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THIRD DIVISION

[G.R. No. 144570. September 21, 2005.]

VIVENCIO V. JUMAMIL, *petitioner, vs.* **JOSE J. CAFE, GLICERIO L. ALERIA, RUDY G. ADLAON, DAMASCENO AGUIRRE, RAMON PARING, MARIO ARGUELLES, ROLANDO STA. ANA, NELLIE UGDANG, PEDRO ATUEL, RUBY BONSOBRE, RUTH FORNILLOS, DANIEL GATCHALIAN, RUBEN GUTIERREZ, JULIET GATCHALIAN, ZENAIDA POBLETE, ARTHUR LOUDY, LILIAN LU, ISABEL MEJIA, EDUARDO ARGUELLES, LAO SUI KIEN, SAMUEL CONSOLACION, DR. ARTURO MONTERO, DRA. LILIOSA MONTERO, PEDRO LACIA, CIRILA LACIA, EVELYN SANGALANG, DAVID CASTILLO, ARSENIO SARMIENTO, ELIZABETH SY, METODIO NAVASCA, HELEN VIRTUDAZO, IRENE LIMBAGA, SYLVIA BUSTAMANTE, JUANA DACALUS, NELLIE RICAMORA, JUDITH ESPINOSA, PAZ KUDERA, EVELYN PANES, AGATON BULICATIN, PRESCILLA GARCIA, ROSALIA OLITAO, LUZVIMINDA AVILA, GLORIA OLAIR, LORITA MENCIAS, RENATO ARIETA, EDITHA ACUZAR, LEONARDA VILLACAMPA, ELIAS JARDINICO, BOBINO NAMUAG, FELIMON NAMUAG, EDGAR CABUNOC, HELEN ARGUELLES, HELEN ANG, FELECIDAD PRIETO, LUISITO GRECIA, LILIBETH PARING, RUBEN CAMACHO, ROSALINDA LALUNA, LUZ YAP, ROGELIO LAPUT, ROSEMARIE WEE, TACOTCHE RANAIN, AVELINO DELOS REYES and ROGASIANO OROPEZA**, *respondents*.

SYLLABUS

1. POLITICAL LAW; CONSTITUTIONAL LAW; JUDICIAL REVIEW; REQUISITES.— The unbending rule is that courts

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will not assume jurisdiction over a constitutional question unless the following requisites are satisfied: (1) there must be an actual case calling for the exercise of judicial review; (2) the question before the Court must be ripe for adjudication; (3) the person challenging the validity of the act must have standing to do so; (4) the question of constitutionality must have been raised at the earliest opportunity, and (5) the issue of constitutionality must be the very *lis mota* of the case.

2. **ID.; ID.; ID.; LEGAL STANDING; DEFINED.**— Legal standing or *locus standi* is a party's personal and substantial interest in a case such that he has sustained or will sustain direct injury as a result of the governmental act being challenged. It calls for more than just a generalized grievance. The term "interest" means a material interest, an interest in issue affected by the decree, as distinguished from mere interest in the question involved, or a mere incidental interest. Unless a person's constitutional rights are adversely affected by the statute or ordinance, he has no legal standing.

3. **ID.; ID.; ID.; ID.; PARTIES SUING AS TAXPAYERS MUST SPECIFICALLY PROVE SUFFICIENT INTEREST IN PREVENTING THE ILLEGAL EXPENDITURE OF MONEY RAISED BY TAXATION.**— Petitioner brought the petition in his capacity as taxpayer of the Municipality of Panabo, Davao del Norte and not in his personal capacity. He was questioning the official acts of the public respondents in passing the ordinances and entering into the lease contracts with private respondents. A taxpayer need not be a party to the contract to challenge its validity. xxx Parties suing as taxpayers must specifically prove sufficient interest in preventing the illegal expenditure of money raised by taxation. The expenditure of public funds by an officer of the State for the purpose of executing an unconstitutional act constitutes a misapplication of such funds.

