

Islamic Directorate of the Philippines vs. Court of Appeals and Iglesia Ni Cristo

Facts:

1. **Establishment of IDP:**

- In 1971, Islamic leaders from major tribal groups in the Philippines formed the Islamic Directorate of the Philippines (IDP), with the primary goal of establishing an Islamic Center in Quezon City for religious purposes.

2. **Purchase of Land:**

- The Libyan government donated funds to the IDP to purchase land in Culiat, Tandang Sora, Quezon City. The land, measuring 49,652 sq meters, was registered under two titles (TCT Nos. RT-26520 and RT-26521) in the name of the IDP.

- Members of the 1971 IDP Board of Trustees included Senator Mamintal Tamano, Congressman Ali Dimaporo, among others.

3. **Martial Law and Split in Group:**

- After Martial Law was declared in 1972, several IDP board members fled the country to escape persecution. Subsequently, the IDP split into two factions: the Carpizo Group and the Abbas Group, each claiming legitimacy.

4. **SEC Ruling in 1986:**

- On October 3, 1986, the SEC ruled in SEC Case No. 2687 that elections conducted by both groups were null and void, and ordered the preparation of new by-laws and a valid election of the Board of Trustees.

5. **Unauthorized Actions by Carpizo Group:**

- The Carpizo Group attempted to adopt by-laws without sufficient legitimacy. Furthermore, on April 20, 1989, this group authorized and executed the sale of the IDP's land to the Iglesia Ni Cristo (INC) for P22,343,400.00.

6. **Tamano Group's Petition:**

- On May 30, 1991, the Tamano Group filed a petition with the SEC (SEC Case No. 4012), seeking to nullify the sale by the Carpizo Group on grounds that they were not legitimate representatives.

7. **Concurrent Case by INC:**

- INC filed a case for specific performance and damages (Civil Case No. Q-90-6937) against

the Carpizo Group, aiming to enforce the sale and clear the property of squatters.

8. **SEC Ruling in 1993:**

- On July 5, 1993, the SEC declared the by-laws and elections conducted by the Carpizo Group as null and void, thereby invalidating the sale of the land to INC.

9. **Appeal to Court of Appeals and Supreme Court:**

- INC filed an appeal with the Court of Appeals (CA-G.R. SP No. 33295), which set aside the SEC's decision regarding the sale. The Tamano Group then escalated the case to the Supreme Court.

Issues:

1. **Jurisdiction of the SEC:**

- Whether the SEC had the authority to declare the invalidity of the sale of IDP's property by the Carpizo Group to INC.

2. **Estoppel and Laches:**

- Whether principles of estoppel and laches should bar the reinstatement of the SEC's decision.

3. **Validity of Sale:**

- Whether the sale of the property to INC was valid given the circumstances surrounding the Carpizo Group's authority.

Court's Decision:

1. Jurisdiction of the SEC:

- The SEC has jurisdiction over intra-corporate disputes, including controversies in the selection or appointment of trustees of corporations. The SEC had earlier ruled that the Carpizo Group were not legitimate trustees, hence any actions taken by them, including the sale to INC, were unauthorized and null.

2. Estoppel and Laches:

- The Court found that estoppel and laches did not apply as the IDP, represented by the Tamano Group, did not have a legitimate Board to represent it in earlier proceedings. As such, they were deprived of their day in court and could not be bound by previous

proceedings.

****3. Validity of the Sale:****

- The sale of the IDP property was invalid due to the absence of consent from a legitimate Board of Trustees. Article 1318 of the Civil Code requires consent, a certain object, and cause for a valid contract. In this case, the Carpizo Group lacked authority, rendering the sale void ab initio.

**Doctrine:**

- ****Consent in Contracts:**** For a contract to be valid, there must be mutual consent between legitimate parties. Any transaction conducted by unauthorized parties is void.

- ****SEC Jurisdiction in Corporate Disputes:**** The SEC has the exclusive jurisdiction to determine the legitimacy of corporate boards and their actions.

**Class Notes:**

1. **Elements of a Contract (Article 1318, Civil Code):**

- Consent of the contracting parties.
- Object certain which is the subject matter of the contract.
- Cause of the obligation.

2. **Jurisdiction of SEC (Presidential Decree No. 902-A):**

- SEC has original and exclusive jurisdiction over intra-corporate disputes.

3. **Res Judicata (Section 49, Rule 39, Revised Rules of Court):**

- Bar by former judgment requires identity of parties, subject matter, and cause of action.

**Historical Background:**

- The context of Martial Law in the Philippines (declared in 1972) played a crucial role in the internal strife within the IDP, leading to the exodus of its legitimate leaders and the subsequent unauthorized actions by splinter groups. This situation reflects the broader political turmoil of that era and the impact on corporate governance among affected organizations. The case highlights ongoing struggles for legitimacy and ownership within entities influenced by political upheaval.