, the defect in the Motion for Reconsideration was cured.

7. ID.; RULES OF PROCEDURE; PROCEDURAL DEFECTS OR LAPSES, IF NEGLIGIBLE, SHOULD BE EXCUSED IN THE HIGHER INTEREST OF JUSTICE.— We cannot overemphasize that procedural rules are mere tools to aid the courts in the speedy, just and inexpensive resolution of cases. Procedural defects or lapses, if negligible, should be excused in the higher interest of justice as technicalities should not

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override the merits of the case. Dismissal of cases due to technicalities should also be avoided to afford the parties the opportunity to present their case. Courts must be reminded that the swift unclogging of the dockets although a laudable objective must not be done at the expense of substantial justice.

APPEARANCES OF COUNSEL

Vicente D. Lasam for petitioners.

Jessie B. Usita for Hon. Edgar Ramones Lara and Members of Cagayan Sangguniang Panlalawigan.

Ma. Regina Mercedes B. Gatmaytan for Malayan Insurance Co., Inc.

Ephraim Z. Lasam for Preferred Ventures & Asset Builders Corporation.

Reynaldo A. Deray for Rizal Commercial Banking Corporation.

D E C I S I O N

DEL CASTILLO, *J.*:

The decision to entertain a taxpayer's suit is discretionary upon the Court. It can choose to strictly apply the rule or take a liberal stance depending on the controversy involved. Advocates for a strict application of the rule believe that leniency would open floodgates to numerous suits, which could hamper the government from performing its job. Such possibility, however, is not only remote but also negligible compared to what is at stake – "the lifeblood of the State." For this reason, when the issue hinges on the illegal disbursement of public funds, a liberal approach should be preferred as it is more in keeping with truth and justice.

This Petition for Review on *Certiorari* with prayer for a Temporary Restraining Order/Writ of Preliminary Injunction, under Rule 45 of the Rules of Court, seeks to set aside the April 27, 2004 Order[1] of the Regional Trial Court (RTC), Branch 5, Tuguegarao City, dismissing the Petition for Annulment of Contracts and Injunction with prayer for the issuance of a Temporary

[1] *Rollo*, pp. 221-230; penned by Judge Elmo M. Alameda.

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Restraining Order/Writ of Preliminary Injunction,[2] docketed as Civil Case No. 6283. Likewise assailed in this Petition is the August 20, 2004 Resolution[3] of RTC, Branch 1, Tuguegarao City denying the Motion for Reconsideration of the dismissal.

Factual Antecedents

On November 5, 2001, the *Sangguniang Panlalawigan* of Cagayan passed Resolution No. 2001-272[4] authorizing Governor Edgar R. Lara (Gov. Lara) to engage the services of and appoint Preferred Ventures Corporation as financial advisor or consultant for the issuance and flotation of bonds to fund the priority projects of the governor without cost and commitment.

On November 19, 2001, the *Sangguniang Panlalawigan,* through Resolution No. 290-2001,[5] ratified the Memorandum of Agreement (MOA)[6] entered into by Gov. Lara and Preferred Ventures Corporation. The MOA provided that the provincial government of Cagayan shall pay Preferred Ventures Corporation a one-time fee of 3% of the amount of bonds floated.

On February 15, 2002, the *Sangguniang Panlalawigan* approved Resolution No. 2002-061-A[7] authorizing Gov. Lara to negotiate, sign and execute contracts or agreements pertinent to the flotation of the bonds of the provincial government in an amount not to exceed ₱500 million for the construction and improvement of priority projects to be approved by the *Sangguniang Panlalawigan.*

On May 20, 2002, the majority of the members of the *Sangguniang Panlalawigan* of Cagayan approved Ordinance No. 19-2002,[8] authorizing the bond flotation of the provincial government in an amount not to exceed ₱500 million to fund

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[2] *Id.* at 36-54.

[3] *Id.* at 256-258; penned by Judge Jimmy H. F. Luczon, Jr.

[4] *Id.* at 55-56.

[5] *Id.* at 57-59.

[6] *Id.* at 60-63.

[7] *Id.* at 64-65.

[8] *Id.* at 66-68.