4. **ID.; ID.; STATE; SEPARATION OF POWERS; THE POLICY OF THE COURTS IS TO AVOID RULING ON CONSTITUTIONAL QUESTIONS AND TO PRESUME THAT THE ACTS OF THE POLITICAL DEPARTMENTS ARE VALID, ABSENT A CLEAR SHOWING TO THE CONTRARY.**— "The policy of the courts is to avoid ruling on constitutional questions and to presume that the acts of the political departments are valid, absent a clear and

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unmistakable showing to the contrary. To doubt is to sustain. This presumption is based on the doctrine of separation of powers. This means that the measure had first been carefully studied by the legislative and executive departments and found to be in accord with the Constitution before it was finally enacted and approved."

5. REMEDIAL LAW; EVIDENCE; JUDICIAL NOTICE; COURTS MAY TAKE JUDICIAL NOTICE OF A JUDGMENT IN ANOTHER CASE AS LONG AS THE PARTIES GIVE THEIR CONSENT.— [C]ourts may take judicial notice of a judgment in another case as long as the parties give their consent or do not object. As opined by Justice Edgardo L. Paras: "A court will take judicial notice of its own acts and records in the same case, of facts established in prior proceedings in the same case, of the authenticity of its own records of another case between the same parties, of the files of related cases in the same court, and of public records on file in the same court. In addition, judicial notice will be taken of the record, pleadings or judgment of a case in another court between the same parties or involving one of the same parties, as well as of the record of another case between different parties in the same court."

APPEARANCES OF COUNSEL

Vivencio V. Jamamil for and on his own behalf.
Honesto A. Cabbaroguis for respondents.

D E C I S I O N

CORONA, *J.*:

In this petition for review on *certiorari* under Rule 45 of the Rules of Court, petitioner Vivencio V. Jumamil seeks to reverse the decision of the Court of Appeals dated July 24, 2000[1] in CA-G.R. CV No. 35082, the dispositive portion of which read:

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[1] Penned by Associate Justice Romeo A. Brawner and concurred in by Associate Justices Quirino D. Abad Santos Jr. and Andres B. Reyes, Jr. of the Third Division.

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With the foregoing, the assailed Decision of Branch 4, Regional Trial Court of Panabo Davao dated 26 November 1990 in Sp. Civil Action No. 89-1 is hereby AFFIRMED.[2]

The Regional Trial Court dismissed petitioner's petition for declaratory relief with prayer for preliminary injunction and writ of restraining order, and ordered the petitioner to pay attorney's fees in the amount of ₱1,000 to each of the 57 private respondents.[3]

The factual antecedents follow.

In 1989, petitioner Jumamil[4] filed before the Regional Trial Court (RTC) of Panabo, Davao del Norte a petition for declaratory relief with prayer for preliminary injunction and writ of restraining order against public respondents Mayor Jose J. Cafe and the members of the *Sangguniang Bayan* of Panabo, Davao del Norte. He questioned the constitutionality of Municipal Resolution No. 7, Series of 1989 (Resolution No. 7).

Resolution No. 7, enacting Appropriation Ordinance No. 111, provided for an initial appropriation of ₱765,000 for the construction of stalls around a proposed terminal fronting the Panabo Public Market[5] which was destroyed by fire.

Subsequently, the petition was amended due to the passage of Resolution No. 49, series of 1989 (Resolution No. 49), denominated as Ordinance No. 10, appropriating a further amount of ₱1,515,000 for the construction of additional stalls in the same public market.[6]

Prior to the passage of these resolutions, respondent Mayor Cafe had already entered into contracts with those who advanced and deposited (with the municipal treasurer) from their personal funds the sum of ₱40,000 each. Some of the parties were close

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[2] *Rollo*, p. 19.

[3] Records, p. 31.

[4] Jumamil's co-petitioners in the RTC and CA were Jose A. Magnanao and Efren Bendijo. However, Jumamil alone elevated this petition to this Court.

[5] *Rollo*, p. 12.

