

Title:

Stronghold Insurance Company, Inc. vs. Tomas Cuenca et al.

Facts:

The case began with Manuel D. Marañon Jr. filing a complaint for the collection of sum and damages against the Cuencas (Tomas, Marcelina, and Milagros) on January 19, 1998, in the RTC, which included a request for a writ of preliminary attachment provided a surety bond of P1,000,000.00 was posted. Bramie Tayactac was later added as a defendant. Marañon secured the bond through Stronghold Insurance and, upon its issuance, the RTC ordered the attachment, leading to the levy of Arc Cuisine, Inc.'s properties on February 16 and 17, 1998.

The Cuencas and Tayactac moved to dismiss the writ on February 25, 1998, arguing the matter was under the SEC's jurisdiction due to its intra-corporate nature, and noting a pending SEC action and a criminal complaint. The RTC, however, dismissed their motion on August 10, 1998. The denial was contested in the CA (C.A.-G.R. SP No. 49288), which eventually led to the CA dismissing the amended complaint for lack of jurisdiction and ordering the RTC to resolve the claim for damages from the writ's enforcement.

Upon RTC's order to surrender the attached properties which were found missing, the Cuencas, Tayactac, and Marañon entered a legal battle over liability for the damages, culminating in the RTC ruling holding Marañon and Stronghold Insurance jointly and solidarily liable for damages. This decision was affirmed by the CA and later challenged in the Supreme Court by Stronghold Insurance.

Issues:

1. Whether the Cuencas and Tayactac have the legal standing to claim damages for the wrongful attachment of Arc Cuisine, Inc.'s properties.
2. If the properties were wrongfully attached, whether Marañon and Stronghold Insurance are jointly and solidarily liable for the damages.
3. The scope of liability of Stronghold Insurance under the surety bond.

Court's Decision:

The Supreme Court granted the petition, reversing the CA's decision. It clarified the distinct and separate corporate personality of Arc Cuisine, Inc. from its shareholders, thus establishing that the Cuencas and Tayactac, as mere shareholders, had no legal standing to claim damages for the attachment of the corporate assets. This was because the damages

directly affected the corporation, not the shareholders individually. Consequently, only Arc Cuisine, Inc. could claim such damages. The Court deemed unnecessary to extensively consider the remaining issues due to this finding.

Doctrine:

The Court reiterated the doctrine of separate corporate personality, highlighting that damages arising from actions against a corporation's properties can only be claimed by the corporation itself, not by its shareholders individually. It also underscored the importance of the real party in interest principle, emphasizing that actions must be prosecuted by the party who possesses the legal right being asserted.

Class Notes:

- ****Real Party In Interest Principle****: This case underscores the importance of ensuring that the entity or individual asserting a right or claiming damages is the one who possesses the legal right or is directly injured by the action being contested. For memorization, remember that the real party in interest is the one "who stands to be benefited or injured by the judgment" (Rule 3, Sec. 2 of Rules of Court).

- ****Separate Corporate Personality****: A fundamental principle is that a corporation has a legal personality separate and distinct from its shareholders. This means actions affecting the corporation's assets or rights are to be undertaken by the corporation itself, not its shareholders.

Historical Background:

The jurisprudence in this case serves to reinforce existing principles regarding the treatment of corporations and their shareholders under Philippine law. It illustrates the judiciary's commitment to uphold the legal boundaries that define corporate entities and the rights of their shareholders, particularly in the context of legal claims and liabilities. This decision aligns with the broader legal ecosystem in the Philippines that emphasizes the autonomy and distinct personality of corporate entities, safeguarding them and their members from conflated identities and responsibilities within legal proceedings.