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the construction and development of the new Cagayan Town Center. The Resolution likewise granted authority to Gov. Lara to negotiate, sign and execute contracts and agreements necessary and related to the bond flotation subject to the approval and ratification by the *Sangguniang Panlalawigan.*

On October 20, 2003, the *Sangguniang Panlalawigan* approved Resolution No. 350-2003[9] ratifying the Cagayan Provincial Bond Agreements entered into by the provincial government, represented by Gov. Lara, to wit:

a. Trust Indenture with the Rizal Commercial Banking Corporation (RCBC) – Trust and Investment Division and Malayan Insurance Company, Inc. (MICO).

b. Deed of Assignment by way of security with the RCBC and the Land Bank of the Philippines (LBP).

c. Transfer and Paying Agency Agreement with the RCBC – Trust and Investment Division.

d. Guarantee Agreement with the RCBC – Trust and Investment Division and MICO.

e. Underwriting Agreement with RCBC Capital Corporation.

On even date, the *Sangguniang Panlalawigan* also approved Resolution No. 351-2003,[10] ratifying the Agreement for the Planning, Design, Construction, and Site Development of the New Cagayan Town Center[11] entered into by the provincial government, represented by Gov. Lara and Asset Builders Corporation, represented by its President, Mr. Rogelio P. Centeno.

On May 20, 2003, Gov. Lara issued the Notice of Award to Asset Builders Corporation, giving to the latter the planning, design, construction and site development of the town center project for a fee of ₱213,795,732.39.[12]

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[9] *Id.* at 69-70.

[10] *Id.* at 71-72.

[11] *Id.* at 78-90.

[12] *Id.* at 440.

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Proceedings before the Regional Trial Court

On December 12, 2003, petitioners Manuel N. Mamba, Raymund P. Guzman and Leonides N. Fausto filed a Petition for Annulment of Contracts and Injunction with prayer for a Temporary Restraining Order/Writ of Preliminary Injunction[13] against Edgar R. Lara, Jenerwin C. Bacuyag, Wilson O. Puyawan, Aldegundo Q. Cayosa, Jr., Norman A. Agatep, Estrella P. Fernandez, Vilmer V. Viloria, Baylon A. Calagui, Cecilia Maeve T. Layos, Preferred Ventures Corporation, Asset Builders Corporation, RCBC, MICO and LBP.

At the time of the filing of the petition, Manuel N. Mamba was the Representative of the 3rd Congressional District of the province of Cagayan[14] while Raymund P. Guzman and Leonides N. Fausto were members of the *Sangguniang Panlalawigan* of Cagayan.[15]

Edgar R. Lara was sued in his capacity as governor of Cagayan,[16] while Jenerwin C. Bacuyag, Wilson O. Puyawan, Aldegundo Q. Cayosa, Jr., Norman A. Agatep, Estrella P. Fernandez, Vilmer V. Viloria, Baylon A. Calagui and Cecilia Maeve T. Layos were sued as members of the *Sangguniang Panlalawigan* of Cagayan.[17] Respondents Preferred Ventures Corporation, Asset Builders Corporation, RCBC, MICO and LBP were all impleaded as indispensable or necessary parties.

Respondent Preferred Ventures Corporation is the financial advisor of the province of Cagayan regarding the bond flotation undertaken by the province.[18] Respondent Asset Builders Corporation was awarded the right to plan, design, construct and develop the proposed town center.[19] Respondent RCBC,

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[13] *Id.* at 36-54.

[14] *Id.* at 36.

[15] *Id.* at 36-37.

[16] *Id.* at 37.

[17] *Id.*

[18] *Id.* at 437.

[19] *Id.*

through its Trust and Investment Division, is the trustee of the seven-year bond flotation undertaken by the province for the construction of the town center,[20] while respondent MICO is the guarantor.[21] Lastly, respondent LBP is the official depositary bank of the province.[22]

In response to the petition, public respondents filed an Answer with Motion to Dismiss,[23] raising the following defenses: a) petitioners are not the proper parties or they lack *locus standi* in court; b) the action is barred by the rule on state immunity from suit and c) the issues raised are not justiciable questions but purely political.