[6] *Id.*

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friends and/or relatives of the public respondents.[7] The construction of the stalls which petitioner sought to stop through the preliminary injunction in the RTC was nevertheless finished, rendering the prayer therefor moot and academic. The leases of the stalls were then awarded by public raffle which, however, was limited to those who had deposited ₱40,000 each.[8] Thus, the petition was amended anew to include the 57 awardees of the stalls as private respondents.[9]

Petitioner alleges that Resolution Nos. 7 and 49 were unconstitutional because they were:

> ...passed for the business, occupation, enjoyment and benefit of private respondents who deposited the amount of ₱40,000.00 for each stall, and with whom also the mayor had a prior contract to award the would be constructed stalls to all private respondents.... As admitted by public respondents some of the private respondents are close friends and/or relatives of some of the public respondents which makes the questioned acts discriminatory. The questioned resolutions and ordinances did not provide for any notice of publication that the special privilege and unwarranted benefits conferred on the private respondents maybe (*sic*) availed of by anybody who can deposit the amount of ₱40,000.00.[10]

> Neither was there any prior notice or publication pertaining to contracts entered into by public and private respondents for the construction of stalls to be awarded to private respondents that the same can be availed of by anybody willing to deposit ₱40,000.00.[11]

In this petition, petitioner prays for the reversal of the decision of the Court of Appeals (CA) and a declaration of the unconstitutionality, illegality and nullity of the questioned resolutions/ordinances and lease contracts entered into by the public and private respondents; for the declaration of the illegality of the award of the stalls during the pendency of this action and for the re-raffling and award of the stalls in a manner that is fair and just to all interested applicants;[12] for the issuance

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[7] *Id.*

[8] Respondents' Memorandum, *Rollo*, p. 43.

[9] *Rollo*, p. 15.

[10] Petitioner's Petition, *Rollo*, p. 6.

[11] Petitioner's Memorandum, *Rollo*, p. 67.

[12] *Supra* at note 10, p. 9.

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of an order to the local government to admit any and all interested persons who can deposit the amount of ₱40,000 for a stall and to order a re-raffling for the award of the stalls to the winners of the re-raffle; for the nullification of the award of attorney's fees to private respondents on the ground that it was erroneous and unmeritorious; and for the award of damages in favor of petitioner in the form of attorney's fees.[13]

At the outset, we must point out that the issue of the constitutionality of the questioned resolutions was never ruled upon by both the RTC and the CA.

It appears that on May 21, 1990, both parties agreed[14] to await the decision in CA G.R. SP No. 20424,[15] which involved similar facts, issues and parties. The RTC, consequently, deferred the resolution of the pending petition. The appellate court eventually rendered its decision in that case finding that the petitioners were not entitled to the declaratory relief prayed for as they had no legal interest in the controversy. Upon elevation to the Supreme Court as UDK Case No. 9948, the petition for review on *certiorari* was denied for being insufficient in form and substance.[16]

The RTC, after receipt of the entry of the SC judgment,[17] dismissed the pending petition on November 26, 1990. It adopted the ruling in CA G.R. SP No. 20424:

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[13] *Supra* at note 11, p. 72.

[14] RTC Decision, Records, p. 29 and CA Decision, *Rollo*, p. 16.

[15] An earlier case involving the same facts and parties was filed in Branch 4, RTC, Panabo, Davao del Norte (then presided by a different judge) for "Declaratory Relief, Annulment of Award or Compromise Agreement." In that case, the petitioners (including the petitioner in the present case) directly attacked the validity of the contracts of lease entered into by public and private respondents. It was dismissed by the trial court. On appeal as CA G.R. SP No. 20424, the Court of Appeals affirmed the RTC decision. Petitioner, thereafter, sought the reversal of the appellate court's decision via petition for review in the Supreme Court as UDK Case No. 9948. The petition was denied by the First Division on June 11, 1990 for being insufficient in form and substance.

[16] RTC Decision, Records, p. 29.

[17] *Supra* at note 16.

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We find petitioners' aforesaid submission utterly devoid of merit. It is, to say the least, questionable whether or not a special civil action for declaratory relief can be filed in relation to a contract *by persons who are not parties thereto.* Under Sec. 1 of Rule 64 of the Rules of Court, any person interested under a deed, will, contract, or other written instruments may bring an action to determine any question of the contract, or validly arising under the instrument for a declaratory (*sic*) of his rights or duties thereunder. Since contracts take effect only between the parties (Art. 1311) it is quite plain that one who is not a party to a contract can not have the interest in it that the rule requires as a basis for declaratory reliefs (*PLUM vs. Santos,* 45 SCRA 147).

