

**\*\*Title:\*\*** Pentacapital Investment Corporation vs. Makilito B. Mahinay

**\*\*Facts:\*\***

Petitioner Pentacapital Investment Corporation ('Pentacapital') filed a complaint for a sum of money against respondent Makilito Mahinay for unpaid loans amounting to a total of PHP 1,936,800.00. These loans were evidenced by two promissory notes dated February 23, 1996. Despite demands, Mahinay failed to pay, prompting the lawsuit.

In response, Mahinay claimed that Pentacapital had no cause of action as the promissory notes were subject to conditions that did not occur. He stated he never took out a loan nor intended the notes as evidence of debt. Mahinay, who was the counsel for Ciudad Real Development Inc. (CRDI), explained that the notes were related to a prior transaction involving the sale of Molino Properties from CRDI to Pentacapital Realty Corp., a 100% subsidiary of Pentacapital Investment Corporation.

Pending resolution of previous court cases tied to the Molino properties, Pentacapital Realty paid CRDI a down payment of PHP 12,000,000.00 and issued a check to Mahinay for PHP 1,715,156.90. However, Mahinay returned the check awaiting entry of judgment. He further argued the promissory notes pertained to claims from this transaction, not loans.

Procedurally, respondent Mahinay tried to include CRDI in the litigation as a third-party defendant but failed. His prior case for mandatory injunction against Pentacapital Realty was dismissed by RTC-Cebu for lack of cause of action. When the cases were consolidated, the CA ruled in favor of Mahinay, both affirming the right to file a supplemental compulsory counterclaim (CAGR CV No. 86939) and denying Pentacapital's appeal against procedural irregularities (CA-G.R. SP No. 74851).

Pentacapital challenged these rulings to the Supreme Court.

**\*\*Issues:\*\***

1. Whether Mahinay is barred from asserting his claim due to res judicata, forum shopping, or failure to interpose timely.
2. Whether the supplemental compulsory counterclaim was effectively a third-party complaint and required payment of docket fees.
3. Validity and effect of piercing the corporate veil to hold Pentacapital liable for obligations connected to its subsidiary.
4. Assessing whether procedural errors in the trial court merit reconsideration of Mahinay's claims.

5. Determination if Pentacapital's conduct constituted forum shopping.

**Court's Decision:**

1. **Res Judicata & Forum Shopping:** The Court ruled respondent's supplemental counterclaim barred by res judicata. The previous final decision in RTC-Cebu concerning the same issues and parties (in effect if one considers Pentacapital Realty and Petitioner to be the same entity due to corporate veil piercing arguments) invalidated respondent's counterclaim. The Court also rejected forum shopping allegations against Pentacapital; the petitions dealt with distinct issues.

2. **Requisite Docket Fees:** The supplemental compulsory counterclaim, effectively a third-party complaint subject to docket fees, was invalidated for failing to meet procedural requisites.

3. **Piercing the Corporate Veil:** The Court found no sufficient basis for piercing the corporate veil between Pentacapital Investment Corporation and Pentacapital Realty, noting the separate legal personalities.

4. **Procedural Violations:** Rules-related violations in Mahinay introducing a supplemental compulsory counterclaim after a concluded related case, compounded with lack of basis, merited dismissal.

5. **Contract Validity:** As promissory notes exhibited all elements of a valid loan contract (consent, object and cause), respondent's liability under these notes was affirmed. The Court reduced the high interest, penalty and attorney fees to reasonable amounts.

**Doctrine:**

- **Res Judicata:** Prevents claims previously adjudicated to finality.
- **Piercing Corporate Veil:** Applicable if clear basis to show corporations operated indistinguishably violating separation principles.
- **Contract of Loan Elements:** Sufficient consideration presumed unless conclusively disproven. Elevated interest and penalty fees adjusted for fairness.

**Class Notes:**

- **Res Judicata:** G.R. No. 171736 & G.R. No. 181482 - Final judgment on the merits precludes identical subsequent claims.
- **Loan Contract Essentials:** Civil Code Articles 1354, Section 3, Rule 131 (presumption of consideration).

- **Corporate Veil Doctrine:** Used sparingly, must show substantive lack of distinction causing harm or fraud.
- **Interest and Penalty Adjustments:** Article 1229 Civil Code enabling equitable adjustment; excessive stipulations deemed void.

**Historical Background:**

This case highlights issues arising from intertwined corporate relationships and obligations, both underscoring strict compliance with procedural rules and cautions against assuming liabilities across related entities without explicit evidence. The themes echo evolving jurisprudence on corporate responsibility and procedural safeguards.