For its part, respondent Preferred Ventures Corporation filed a Motion to Dismiss[24] on the following grounds: a) petitioners have no cause of action for injunction; b) failure to join an indispensable party; c) lack of personality to sue and d) lack of *locus standi*. Respondent MICO likewise filed a Motion to Dismiss[25] raising the grounds of lack of cause of action and legal standing. Respondent RCBC similarly argued in its Motion to Dismiss[26] that: a) petitioners are not the real parties-in-interest or have no legal standing to institute the petition; b) petitioners have no cause of action as the flotation of the bonds are within the right and power of both respondent RCBC and the province of Cagayan and c) the viability of the construction of a town center is not a justiciable question but a political question.

Respondent Asset Builders Corporation, on the other hand, filed an Answer[27] interposing special and affirmative defenses

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[20] *Id.*

[21] *Id.*

[22] *Id.*

[23] *Id.* at 126-141.

[24] *Id.* at 142-150.

[25] *Id.* at 179-189.

[26] *Id.* at 163-171.

[27] *Id.* at 151-162.

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of lack of legal standing and cause of action. Respondent LBP also filed an Answer[28] alleging in the main that petitioners have no cause of action against it as it is not an indispensable party or a necessary party to the case.

Two days after the filing of respondents' respective memoranda on the issues raised during the hearing of the special and/or affirmative defenses, petitioners filed a Motion to Admit Amended Petition[29] attaching thereto the amended petition.[30] Public respondents opposed the motion for the following reasons: 1) the motion was belatedly filed; 2) the Amended Petition is not sufficient in form and in substance; 3) the motion is patently dilatory and 4) the Amended Petition was filed to cure the defect in the original petition.[31]

Petitioners also filed a Consolidated Opposition to the Motion to Dismiss[32] followed by supplemental pleadings[33] in support of their prayer for a writ of preliminary injunction.

On April 27, 2004, the RTC issued the assailed Order denying the Motion to Admit Amended Petition and dismissing the petition for lack of cause of action. It ruled that:

> The language of Secs. 2 & 3 of Rule 10 of the 1997 Rules of Civil Procedure dealing on the filing of an amended pleading is quite clear. As such, the Court rules that the motion was belatedly filed. The granting of leave to file amended pleadings is a matter peculiarly within the sound discretion of the trial court. But the rule allowing amendments to pleadings is subject to the general but inflexible limitation that the cause of action or defense shall not be substantially changed or the theory of the case altered to the prejudice of the other party (*Avecilla vs. Yatcvo*, 103 Phil. 666).

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[28] *Id.* at 172-178.

[29] *Id.* at 98-100.

[30] *Id.* at 101-118.

[31] *Id.* at 119-125.

[32] *Id.* at 190-204.

[33] *Id.* at 205-215 and 216-220.

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On the assumption that the controversy presents justiciable issues which this Court may take cognizance of, petitioners in the present case who presumably presented legitimate interests in the controversy are not parties to the questioned contract. Contracts produce effect as between the parties who execute them. Only a party to the contract can maintain an action to enforce the obligations arising under said contract (*Young vs. CA*, 169 SCRA 213). Since a contract is binding only upon the parties thereto, a third person cannot ask for its rescission if it is in fraud of his rights. One who is not a party to a contract has no rights under such contract and even if the contrary may be voidable, its nullity can be asserted only by one who is a party thereto; a third person would have absolutely no personality to ask for the annulment (*Wolfson vs. Estate of Martinez*, 20 Phil. 340; *Ibañez vs. Hongkong & Shanghai Bank*, 22 Phil. 572; *Ayson vs. CA*, G.R. Nos. L-6501 & 6599, May 21, 1955).

It was, however, held that a person who is not a party obliged principally or subsidiarily in a contract may exercise an action for nullity of the contract if he is prejudiced in his rights with respect to one of the contracting parties and can show the detriment which would positively result to him from the contract in which he had no intervention (*Bañez vs. CA*, 59 SCRA 15; *Anyong Hsan vs. CA*, 59 SCRA 110, 112-113; *Leodovica vs. CA*, 65 SCRA 154-155). In the case at bar, petitioners failed to show that they were prejudiced in their rights [or that a] detriment x x x would positively result to them. Hence, they lack *locus standi* in court.

