

Title: Philippine Communications Satellite Corporation and PHILCOMSAT Holdings Corporation vs. Sandiganbayan and Presidential Commission on Good Government

Facts:

This case involves a dispute between the Philippine Communications Satellite Corporation (PHILCOMSAT) and PHILCOMSAT Holdings Corporation (PHC) as petitioners, against the Sandiganbayan and the Presidential Commission on Good Government (PCGG) as respondents. The crux of the dispute is the Sandiganbayan's dismissal of the petitioners' complaint to compel the PCGG to withdraw its objection to the listing of the increase in PHC's capital stock on the Philippine Stock Exchange (PSE).

The series of events leading to the Supreme Court began in 1995 when an agreement was made to increase LMI's (later renamed PHC) capital stock, which PHILCOMSAT subscribed to. Years later, in 2005, the PCGG requested a suspension of the listing of this increased capital stock over concerns regarding the governance of PHILCOMSAT and POTC, a related corporation. Despite a restructured and unified board in 2007 approved by the PCGG, the PCGG's objection remained, prompting PHILCOMSAT to file a case with the Sandiganbayan in 2012. The Sandiganbayan, however, dismissed the complaint for lack of jurisdiction, identifying the matter as an intra-corporate dispute, leading to this appeal to the Supreme Court.

Issues:

1. Whether the Sandiganbayan erred in dismissing the case for lack of jurisdiction on the grounds that the action involved an intra-corporate controversy.
2. Whether the determination of jurisdiction was correctly grounded in the nature of the controversy and the relationship test applied.

Court's Decision:

The Supreme Court denied the petition, affirming the Sandiganbayan's resolutions. It concluded that the dispute was indeed an intra-corporate controversy as it involved the enforcement of rights under the Corporation Code and internal regulatory rules. The Court applied both the relationship test, recognizing the Republic's indirect ownership in PHC through PCGG, and the nature of the controversy test, focusing on the enforcement of corporate rights and obligations. Furthermore, the Court held that the Sandiganbayan correctly dismissed the complaint for lack of jurisdiction, pointing out that such disputes are within the purview of regular courts, not the Sandiganbayan.

Doctrine:

The Court reiterated the criteria for determining an intra-corporate controversy, emphasizing the relationship test and the nature of the controversy test. These tests determine jurisdiction over disputes by examining the parties' relationship and the dispute's basis in corporate rights and obligations.

Class Notes:

- An intra-corporate controversy involves disputes related to the enforcement of rights and obligations under the Corporation Code and a corporation's internal rules.
- The relationship test and the nature of the controversy test are used to determine if a case is intra-corporate, affecting jurisdiction.
- The Sandiganbayan's jurisdiction does not extend to intra-corporate disputes, which fall under the jurisdiction of Regional Trial Courts as per R.A. 8799.
- The PCGG, representing the Republic's interests in sequestered corporations, can engage in actions concerning these corporations' governance but does not make every action thereof subject to the Sandiganbayan's jurisdiction.

Historical Background:

This case is set against the backdrop of the PCGG's mandate to recover ill-gotten wealth and ensure the responsible governance of sequestered corporations following the Marcos regime. The PCGG's interventions in corporate affairs, such as in this case, illustrate the complexity of disentangling past abuses of power while respecting current corporate and legal frameworks.