Following this ruling, the petitioners were not parties in the agreement for the award of the market stalls by the public respondents, in the public market of Panabo, Davao, and since the petitioners were not parties to the award of the market stalls and whose rights are never affected by merely stating that they are taxpayers, they have no legal interest in the controversy and they are not, therefore, entitled to bring an action for declaratory relief.[18]

WHEREFORE, the petition of the petitioners as taxpayers being without merit and not in consonance with law, is hereby ordered DISMISSED.

As to the counterclaim for damages, the same not having been actually and fully proven, the Court gives no award as to the same. It is not amiss to state here that the petitioners agreed to be bound by the outcome of Special Civil Case No. 89-10.

However, for unnecessarily dragging into Court the fifty-seven (57) private respondents who are bonafide businessmen and stall holders in the public market of Panabo, it is fitting and proper for the petitioners to be ordered payment of attorney's fees.

Accordingly, the herein petitioners are ordered to pay ONE THOUSAND (₱1,000.00) PESOS EACH to the 57 private respondents, as attorney's fees, jointly and severally, and for them to pay the costs of this suit.

SO ORDERED.[19]

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[18] *Supra* at note 17, p. 30.

[19] *Id.*, pp. 30-31.

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From this adverse decision, petitioner again appealed to the Court of Appeals in CA-G.R. CV No. 35082 which is now before us for review.

The appellate court, yet again, affirmed the RTC decision and held that:

Res judicata does not set in a case dismissed for lack of capacity to sue, because there has been no determination on the merits. Neither does the law of the case apply. However, the court *a quo* took judicial notice of the fact that petitioners agreed to be bound by the outcome of Special Civil Case No. 89-10. *Allegans contraria non est audiendus*. (He is not to be heard who alleges things contradictory to each other.) It must be here observed that petitioners-appellants were the ones who manifested that it would be practical to await the decision of the Supreme Court in their petition for *certiorari*, for after all the facts, circumstances and issues in that case, are exactly the same as in the case that is here appealed. Granting that they may evade such assumption, a careful evaluation of the case would lead Us to the same conclusion: that the case for declaratory relief is dismissible. As enumerated by Justice Regalado in his "Remedial Law Compendium," the requisites of an action for declaratory relief are:

(a) The subject matter of the controversy must be a deed, will, contract or other written instrument, statute, executive order or regulation, or ordinance;

(b) The terms of said documents and the validity thereof are doubtful and require judicial construction;

(c) There must have been no breach of the documents in question;

(d) There must be an actual justiciable controversy or the "ripening seeds" of one between persons whose interests are adverse;

(e) The issue must be ripe for judicial determination; and

(f) Adequate relief is not available through other means or other forms of action or proceeding.

In Tolentino vs. Board of Accountancy, et al, 90 Phil. 83, 88, the Supreme Court ratiocinated the requisites of justiciability of an action for declaratory relief by saying that the court must be "satisfied that an actual controversy, or the ripening seeds of one, exists between

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parties, all of whom are *sui juris* and before the court, and that the declaration sought will be a practical help in ending the controversy."

The petition must show "an active antagonistic assertion of a legal right on one side and a denial thereof on the other concerning a real, and not a mere theoretical question or issue. The question is whether the facts alleged a substantial controversy between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory relief. In *GSISEA and GSISSU vs. Hon. Alvendia etc. and GSIS*, 108 Phil. 505, the Supreme Court ruled a declaratory relief improper or unnecessary when it appears to be a moot case, since it seeks to get a judgment on a pretended controversy, when in reality there is none. In *Kawasaki Port Service Corporation vs. Amores,* 199 SCRA 230, citing *Dy Poco vs. Commissioner of Immigration, et al.*, 16 SCRA 618, the rule was stated: "where a declaratory judgment as to a disputed fact would be determinative of issues rather than a construction of definite stated rights, statuses and other relations, commonly expressed in a written instrument, the case is not one for declaratory judgment."

