

****Title:****

Aguirre II and Aguirre v. FQB+7, Inc., et al.

****Facts:****

Vitaliano N. Aguirre II (Vitaliano) and Fidel N. Aguirre (Fidel) initiated a complaint against FQB+7, Inc. (FQB+7), Nathaniel D. Bocobo (Nathaniel), Priscila D. Bocobo (Priscila), and Antonio De Villa (Antonio) regarding an intra-corporate dispute. Founded in 1985, FQB+7 named its original directors and subscribers in its Articles of Incorporation. In April 2004, Vitaliano learned of a General Information Sheet (GIS) filed by Nathaniel and Priscila as acting directors, indicating substantive changes including themselves as directors and subscribers. This prompted Vitaliano to question the authenticity of the supposed stockholders' meeting and request an inspection of corporate books, which was ignored.

Nathaniel, as the president, appointed Antonio over the corporation's farm in Quezon, leading to a physical confrontation with Fidel's group. The complaint sought to enjoin Nathaniel, Priscila, and Antonio from representing the corporation, to nullify their directorship, and to assert Vitaliano's stockholders' rights.

The case was assigned to the Manila RTC, designated as a special commercial court. Respondents failed to attend the hearing, resulting in the grant of a preliminary injunction based solely on Vitaliano's evidence. Afterward, the respondents filed a Petition for Certiorari and Prohibition with the CA arguing that the case was outside the RTC's jurisdiction, was an agrarian dispute, and involved improper venue and forum-shopping. They claimed the actual issue was the custody of agricultural land, which falls under DAR's jurisdiction and revealed that the SEC had revoked FQB+7's registration, effectively dissolving the corporation.

****Procedural Posture:****

The Manila RTC initially granted a preliminary injunction. The respondents then contested the RTC's jurisdiction via a Petition for Certiorari and Prohibition in the CA (CA-G.R. SP No. 87293). The CA nullified the RTC's order and writ of preliminary injunction, dismissing the case for lack of jurisdiction, concluding that the corporation's dissolution ceased the intra-corporate dispute and required commencement of liquidation proceedings.

****Issues:****

1. Whether the interchanged pages in the RTC order led to the CA's annulment of the order.
2. Whether the complaint filed by Vitaliano sought to continue the dissolved corporation's

business which is prohibited by the law.

3. Whether the RTC has jurisdiction over an intra-corporate dispute involving a dissolved corporation.

****Court's Decision:****

The Supreme Court partly granted the petition. It annulled the CA's decision with respect to the dismissal of the case for lack of jurisdiction. The SC held that the case retained its character as an intra-corporate dispute, ensuring that the Manila RTC, as a special commercial court, does have jurisdiction over the case, even after the corporation's dissolution. On the first issue, the interchanged pages in the Order were deemed irrelevant since the CA found an absence of a clear and existing right to justify the preliminary injunction regardless of the page order.

On the remaining issues, the SC clarified that the complaint did not aim to continue the corporation's business but to resolve the remaining corporate issues, which is allowable within the winding-up period prescribed by the law. The dissolution did not extinguish existing intra-corporate disputes or the right to seek resolution over the composition of the legitimate board for the purpose of liquidation.

****Doctrine:****

An existing intra-corporate dispute does not cease to exist upon the dissolution of the corporation and can still be litigated through the special commercial courts as designated by the Supreme Court. Moreover, the rights and remedies of a party in favor of or against a corporation are not impaired by the corporation's subsequent dissolution, under Section 145 of the Corporation Code.

****Class Notes:****

- An intra-corporate dispute remains justiciable even after a corporation's dissolution.
- The right to seek resolution over the legitimate board composition for liquidation purposes continues post-dissolution.
- Preliminary injunctions require a clear and existing right; future, contingent, or abstract rights do not suffice.
- Section 145 of the Corporation Code protects rights and remedies post-dissolution.
- The dissolution of a corporation requires a winding-up period, not a continuation of the business.

****Historical Background:****

The case mirrors the complexities involved when corporations face dissolution. The transition from an active corporate entity to a dissolved one still requires the management of remaining affairs, including disputes that may have arisen during its operational period. The Philippines' Corporation Code provides for a winding-up period, setting the stage for the resolution of these essential matters, securing the rights and obligations of shareholders, directors, and other corporate actors despite the dissolution of the corporation. This case exemplifies such application, upholding the legal framework designed to orderly wind down corporate affairs, including the adjudication of intra-corporate disputes beyond the corporation's formal operational lifespan.