

Title:

Laureano Investment & Development Corporation vs. The Honorable Court of Appeals and Bormaheco, Inc.

Facts:

Laureano Investment & Development Corporation, under the guise of “Lideco Corporation,” filed a motion for intervention and to admit an attached complaint in intervention in a case involving the real property situated at Bel-Air Subdivision, Makati, Metro Manila. The trial court granted the intervention, admitting the complaint.

Bormaheco Inc., the private respondent, filed a motion to strike out the complaint in intervention filed by “Lideco Corporation.” Bormaheco argued that “Lideco Corporation” was not a registered corporation or partnership and thus, had no legal personality to sue. The trial court agreed and struck out the pleading, affirming that Lideco Corporation lacked the personality to intervene. The court denied subsequent motions from Laureano Investment & Development Corporation to substitute “Lideco Corporation” as party-intervenor.

The case escalated to the Court of Appeals as Laureano Investment & Development Corporation sought to reverse the trial court’s orders. The Court of Appeals upheld the trial court’s decision, finding no reversible error. Laureano then brought the case to the Supreme Court via a petition for review on certiorari under Rule 45 of the Rules of Court.

Issues:

1. Whether “Lideco Corporation” has a legal personality to sue, and consequently, to intervene in the case at hand.
2. Whether Bormaheco, Inc. is estopped from contesting the legal personality of “Lideco Corporation.”
3. Whether bad faith attended the filing of Bormaheco, Inc.’s motion to strike out the complaint in intervention.

Court’s Decision:

The Supreme Court held that “Lideco Corporation” did not have a legal personality to intervene, as it was not a registered corporation, thus upholding the decisions of the trial and appellate courts. The Court also found that Bormaheco was not estopped from challenging “Lideco Corporation’s” personality, for their use of LIDECO as an acronym for Laureano Investment & Development Corporation was unambiguous. Lastly, the Supreme

Court determined that Bormaheco was not acting in bad faith when it filed the motion to strike out the complaint in intervention. Consequently, the Supreme Court denied the petition and affirmed the decision of the Court of Appeals.

**Doctrine:**

A juridical person such as a corporation must have legal personality to sue, which includes being duly registered with the Securities and Exchange Commission. Additionally, estoppel requires false representation or concealment of material facts that the other party relies upon, and bad faith involves a conscious and intentional design to do a wrongful act for a dishonest purpose.

**Class Notes:**

- Legal personality is a prerequisite for a party to file a legal action. This means that the party must be a natural or juridical person, or an entity authorized by law.
- Estoppel requires a false representation or concealment of facts, relied on by the other party, and cannot be denied by the party who made the representation.
- Bad faith implies an intention to do a wrongful act with dishonest purpose.
- A corporation must use its registered name when bringing legal actions (Corporation Code, Articles 36, 44, and 46).

**Historical Background:**

The case is indicative of the judicial scrutiny needed when entities purport to have legal personalities suitable for litigation. It illustrates the potential complexities when a corporation tries to operate under a variation of its registered name, and it reasserts the necessity for corporate entities to strictly adhere to the legal requirements of their registration to maintain their rights within the legal system. The situation also showcases the diligence required in defending one's property rights and the complexities introduced by foreclosure and real estate laws in the context of Philippine jurisprudence.

The case reaffirms the importance of using the exact registered name of a corporation in legal proceedings, a practice that ensures clarity in the legal process and prevents parties from being misled about the entity's legal status. Such precision is essential in a legal environment that heavily relies on the clear identification of parties to prevent abuses in the form of forum shopping or multiplicity of suits.