Indeed, in its true light, the present petition for declaratory relief seems to be no more than a request for an advisory opinion to which courts in this and other jurisdiction have cast a definite aversion. The ordinances being assailed are appropriation ordinances. The passage of the ordinances were pursuant to the public purpose of constructing market stalls. For the exercise of judicial review, the governmental act being challenged must have had an adverse effect on the person challenging it, and the person challenging the act, must have "standing" to challenge, *i.e.,* in the categorical and succinct language of Justice Laurel, he must have a "personal and substantial interest in the case such that he has sustained, or will sustain, direct injury as a result of its enforcement." Standing is a special concern in constitutional law because in some cases suits are brought not by parties who have been personally injured by the operation of a law or by official action taken, but by concerned citizens, taxpayers or voters who actually sue in the public interest. Hence the question in standing is whether such parties have "alleged such a personal stake in the outcome of the controversy as to assure that concrete adverseness which sharpens the presentation of issues upon which the court largely depends for illumination of difficult constitutional questions.

A careful analysis of the records of the case at bar would disclose that petitioners-appellants have suffered no wrong under the terms of the ordinances being assailed – and, naturally need no relief in the form

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they now seek to obtain. Judicial exercise cannot be exercised *in vacuo*. The policy of the courts is to avoid ruling on a constitutional question and to presume that the acts of the political departments are valid in the absence of a clear and unmistakable showing to the contrary. To doubt is to sustain. The issue is not the ordinances themselves, but the award of the market stalls to the private respondents on the strength of the contracts individually executed by them with Mayor Cafe. To reiterate, a person who is not a party to a contract cannot file a petition for declaratory relief and seek judicial interpretation of such contract (*Atlas Consolidated Mining Corp. vs. Court of Appeals,* 182 SCRA 166). Not having established their *locus standi*, we see no error committed by the court *a quo* warranting reversal of the appealed decision.

With the foregoing, the assailed Decision of Branch 4, Regional Trial Court of Panabo Davao dated 26 November 1990 in Sp. Civil Action No. 89-1 is hereby AFFIRMED.

SO ORDERED.[20]

Thus, both the RTC and the CA dismissed the case on the ground of petitioner's lack of legal standing and the parties' agreement to be bound by the decision in CA G.R. SP. No. 20424.

The issues to be resolved are the following:

(1) whether the parties were bound by the outcome in CA G.R. SP. No. 20424;

(2) whether petitioner had the legal standing to bring the petition for declaratory relief;

(3) whether Resolution Nos. 7 and 49 were unconstitutional; and

(4) whether petitioner should be held liable for damages.

LOCUS STANDI AND THE CONSTITUTIONALITY ISSUE

We will first consider the second issue. The petition for declaratory relief challenged the constitutionality of the subject resolutions. There is an unbending rule that courts will not assume jurisdiction

[20] See note 2.

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over a constitutional question unless the following requisites are satisfied: (1) there must be an actual case calling for the exercise of judicial review; (2) the question before the Court must be ripe for adjudication; (3) the person challenging the validity of the act must have standing to do so; (4) the question of constitutionality must have been raised at the earliest opportunity, and (5) the issue of constitutionality must be the very *lis mota* of the case.[21]

Legal standing or *locus standi* is a party's personal and substantial interest in a case such that he has sustained or will sustain direct injury as a result of the governmental act being challenged. It calls for more than just a generalized grievance. The term "interest" means a material interest, an interest in issue affected by the decree, as distinguished from mere interest in the question involved, or a mere incidental interest.[22] Unless a person's constitutional rights are adversely affected by the statute or ordinance, he has no legal standing.

The CA held that petitioner had no standing to challenge the two resolutions/ordinances because he suffered no wrong under their terms. It also concluded that "the issue (was) not the ordinances themselves but the award of the market stalls to the private respondents on the strength of the contracts individually executed by them with Mayor Cafe." Consequently, it ruled that petitioner, who was not a party to the lease contracts, had no standing to file the petition for declaratory relief and seek judicial interpretation of the agreements.

