

Title: Citibank, N.A. vs. Hon. Segundino G. Chua, et al.

Facts:

Citibank, N.A. (petitioner bank) and the private respondents (spouses Cresencio and Zenaida Velez) had a business relationship involving credit lines and an arrangement for exchange of checks, which continued until March 11, 1986, when the arrangement ceased. Disagreeing over the details of their transaction, the Velez family filed a complaint against Citibank for specific performance and damages in Civil Case No. CEB-4751 before the Regional Trial Court (RTC) of Cebu, Branch 10. Citibank later filed a criminal complaint against the Velez family for violation of the Bouncing Checks Law and estafa.

A lengthy proceedings ensued regarding proper representation by Citibank for pre-trial conferences. The trial court initially recognized Citibank's representative, but on a motion for reconsideration by the Velez family, Citibank was declared in default due to alleged failure to present proper authorization from its board to represent it in the pre-trial. Citibank's motion for reconsideration was denied.

Citibank filed a petition for certiorari, prohibition, and mandamus with the Court of Appeals, which dismissed the petition. This led Citibank to elevate the matter to the Philippine Supreme Court.

Issues:

1. Whether a resolution of the board of directors of a corporation is always necessary for granting authority to an agent to represent the corporation in court cases.
2. Whether by-laws of a foreign corporation previously granted a license in the Philippines are effective.

Court's Decision:

The Supreme Court granted Citibank's petition, reversing the Court of Appeals' decision and setting aside the declaration of default. The case was remanded to the RTC for further proceedings. The Court held that corporate powers can be directly conferred upon corporate officers or agents by statute, by-laws, or resolution of the board, and that an officer who is not a director may also appoint other agents when so authorized. Citibank's by-laws, which enabled the Executing Officer to delegate authority to another bank officer, rendered a board resolution unnecessary for representation at pre-trial conferences. The Court further declared that the by-laws of a foreign corporation licensed to operate in the Philippines are valid and effective once approved implicitly through the granting of the

license by the SEC.

Doctrine:

Corporate powers may be directly conferred upon corporate officers or agents by statute, the articles of incorporation, the by-laws, or resolution of the board of directors. A board resolution is not mandatory when by-laws provide for delegation of powers by officers. By-laws of a foreign corporation licensed to operate in the Philippines are valid and effective once approved by SEC through the granting of the license.

Class Notes:

Key concepts central to the case include:

1. Authority of corporate officers and delegation.
2. By-laws and their effectivity for foreign corporations licensed in the Philippines.
3. Special Power of Attorney and its sufficiency for legal representation in court.
4. Due process and litigant opportunity to present their case.

Historical Background:

The case's context involves the corporate practice surrounding the representation and delegation of authority for litigation purposes. It highlights the intersection of agency law, corporate law, and procedural rules within the Philippine legal setting. Discussions regarding the extent of authority corporate officers have in representing the corporation, especially foreign entities under Philippine law, reflect the gradual recognition and integration of international business practices within local jurisprudence. The case also emphasizes the court's tendency to prioritize the resolution of cases on their merits over procedural technicalities, thereby promoting substantive justice and fair play.