

Title: Guerrero Estate Development Corporation v. Leviste & Guerrero Realty Corporation and the Heirs of Conrad C. Leviste

Facts:

Guillerma Santos owned a parcel of land in Parañaque City, which was inherited by her heirs after her demise. The heirs formed Guerrero Estate Development Corporation (GEDCOR) in 1985 and entered into a joint venture with Allanigue Realty and Development Corporation (ADRC) for property development. GEDCOR, later on, entered into another joint venture with Conrad Leviste for constructing a warehouse on part of the property, forming Leviste & Guerrero Realty Corporation (LGRC) to manage the asset.

Over the years, the warehouse generated rental income, which was shared between GEDCOR and LGRC/Conrad. Disputes arose when GEDCOR sought to terminate the joint venture, alleging that Conrad had been adequately compensated and demanded turnover of property control. Failure to comply led GEDCOR to file a complaint before the Regional Trial Court (RTC) of Parañaque City for fixing the period under the Civil Code, collection of sum of money, and/or accounting against Conrad and LGRC, resulting in a series of legal actions including the Motion to Deposit Rentals in Court, which RTC granted but was later contested and reversed by the Court of Appeals (CA).

Issues:

1. Whether the RTC erred in granting GEDCOR's Motion to Deposit Rentals in Court.
2. Whether the CA erred in finding that the RTC committed grave abuse of discretion in issuing the Deposit Order.
3. Jurisdiction and exercise of jurisdiction concerning intra-corporate disputes.

Court's Decision:

The Supreme Court ruled in favor of GEDCOR, reversing the CA's decision. The Court held that:

1. The CA erred in finding RTC committed grave abuse of discretion by issuing the Deposit Order. The case did not involve an intra-corporate dispute, thus properly within the jurisdiction of the RTC. The Deposit Order was provisional and preservatory in nature and did not amount to prejudgment of the main case.
2. The RTC correctly exercised its jurisdiction in issuing the Deposit Order under its inherent power, ensuring the case's subject matter is preserved and the rightful claimant is protected.
3. The guidelines for transferring commercial cases erroneously raffled were clarified,

emphasizing the distinction between jurisdiction acquisition and exercise.

Doctrine:

The Supreme Court elucidated the inherent power of courts to issue provisional remedies such as deposit orders to preserve the subject matter of litigation, highlighting the distinction between a court's acquisition of jurisdiction over a case and the exercise thereof. The decision reiterates the principle that the issuance of provisional remedies is within the court's discretion to ensure justice and the effective adjudication of rights.

Class Notes:

- **Inherent Powers of Courts**: Courts have the inherent power to issue provisional remedies, including deposit orders, to preserve the integrity of the subject matter in litigation and protect the rightful claimant's interest.
- **Jurisdiction vs. Exercise of Jurisdiction**: Acquisition of jurisdiction is conferred by law and is distinguished from incidents pertaining to the jurisdiction's exercise, which is governed by the Rules of Court or applicable orders.
- **Provisional Remedies**: Defined as temporary measures taken by courts to preserve the rights of parties during the litigation process, ensuring the effective enforcement of judgments.
- **Intra-corporate Disputes**: Jurisdiction over intra-corporate disputes is generally vested in Special Commercial Courts, but non-intra-corporate matters fall within the jurisdiction of regular RTCs.

Historical Background:

This case underscores the evolving jurisprudence on the courts' discretionary power to issue provisional remedies beyond those explicitly listed in the Rules of Court. It also highlights the procedural concerns in handling intra-corporate disputes and the broader implications of distinguishing between a court's jurisdiction acquisition and the subsequent exercise thereof.