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To the mind of the Court, procedural matters in the present controversy may be dispensed with, stressing that the instant case is a political question, a question which the court cannot, in any manner, take judicial cognizance. Courts will not interfere with purely political questions because of the principle of separation of powers (*Tañada vs. Cuenco*, 103 Phil. 1051). Political questions are those questions which, under the Constitution, are to be decided by the people in their sovereign capacity or in regard to which full discretionary authority has been delegated to the legislative or [to the] executive branch of the government *(Nuclear Free Phils. Coalition vs. NPC*, 141 SCRA 307 (1986); *Torres vs. Gonzales*, 152 SCRA 272; *Citizen's Alliance for Consumer Protection vs. Energy Regulatory Board*, G.R. No. 78888-90, June 23, 1988).

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The citation made by the provincial government[, to] which this Court is inclined to agree, is that the matter falls under the discretion of another department, hence the decision reached is in the category of a political question and consequently may not be the subject of judicial jurisdiction (Cruz in *Political Law*, 1998 Ed., page 81) is correct.

It is [a] well-recognized principle that purely administrative and discretionary functions may not be interfered with by the courts (Adm. Law Test & Cases, 2001 Ed., De Leon, De Leon, Jr.).

The case therefore calls for the doctrine of ripeness for judicial review. This determines the point at which courts may review administrative action. The basic principle of ripeness is that the judicial machinery should be conserved for problems which are real and present or imminent and should not be squandered on problems which are future, imaginary or remote. This case is not ripe for judicial determination since there is no imminently x x x substantial injury to the petitioners.

In other words, the putting up of the New Cagayan Town Center by the province over the land fully owned by it and the concomitant contracts entered into by the same is within the bounds of its corporate power, an undertaking which falls within the ambit of its discretion and therefore a purely political issue which is beyond the province of the court x x x. [Consequently, the court cannot,] in any manner, take judicial cognizance over it. The act of the provincial government was in pursuance of the mandate of the Local Government Code of 1991.

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Indeed, adjudication of the procedural issues presented for resolution by the present action would be a futile exercise in exegesis.

What defeats the plea of the petitioners for the issuance of a writ of preliminary injunction is the fact that their averments are merely speculative and founded on conjectures. An injunction is not intended to protect contingent or future rights nor is it a remedy to enforce an abstract right (*Cerebo vs. Dictado*, 160 SCRA 759; *Ulang vs. CA*, 225 SCRA 637). An injunction, whether preliminary or final, will not issue to protect a right not in *in esse* and which may never arise, or to restrain an act which does not give rise to a cause of action. The complainant's right on title, moreover, must be clear and unquestioned [since] equity, as a rule, will not take cognizance of suits to establish title and will not lend its preventive aid by injunction where the complainant's title or right is doubtful or disputed.

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The possibility of irreparable damage, without proof of violation of an actual existing right, is no ground for injunction being a mere *damnum, absque injuria* (*Talisay-Silay Milling Company, Inc. vs. CFI of Negros Occidental, et al.* 42 SCRA 577, 582).

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For lack of cause of action, the case should be dismissed.

The facts and allegations [necessarily] suggest also that this court may dismiss the case for want of jurisdiction.

The rule has to be so because it can *motu propio* dismiss it as its only jurisdiction is to dismiss it if it has no jurisdiction. This is in line with the ruling in *Andaya vs. Abadia*, 46 SCAD 1036, G.R. No. 104033, Dec. 27, 1993 where the court may dismiss a complaint even without a motion to dismiss or answer.

Upon the foregoing considerations, the case is hereby dismissed without costs.

SO ORDERED.[34]

Petitioners filed a Motion for Reconsideration[35] to which respondents filed their respective Oppositions.[36] Petitioners then filed a Motion to Inhibit, which the court granted. Accordingly, the case was re-raffled to Branch 1 of the RTC of Tuguegarao City.[37]

On August 20, 2004, Branch 1 of the RTC of Tuguegarao City issued a Resolution denying petitioners' plea for reconsideration. The court found the motion to be a mere scrap of paper as the notice of hearing was addressed only to the Clerk of Court in violation of Section 5, Rule 15 of the Rules of Court. As to the merits, the court sustained the findings of Branch 5 that petitioners lack legal standing to sue and that the issue involved is political.

Issues

Hence, the present recourse where petitioners argue that:

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[34] *Id.* at 224-230.

