

Title: Mary E. Lim vs. MOLDEX Land, Inc., et al.

Facts:

Mary E. Lim, the petitioner, is a registered unit owner of the 1322 Golden Empire Tower, a condominium project developed by MOLDEX Land, Inc. (MOLDEX). The condominium has a registered corporation, 1322 Roxas Boulevard Condominium Corporation (Condocor), of which Lim is a member. Lim alleged that the individual respondents, Jeffrey Jaminola, Edgardo Macalintal, Joji Milanes, and Clothilda Anne Roman, were elected as members of the Board of Directors of Condocor during the July 21, 2012 general membership meeting. They were not unit buyers but were claimed to be representatives of MOLDEX, a member of Condocor due to its ownership of 220 unsold units.

During the July 21, 2012 meeting, a quorum was declared based on the majority of voting rights, which included the unsold units held by MOLDEX. Lim registered an objection, and upon its denial, she and other unit owners, except one, walked out, leaving the meeting. Despite the walkout, the election of Board members ensued, with all individual respondents elected, followed by an organizational meeting where they were appointed as officers of the board.

Challenging the validity of the meeting, the election of the board members, and their subsequent appointments as officers, Lim filed an election protest before the Regional Trial Court of Manila (RTC), Branch 24. The RTC dismissed the complaint, affirming the validity of the meeting and the right of MOLDEX representatives to vote and be elected.

Lim then filed a petition for review on certiorari under Rule 45 of the Rules of Court. Initially denied for availing of the wrong mode of appeal, upon motion for reconsideration, the Supreme Court granted it, resulting in a review of the RTC's decision.

Issues:

1. Did the RTC err by determining that non-unit buyers could be included in the quorum for Condocor's general or annual membership meetings, despite the provision of its by-laws, the law, and settled jurisprudence?
2. Did the RTC err by ruling that MOLDEX is a member of Condocor and can appoint individual respondents to represent it?
3. Is there a legal basis for elected members of MOLDEX to hold positions on the board of directors of Condocor, considering that it is a juridical person?
4. Did the RTC err by recognizing MOLDEX as having four reserved seats in Condocor's

board?

Court's Decision:

The Supreme Court reversed and set aside the RTC's decision. It ruled that:

1. The Court held that the quorum for non-stock corporations like Condocor is determined by the majority of the actual living members with voting rights, not the majority of voting rights. Thus, the July 21, 2012 meeting lacked quorum when only 29 of 108 unit buyers were present.
2. The Court acknowledged that MOLDEX is a member of Condocor based on its ownership of unsold units and entitled to appoint representatives. However, these representatives, being non-members, could not be elected as directors or trustees of Condocor.
3. The Court clarified that while MOLDEX may rightfully appoint proxies or representatives, the individual respondents could not be elected as directors because they did not individually own units and were not members of Condocor.
4. The Court nullified all elections and appointments from the July 21, 2012 meeting due to the lack of quorum and improper membership representation.

Doctrine:

The determination of a quorum in non-stock corporations is based on the actual number of living members with voting rights, and only members in good standing shall be included. Corporate proxies cannot be elected as directors or officers unless they own units and are members in their own right.

Class Notes:

- In non-stock corporations such as condominium corporations, a quorum is reached with the majority of actual living members who are in good standing.
- Membership rights in condominium corporations are personal and non-transferable, and these rights include the ability to vote and to be voted upon.

Historical Background:

Prior to this case, the issues surrounding the determination of quorum, membership, and representation in the context of condominium corporations had been a gray area. The Supreme Court's decision in this case serves to clarify the application of membership and voting rights within condominium corporations, particularly emphasizing the distinction between proxies or nominated representatives of a juridical member and the actual member qualified to be elected in the management body.