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[21] *Mirasol v. Court of Appeals*, G.R. No. 128448, 1 February 2001, 351 SCRA 44, 53-54; *Board of Optometry v. Hon. Colet*, 328 Phil. 1187, 1205 (1996), citing *Philippine Constitution Association v. Enriquez* and companion cases, 235 SCRA 506, 518-519 (1994); *Joya v. PCGG*, 225 SCRA 568, 575 (1993); *Macasiano v. National Housing Authority*, G.R. No. 107921, 1 July 1993, 224 SCRA 236, 242; *Fernandez v. Torres*, 215 SCRA 489, 493 (1992); *Santos v. Northwest Orient Airlines*, 210 SCRA 256, 261 (1992); *Garcia v. Executive Secretary*, 204 SCRA 516, 522 (1991).

[22] *Velarde v. Social Justice Society*, *id.*; *Integrated Bar of the Philippines v. Zamora*, 392 Phil. 618, 632-633 (2000); *Joya v. PCGG*, *supra* at note 21 at p. 576.

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We do not agree. Petitioner brought the petition in his capacity as taxpayer of the Municipality of Panabo, Davao del Norte[23] and not in his personal capacity. He was questioning the official acts of the public respondents in passing the ordinances and entering into the lease contracts with private respondents. A taxpayer need not be a party to the contract to challenge its validity.[24] *Atlas Consolidated Mining & Development Corporation v. Court of Appeals*[25] cited by the CA does not apply because it involved contracts between *two private parties*.

Parties suing as taxpayers must specifically prove sufficient interest in preventing the illegal expenditure of money raised by taxation.[26] The expenditure of public funds by an officer of the State for the purpose of executing an unconstitutional act constitutes a misapplication of such funds.[27] The resolutions being assailed were appropriations ordinances. Petitioner alleged that these ordinances were "passed for the business, occupation, enjoyment and benefit of private respondents"[28] (that is, allegedly for the private benefit of respondents) because

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[23] Petitioner's Memorandum, *Rollo*, p. 66; CA Decision, *Rollo*, p. 12.

[24] See *City Council of Cebu City v. Cuizon*, 150-C Phil. 116, 129-130 (1972).

[25] G.R. No. L-54305, 14 February 1990, 182 SCRA 166, citing *United Central & Cellulose Labor Association (PLUM) v. Santos*, 4 SCRA 235, 241 (1962).

[26] *Velarde v. Social Justice Society*, *supra* at note 22, citing *Del Mar v. Philippine Amusement and Gaming Corporation*, 346 SCRA 485, 29 November 2000; *Francisco, Jr. v. Nagmamalasakit na mga Manggagawang Pilipino, Inc.*, G.R. No. 160261, 10 November 2003, 415 SCRA 44, 136-137.

[27] *Gonzales v. Hon. Narvasa*, 392 Phil. 518, 526 (2000), citing *Sanidad v. Commission on Elections*, 73 SCRA 333 (1976); *Gascon v. Hon. Arroyo*, G.R. No. 78389, 16 October 1989, 178 SCRA 582, 586, citing *Province of Tayabas v. Perez*, 54 Phil. 257; *Pascual v. Secretary of Public Works, et al.*, 110 Phil. 331; *Gonzales v. Hechanova*, 118 Phil. 1065, 1071 (1963); *Philippine Constitution Association, Inc., et al. v. Gimenez, et al.*, L-23326, 18 December 1965, 15 SCRA 479; *Pelaez v. Auditor General*, 122 Phil. 965 (1965); *Demetria v. Hon. Alba*, G.R. No. 71977, February 27, 1987, 148 SCRA 208, 213, citing *Pascual v. Secretary of Public Works, et al.* and 11 Am. Jur. 761.

[28] *Supra* at note 10.

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even before they were passed, respondent Mayor Cafe and private respondents had already entered into lease contracts for the construction and award of the market stalls.[29] Private respondents admitted they deposited ₱40,000 each with the municipal treasurer, which amounts were made available to the municipality during the construction of the stalls. The deposits, however, were needed to ensure the speedy completion of the stalls after the public market was gutted by a series of fires.[30] Thus, the award of the stalls was necessarily limited only to those who advanced their personal funds for their construction.[31]

Petitioner did not seasonably allege his interest in preventing the illegal expenditure of public funds or the specific injury to him as a result of the enforcement of the questioned resolutions and contracts. It was only in the "Remark to Comment" he filed in this Court did he first assert that "he (was) willing to engage in business and (was) interested to occupy a market stall."[32] Such claim was obviously an afterthought.