[35] *Id.* at 231-241.

[36] *Id.* at 242-246 and 247-254.

[37] *Id.* at 718.

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A. The lower court decided a question of substance in a way not in accord with law and with the applicable decision of the Supreme Court, and

B. The lower court has so far departed from the accepted and usual course of judicial proceedings as to call for an exercise of the power of supervision in that:

I. It denied *locus standi* to petitioners;

II. [It] determined that the matter of contract entered into by the provincial government is in the nature of a political question;

III. [It] denied the admission of Amended Petition; and

IV. [It] found a defect of substance in the petitioners' Motion for Reconsideration.[38]

Our Ruling

The petition is partially meritorious.

Petitioners have legal standing to sue as taxpayers

A taxpayer is allowed to sue where there is a claim that public funds are illegally disbursed, or that the public money is being deflected to any improper purpose, or that there is wastage of public funds through the enforcement of an invalid or unconstitutional law.[39] A person suing as a taxpayer, however, must show that the act complained of directly involves the illegal disbursement of public funds derived from taxation.[40] He must also prove that he has sufficient interest in preventing the illegal expenditure of money raised by taxation and that he will sustain a direct injury because of the enforcement of the questioned statute or contract.[41] In

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[38] *Id.* at 15.

[39] *Constantino, Jr. v. Cuisia,* G.R. No. 106064, October 13, 2005, 472 SCRA 505, 518-519.

[40] *Bayan (Bagong Alyansang Makabayan) v. Zamora,* 396 Phil. 623, 647 (2000).

[41] *Bugnay Construction and Development Corporation v. Judge Laron,* 257 Phil. 245, 256 (1989).

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other words, for a taxpayer's suit to prosper, two requisites must be met: (1) public funds derived from taxation are disbursed by a political subdivision or instrumentality and in doing so, a law is violated or some irregularity is committed and (2) the petitioner is directly affected by the alleged act.[42]

In light of the foregoing, it is apparent that contrary to the view of the RTC, a taxpayer need not be a party to the contract to challenge its validity.[43] As long as taxes are involved, people have a right to question contracts entered into by the government.

In this case, although the construction of the town center would be primarily sourced from the proceeds of the bonds, which respondents insist are not taxpayer's money, a government support in the amount of ₱187 million would still be spent for paying the interest of the bonds.[44] In fact, a Deed of Assignment[45] was executed by the governor in favor of respondent RCBC over the Internal Revenue Allotment (IRA) and other revenues of the provincial government as payment and/or security for the obligations of the provincial government under the Trust Indenture Agreement dated September 17, 2003. Records also show that on March 4, 2004, the governor requested the *Sangguniang Panlalawigan* to appropriate an amount of ₱25 million for the interest of the bond.[46] Clearly, the first requisite has been met.

As to the second requisite, the court, in recent cases, has relaxed the stringent "direct injury test" bearing in mind that *locus standi* is a procedural technicality.[47] By invoking "transcendental importance," "paramount public interest," or "far-reaching implications," ordinary

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[42] *Bagatsing v. San Juan*, 329 Phil. 8, 13 (1996).

[43] *Abaya v. Ebdane, Jr.*, G.R. No. 167919, February 14, 2007, 515 SCRA 720, 758.

[44] *Rollo*, p. 129; Answer with Motion to Dismiss of public respondents.

[45] *Id.* at 93-95.

[46] *Id.* at 215.

[47] *Garcillano v. House of Representatives Committees on Public Information, Public Order and Safety, National Defense and Security, Information and Communications Technology, and Suffrage and Electoral Reforms*, G.R. Nos. 1708338 & 179275, December 23, 2008, 575 SCRA 170, 185.

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citizens and taxpayers were allowed to sue even if they failed to show direct injury.[48] In cases where serious legal issues were raised or where public expenditures of millions of pesos were involved, the court did not hesitate to give standing to taxpayers.[49]

We find no reason to deviate from the jurisprudential trend.

