

Title:

Lao et al. v. King

Facts:

In 1970, the Philadelphia School, Inc. was founded with an authorized capital stock of PHP 2,000,000, with 4,600 shares subscribed and fully paid. Ong Seng, who owned the largest portion of these shares (1,200), transferred them to his eldest son, Felimon Ong (later known as Philip King, the respondent), per the corporation's board decision in 1993. This transfer, post-approval, allowed King to consistently serve on the board since 1994.

A special stockholders' meeting on May 23, 1998, saw new directors and officers elected, including King as vice-president. Subsequent disputes arose when petitioner Lydia Lao challenged the validity of this meeting and the resultant election, citing unresolved share payments. This escalated to the point where Lao, in a Secretary's Certificate dated August 15, 1998, declared the transfer of shares to King null and void, and filed a General Information Sheet with the SEC to the contrary of official records.

King's ensuing legal challenge to Lao's actions was initially filed with the SEC but was transferred to the Quezon City RTC due to jurisdictional changes under the Securities Regulation Code (Republic Act No. 8799). The RTC, presided by Judge Apolinario D. Bruselas, Jr., found in favor of King in September 2002, leading to a contested order for execution in December 2002 and subsequent appeals.

Issues:

1. The validity of the trial court's Order of Execution aligning with the judgment.
2. Whether the Motion for Execution sought reliefs outside the judgment's scope.
3. The substantial conformity between the Court's order and decision.

Court's Decision:

The Supreme Court denied the petition, affirming the CA's decision and finding no variance between the trial court's decision and the contested Order of Execution. The Supreme Court underscored the order's strict adherence to the trial court's judgment, dismissing petitioner's claims as erroneously premised. Each relief sought by King in his motion was deemed congruent with the trial court's decision, thereby validating the execution of judgments as per established legal standards and the Interim Rules of Procedure Governing Intra-Corporate Controversies under RA No. 8799.

Doctrine:

The Supreme Court clarified the doctrine that an order of execution must substantially conform to the dispositive portion of the judgment it aims to enforce. It further reinforced the principle that decisions and orders under the Interim Rules of Procedure for Intra-Corporate Controversies are immediately executory, highlighting the executory nature of decisions in intra-corporate disputes, as outlined under Section 4, Rule 1 of said interim rules.

Class Notes:

- **Substantial Conformity**: Orders of execution must closely mirror the judgment they execute.
- **Executory Nature of Decisions**: Intra-corporate dispute resolutions are immediately enforceable, as per RA No. 8799.
- **Interlocutory Orders**: These are not appealable unless restrained by a higher appellate court.
- **Legal Standards for Execution Orders**: Must align with the judgment's scope without deviations.
- **RA No. 8799**: Transferred jurisdiction from SEC to RTCs for intra-corporate disputes.

Relevant Legal Provisions:

- **RA No. 8799 (Securities Regulation Code)**: Specifies the jurisdiction transfer for intra-corporate disputes from the SEC to RTCs.
- **Interim Rules of Procedure Governing Intra-Corporate Controversies**: Establishes the executory nature of decisions/orders in intra-corporate cases.

Historical Background:

This case underscores the transition in jurisdiction for intra-corporate disputes from the Securities and Exchange Commission to the Regional Trial Courts, a shift instituted by the Securities Regulation Code (Republic Act No. 8799). The jurisprudence affirms the principle of immediate enforceability of judgments in intra-corporate matters, reflecting the statutory intent to expedite resolution in corporate governance disputes.