

Title: Dee Ping Wee, Araceli Wee, and Marina U. Tan vs. Lee Hiong Wee and Rosalind Wee (G.R. No. 170924)

Facts:

1. Petitioners Dee Ping Wee, Araceli Wee, and Marina U. Tan are siblings/part of the family business, controlling the majority shares in three corporations: Marcel Trading Corporation, Marine Resources Development Corporation, and First Marcel Properties, Inc.
2. Respondents Lee Hiong Wee and Rosalind Wee, minority shareholders in the corporations, demanded inspection of the corporate records via a letter dated April 16, 2004.
3. Petitioners replied on April 22, 2004, imposing conditions before allowing the respondents to inspect the records.
4. Unsatisfied with the conditions, respondents filed three separate complaints for inspection of corporate books before the Quezon City RTC on May 12, 2004.
5. The trial court ruled in favor of respondents on June 23, 2004, directing the petitioners to allow inspection of corporate records of each corporation, subject to certain conditions.
6. Petitioners pursued Certiorari under Rule 65 with the Court of Appeals for the three cases on August 23, 2004.
7. The CA dismissed the petitions for failing to appeal within the reglementary period.
8. Respondents filed a motion for execution of the RTC's decisions, which was partially granted for Marcel Trading Corp but denied for the other two cases.
9. Petitioners filed an Omnibus Motion to Quash Writ of Execution and/or Suspend Execution on March 22, 2005, which the RTC rejected, leading them to seek relief from the Court of Appeals (CA-G.R. SP No. 90024).
10. The CA (First Division) dismissed the petition, and subsequent motion for reconsideration was denied, leading petitioners to the Supreme Court.

Issues:

1. Whether the decisions in CA-G.R. SP Nos. 85880 and 85879 regarding Marine Resources

Development Corp. and First Marcel Properties, Inc. constitute a supervening event to suspend the execution of the RTC's decision on Marcel Trading Corporation.

2. Whether the RTC erred in granting the respondents the right to inspect corporate records.

3. Whether petitioners' legal remedies were incorrectly pursued via certiorari, as opposed to an appeal.

Court's Decision:

1. The Supreme Court held that decisions in CA-G.R. SP Nos. 85880 and 85879 do not constitute supervening events that warrant suspension of the execution of the RTC's decision on Marcel Trading Corporation. The entities involved are distinct, with different corporate structures and shareholder relations; issues in one corporation do not directly influence the other.

2. The right of shareholders to inspect corporate records is unequivocal under Sections 74 and 75 of the Corporation Code. It mandates such rights barring legitimate restrictions proved by the corporation (*Republic v. Sandiganbayan*).

3. Petitioners' recourse to certiorari was inappropriate as the proper remedy was an appeal under Rule 43 of the Rules of Court, which was permitted by the September 14, 2004 Resolution of the Supreme Court. Their failure to appeal timely did not satisfy the criteria required to convert a petition for certiorari to a petition for review.

Doctrine:

- Corporate Shareholder Rights: Under Sections 74 and 75 of the Corporation Code, shareholders have the intrinsic right to inspect corporate records, barring legitimate reasons by the corporation, including potential misuse of information or non-compliance with procedural standards.

- Proper Remedy: Distinguishing between petitions for certiorari (addressing jurisdictional errors and discretionary acts) and appeals (addressing judicial errors and final orders) is critical for procedural due process.

Class Notes:

1. **Shareholder Rights to Inspection**:

- The Corporation Code, Sections 74 and 75.
- Shareholders can inspect corporate records given good faith and legitimate purposes.

2. **Appeal vs. Certiorari**:

- Appeal (Rule 43) is the correct remedy for final decisions in intra-corporate disputes; petition for certiorari (Rule 65) is reserved for jurisdictional errors without an appeal.

3. **Supervening Event Doctrine**:

- *Natalia Realty, Inc. v. Court of Appeals*: Supervening events must change the substance of judgment and occur post-finality.

Historical Background:

- The case highlights classic family corporate disputes largely driven by power dynamics and monetary controls.
- Intra-corporate litigation, particularly in family-owned businesses, underscores the need for clear corporate governance and lawful procedural adherence to prevent misuse of corporate structures and preserve shareholder rights.