To begin with, the amount involved in this case is substantial. Under the various agreements entered into by the governor, which were ratified by the *Sangguniang Panlalawigan*, the provincial government of Cagayan would incur the following costs:[50]

Compensation to Preferred Ventures (3% of ₱205M)[51] Resolution No. 290-2001	-	₱ 6,150,000.00
Management and Underwriting Fees (1.5% of ₱205M)[52]	-	3,075,000.00
Documentary Tax (0.75% of ₱205M)[53]	-	1,537,500.00
Guarantee Fee[54]	-	7,350,000.00
Construction and Design of town center[55]	-	213,795,732.39
Total Cost	-	**₱231,908,232.39**

[48] *David v. Macapagal-Arroyo*, G.R. Nos. 171396, 171409, 171485, 171483, 171400, 171489 & 171424, May 3, 2006, 489 SCRA 160.

[49] See *Constantino, Jr. v. Cuisia, supra* at note 39; *Abaya v. Ebdane, Jr., supra* at note 43; *Province of North Cotabato v. Government of the Republic of the Philippines Peace Panel on Ancestral Domain (GRP)*, G.R. Nos. 183591, 183752, 183893, 183951 & 183962, October 14, 2008, 568 SCRA 402; *Garcillano v. House of Representatives Committees on Public Information, Public Order and Safety, National Defense and Security, Information and Communications Technology, and Suffrage and Electoral Reforms, supra* at note 47.

[50] See *Rollo*, p. 11.

[51] *Id.* at 58; Resolution No. 290-2001.

[52] *Id.* at 73; Underwriting Agreement, paragraph 7.1.

[53] *Id.* at 74; Underwriting Agreement, paragraph 7.3.

[54] *Id.* at 77; Guarantee Agreement, paragraph 3.1.

[55] *Id.* at 83; Agreement for the Planning, Design, Construction and Site Development of the New Cagayan Town Center, paragraph 7.1.

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What is more, the provincial government would be shelling out a total amount of ₱187 million for the period of seven years by way of subsidy for the interest of the bonds. Without a doubt, the resolution of the present petition is of paramount importance to the people of Cagayan who at the end of the day would bear the brunt of these agreements.

Another point to consider is that local government units now possess more powers, authority and resources at their disposal,[56] which in the hands of unscrupulous officials may be abused and misused to the detriment of the public. To protect the interest of the people and to prevent taxes from being squandered or wasted under the guise of government projects, a liberal approach must therefore be adopted in determining *locus standi* in public suits.

In view of the foregoing, we are convinced that petitioners have sufficient standing to file the present suit. Accordingly, they should be given the opportunity to present their case before the RTC.

Having resolved the core issue, we shall now proceed to the remaining issues.

The controversy involved is justiciable

A political question is a question of policy, which is to be decided by the people in their sovereign capacity or by the legislative or the executive branch of the government to which full discretionary authority has been delegated.[57]

In filing the instant case before the RTC, petitioners seek to restrain public respondents from implementing the bond flotation and to declare null and void all contracts related to the bond flotation and construction of the town center. In the petition before

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[56] REPUBLIC ACT NO. 7160, Section 2, otherwise known as the "Local Government Code of 1991".

[57] *Association of Small Landowners in the Philippines, Inc. v. Secretary of Agrarian Reform*, G.R. Nos. 78742, 79310, 79744 & 79777, July 14, 1989, 175 SCRA 343, 377.

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the RTC, they alleged grave abuse of discretion and clear violations of law by public respondents. They put in issue the overpriced construction of the town center; the grossly disadvantageous bond flotation; the irrevocable assignment of the provincial government's annual regular income, including the IRA, to respondent RCBC to cover and secure the payment of the bonds floated; and the lack of consultation and discussion with the community regarding the proposed project, as well as a proper and legitimate bidding for the construction of the town center.

Obviously, the issues raised in the petition do not refer to the wisdom but to the legality of the acts complained of. Thus, we find the instant controversy within the ambit of judicial review. Besides, even if the issues were political in nature, it would still come within our powers of review under the expanded jurisdiction conferred upon us by Section 1, Article VIII of the Constitution, which includes the authority to determine whether grave abuse of discretion amounting to excess or lack of jurisdiction has been committed by any branch or instrumentality of the government.[58]

The Motion to Admit Amended Petition was properly denied

However, as to the denial of petitioners' Motion to Admit Amended Petition, we find no reason to reverse the same. The inclusion of the province of Cagayan as a petitioner would not only change the theory of the case but would also result in an absurd situation. The provincial government, if included as a petitioner, would in effect be suing itself considering that public respondents are being sued in their official capacity.

