

Title: Magna Ready Mix Concrete Corporation vs. Andersen Bjornstad Kane Jacobs, Inc. (G.R. No. 196123)

Facts:

- **1996-1997 Transactions:**

- Magna Ready Mix Concrete Corporation (MAGNA) engaged the services of Andersen Bjornstad Kane Jacobs, Inc. (ANDERSEN) for design work linked to a precast plant, the PIC double tee design, and a preliminary design for the Ecocentrum Garage Project.
- The agreement included professional services for various design-related projects.
- MAGNA made partial payments but an outstanding balance of US\$60,786.59 remained.

- **Legal Proceedings Initiated:**

- **April 20, 2004:** ANDERSEN filed a complaint to collect the unpaid balance and sought additional damages.
- **MAGNA's Defense:** Claimed that ANDERSEN did not offer services of value and challenged the timing and execution of the contract.
- **Trial and Motion to Dismiss:** MAGNA moved to dismiss alleging that ANDERSEN was a foreign corporation doing business without the necessary license. The RTC denied this motion, asserting estoppel.

Ruling of Lower Courts:

- **RTC Decision (August 19, 2008):**

- Found MAGNA liable but only for US\$35,694.03, factoring in equity participation deductions.
- Awarded legal interest from the filing of the complaint and P50,000 in attorney's fees.

- **CA Decision (September 8, 2010; March 14, 2011 Resolution):**

- Affirmed liability and increased the amount to US\$60,786.59 plus 12% per annum interest from June 26, 1998 (date of extrajudicial demand).
- Added exemplary damages of P30,000 and attorney's fees of P50,000.

Issues:

1. Does ANDERSEN have the legal capacity to sue in the Philippines?
2. Should MAGNA be estopped from challenging ANDERSEN's legal capacity to sue?

Court's Decision:

Supreme Court Analysis:

1. **Legal Capacity to Sue:**

- The Court reaffirmed that foreign corporations must have a license to sue in the Philippines unless the action is based on an isolated transaction.
- ANDERSEN claimed the transaction was isolated, but the Court found otherwise. The services rendered were part of ANDERSEN's usual business, thus constituting "doing business" without proper licensing.

2. **Estoppel:**

- Despite the lack of licensing, MAGNA was estopped from challenging ANDERSEN's capacity to sue because it had entered into a contract and benefited from it.

3. **Doctrine Applied:**

- Confirmed that entering into a contract acknowledges the corporation's legal capacity. This principle prevents a party from taking advantage of the corporation's noncompliance with statutory requirements after engaging with it in a contract.

4. **Interest Imposition:**

- The legal interest was adjusted to 12% per annum until June 30, 2013, and 6% per annum thereafter, considering the Monetary Board's Resolution No. 796 of 2013.

Doctrine:

- **Estoppel in Contracts:** A foreign corporation, even without a license, can sue if the local party benefited from the contract and only later challenges the corporation's status to avoid liability (*Commodum ex injuria sua non habere debet* - one should not derive benefit from their own wrong).
- **Interest Adjustments:** Legal interest rates on obligations must be aligned with revised rates as per prevailing regulations.

Class Notes:

1. **Foreign Corporation Legal Capacity:**

- **Statutory Basis:** Section 133 of the Corporation Code.
- **Isolated Transaction:** Single, unrelated to ongoing business; recurring business engagements classify as "doing business."

2. **Estoppel:**

- Acknowledgement through contracting and receipt of benefits can bar challenges to a corporation's legal standing (*Communications Materials and Design, Inc. v. Court of Appeals*).

3. **Interest Rates:**

- Adjustments in legal interest must reflect current monetary policies (Nacar v. Gallery Frames).

Historical Background:

This case highlights evolving judicial perspectives on international corporate engagements and the interplay of local statutory requirements and universal business principles. The courts deliberated on balancing lawful restrictions against equitable principles, demonstrating the Philippine judiciary's emphasis on fair dealings in commercial disputes.