Be that as it may, we have on several occasions relaxed the application of these rules on legal standing:

> In not a few cases, the Court has liberalized the *locus standi* requirement when a petition raises an issue of transcendental significance or paramount importance to the people. Recently, after holding that the IBP had no *locus standi* to bring the suit, the *Court in IBP v. Zamora* nevertheless entertained the Petition therein. It noted that "the IBP has advanced constitutional issues which deserve the attention of this Court in view of their seriousness, novelty and weight as precedents."[33]

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Objections to a taxpayer's suit for lack of sufficient personality, standing or interest are procedural matters. Considering the importance to the public of a suit assailing the constitutionality of a tax law, and in

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[29] Respondents' Comment, *Rollo*, p. 42.

[30] *Supra* at note 16, p. 14.

[31] *Supra* at note 29, p. 43.

[32] *Rollo*, p. 52.

[33] *Velarde v. Social Justice Society*, *supra* at note 22, citations omitted.

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keeping with the Court's duty, specially explicated in the 1987 Constitution, to determine whether or not the other branches of the Government have kept themselves within the limits of the Constitution and the laws and that they have not abused the discretion given to them, the Supreme Court may brush aside technicalities of procedure and take cognizance of the suit.[34]

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There being no doctrinal definition of transcendental importance, the following determinants formulated by former Supreme Court Justice Florentino P. Feliciano are instructive: (1) the character of the funds or other assets involved in the case; (2) the presence of a clear case of disregard of a constitutional or statutory prohibition by the public respondent agency or instrumentality of the government; and (3) the lack of any other party with a more direct and specific interest in raising the questions being raised.[35]

But, even if we disregard petitioner's lack of legal standing, this petition must still fail. The subject resolutions/ordinances appropriated a total of ₱2,280,000 for the construction of the public market stalls. Petitioner alleges that these ordinances were discriminatory because, even prior to their enactment, a decision had already been made to award the market stalls to the private respondents who deposited ₱40,000 each and who were either friends or relatives of the public respondents. Petitioner asserts that "there (was) no publication or invitation to the public that this contract (was) available to all who (were) interested to own a stall and (were) willing to deposit ₱40,000."[36] Respondents, however, counter that the "public respondents' act of entering into this agreement was authorized by the *Sangguniang Bayan* of Panabo per Resolution No. 180 dated October 10, 1988"[37]

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[34] *Bugnay Construction and Development Corporation v. Hon. Laron*, G.R. No. 79983, 10 August 1989, 176 SCRA 240, 251, citing *Kapatiran ng mga Naglilingkod sa Pamahalaan ng Pilipinas, Inc. v. Tan*, G.R. No. 81311, 30 June 1988, 163 SCRA 371, 378.

[35] *Francisco v. Nagmamalasakit na mga Manggagawang Pilipino, Inc.*, *supra* at note 30, citing *Kilosbayan, Incorporated v. Guingona, Jr.*, 232 SCRA 110 (1994).

[36] *Supra* at note 11, p. 69.

[37] *Supra* at note 17, p. 27.

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and that "all the people interested were invited to participate in investing their savings."[38]

We note that the foregoing was a disputed fact which the courts below did not resolve because the case was dismissed on the basis of petitioner's lack of legal standing. Nevertheless, petitioner failed to prove the subject ordinances and agreements to be discriminatory. Considering that he was asking this Court to nullify the acts of the local political department of Panabo, Davao del Norte, he should have clearly established that such ordinances operated unfairly against those who were not notified and who were thus not given the opportunity to make their deposits. His unsubstantiated allegation that the public was not notified did not suffice. Furthermore, there was the time-honored presumption of regularity of official duty, absent any showing to the contrary.[39] And this is not to mention that:

> The policy of the courts is to avoid ruling on constitutional questions and to presume that the acts of the political departments are valid, absent a clear and unmistakable showing to the contrary. To doubt is to sustain. This presumption is based on the doctrine of separation of powers. This means that the measure had first been carefully studied by the legislative and executive departments and found to be in accord with the Constitution before it was finally enacted and approved.[40]

Therefore, since petitioner had no *locus standi* to question the ordinances, there is no need for us to discuss the constitutionality of said enactments.