In any case, there is no need to amend the petition because petitioners, as we have said, have legal standing to sue as taxpayers.

Section 5, Rule 15 of the Rules of Court was substantially complied with

This brings us to the fourth and final issue.

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[58] *Daza v. Singson,* G.R. No. 86344, December 21, 1989, 180 SCRA 496, 507.

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A perusal of the Motion for Reconsideration filed by petitioners would show that the notice of hearing was addressed only to the Clerk of Court in violation of Section 5, Rule 15 of the Rules of Court, which requires the notice of hearing to be addressed to all parties concerned. This defect, however, did not make the motion a mere scrap of paper. The rule is not a ritual to be followed blindly.[59] The purpose of a notice of hearing is simply to afford the adverse parties a chance to be heard before a motion is resolved by the court.[60] In this case, respondents were furnished copies of the motion, and consequently, notified of the scheduled hearing. Counsel for public respondents in fact moved for the postponement of the hearing, which the court granted.[61] Moreover, respondents were afforded procedural due process as they were given sufficient time to file their respective comments or oppositions to the motion. From the foregoing, it is clear that the rule requiring notice to all parties was substantially complied with.[62] In effect, the defect in the Motion for Reconsideration was cured.

We cannot overemphasize that procedural rules are mere tools to aid the courts in the speedy, just and inexpensive resolution of cases.[63] Procedural defects or lapses, if negligible, should be excused in the higher interest of justice as technicalities should not override the merits of the case. Dismissal of cases due to technicalities should also be avoided to afford the parties the opportunity to present their case. Courts must be reminded that the swift unclogging of the dockets although a laudable objective must not be done at the expense of substantial justice.[64]

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[59] *KKK Foundation, Inc. v. Calderon-Bargas,* G.R. No. 163785, December 27, 2007, 541 SCRA 432, 441.

[60] *Vlason Enterprises Corporation v. Court of Appeals,* 369 Phil. 269, 299 (1999).

[61] *Rollo,* p. 255.

[62] See *Philippine National Bank v. Paneda,* G.R. No. 149236, February 14, 2007, 515 SCRA 639, 652.

[63] *Incon Industrial Corporation v. Court of Appeals,* G.R. No. 161871, July 24, 2007, 528 SCRA 139, 144.

[64] *Tacloban II Neighborhood Association, Inc. v. Office of the President,* G.R. No. 168561, September 26, 2008, 566 SCRA 493, 510.

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WHEREFORE, the instant Petition is *PARTIALLY GRANTED.* The April 27, 2004 Order of Branch 5 and the August 20, 2004 Resolution of Branch 1 of the Regional Trial Court of Tuguegarao City are hereby *REVERSED* and *SET ASIDE* insofar as the dismissal of the petition is concerned. Accordingly, the case is hereby *REMANDED* to the court *a quo* for further proceedings.

SO ORDERED.

Carpio (Chairperson),[*] *Carpio Morales,*[**] *Leonardo-de Castro,*[***] and *Abad, JJ.,* concur.

FIRST DIVISION

[G.R. No. 166941. December 14, 2009]

SPOUSES DENNIS BARIAS and DIVINA BARIAS, *petitioners, vs.* **HEIRS OF BARTOLOME BONEO, namely, JUANITA, LEOPOLDO, ANTONIO, CARMELO, NIMFA, EDWIN, ELPIDIO, ANGELICA, EMILIO, BARTOLOME, JR., and EPIFANIO, all surnamed BONEO, represented by JUANITA VOLANTE BONEO,** *respondents.*

SYLLABUS

1. REMEDIAL LAW; ACTIONS; FORUM SHOPPING; REQUISITES; NOT PRESENT IN CASE AT BAR.— The test in determining the presence of forum shopping is whether in two or more cases pending, there is identity of (1) parties,

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[*] Per Special Order No. 775 dated November 3, 2009.

[**] In lieu of Justice Arturo D. Brion who is on leave per Special Order No. 807 dated December 7, 2009.

[***] Additional member per Special Order No. 776 dated November 3, 2009.