WERE PARTIES BOUND BY THE OUTCOME IN CA G.R. SP. No. 20424?

Adverting to the first issue, we observe that petitioner was the one who wanted the parties to await the decision of the Supreme Court

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[38] *Id.*, p. 28.

[39] Rule 131, Section 3 (m), Rules of Court.

[40] *Mirasol v. Court of Appeals*, *supra* at note 21 at p. 54; *Board of Optometry v. Hon. Colet*, *supra* at note 21; *Macasiano v. National Housing Authority*, *supra* at note 21.

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in UDK Case No. 9948 since the facts and issues in that case were similar to this. Petitioner, having expressly agreed to be bound by our decision in the aforementioned case, should be reined in by the dismissal order we issued, now final and executory. In addition to the fact that nothing prohibits parties from committing to be bound by the results of another case, courts may take judicial notice of a judgment in another case as long as the parties give

their consent or do not object[41] As opined by Justice Edgardo L. Paras:

A court will take judicial notice of its own acts and records in the same case, of facts established in prior proceedings in the same case, of the authenticity of its own records of another case between the same parties, of the files of related cases in the same court, and of public records on file in the same court. In addition, judicial notice will be taken of the record, pleadings or judgment of a case in another court between the same parties or involving one of the same parties, as well as of the record of another case between different parties in the same court.[42]

DAMAGES

Finally, on the issue of damages, petitioner asserts that he impleaded the 57 respondents in good faith since the award of the stalls to them was made during the pendency of the action.[43] Private respondents refute this assertion and argue that petitioner filed this action in bad faith and with the intention of harassing them inasmuch as he had

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[41] *Landbank of the Philippines v. Spouses Banal*, G.R. No. 143276, 20 July 2004, citing *People v. Hernandez*, 328 Phil. 1123, 1146 (1996), in turn citing *Tabuena v. Court of Appeals*, G.R. No. 85423, 6 May 1991, 196 SCRA 650 and *U.S. v. Claveria*, 29 Phil. 527 (1969); *Occidental Land Transportation Company, Inc. v. Court of Appeals*, G.R. No. 96721, 19 March 1993, 220 SCRA 167, 175.

[42] *Asian Transmission Corporation v. Canlubang Sugar Estates*, G.R. No. 142383, 29 August 2003, 410 SCRA 202, 218, citing *Republic v. Court of Appeals*, 343 Phil. 428 (1997).

[43] *Supra* at note 11, p. 71.

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already filed CA G.R. SP. No. 20424 even before then.[44] The RTC, affirmed by the CA, held that petitioner should pay attorney's fees "for unnecessarily dragging into Court the 57 private respondents who (were) bonafide businessmen and stall holders in the public market of Panabo."[45]

We do not agree that petitioner should be held liable for damages. It is not sound public policy to put a premium on the right to litigate where such right is exercised in good faith, albeit erroneously.[46] The alleged bad faith of petitioner was never established. The special circumstances in Article 2208 of the Civil Code justifying the award of attorney's fees are not present in this case.

WHEREFORE, the decision of the Court of Appeals in CA-G.R. CV No. 35082 is hereby *AFFIRMED* with the *MODIFICATION* that the award of attorney's fees to private respondents is deleted.

Costs against petitioner.

SO ORDERED.

Panganiban (Chairman), Sandoval-Gutierrez, Carpio Morales, and *Garcia, JJ.,* concur.

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[44] Brief for Private Respondents-Appellees, Records, pp. 55-59.

[45] *Supra* at note 17, Records, p. 31.

[46] *Heirs of Timoteo Moreno and Maria Rotea v. Mactan-Cebu International Airport Authority*, G.R. No. 156273, 15 October 2003, 413 SCRA 502, 515, citing *Mirasol v. De la Cruz*, G.R. No. L-32552, 31 July 1978, 84 SCRA 337; *Spouses Estanislao, Jr. v. Court of Appeals*, 414 Phil. 509, 521 (2001), citing *"J" Marketing Corp. v. Sia, Jr.*, 349 Phil. 513, 518-519 (1998).