

****Title:****

Thomson vs. Court of Appeals and American Chamber of Commerce of the Philippines, Inc.

****Facts:****

Marsh Thomson (Thomson) served as the Executive Vice-President, and later as the Management Consultant, of the American Chamber of Commerce of the Philippines, Inc. (AmCham) from 1979 to 1989. Events unfolded as follow:

1. ****Retirement and Transfer of MPC Share:****

- Thomson's superior, A. Lewis Burridge (Burridge), retired as AmCham's President.
- Before leaving, Burridge aimed to transfer his proprietary share in the Manila Polo Club (MPC) to Thomson.
- AmCham decided to pay for the share, listing it under Thomson's name but holding beneficial ownership.
- Employment advice dated January 13, 1986, made it clear that the membership would be for Thomson's use but AmCham would own it beneficially.

2. ****Membership and Subsequent Events:****

- On April 25, 1986, Burridge transferred the share to Thomson.
- Thomson paid the P40,000 transfer fee but was reimbursed by AmCham.
- On November 19, 1986, MPC issued Proprietary Membership Certificate Number 3398 in Thomson's name.
- Despite repeated requests, Thomson did not formally acknowledge AmCham's beneficial ownership.

3. ****Employment and Contract Renewals:****

- Thomson's employment was renewed yearly, with the employment advice continually mentioning the MPC share.
- In 1989, Thomson announced his intention not to continue as Executive VP beyond September 30, 1989.
- AmCham requested him to stay for another six months as a consultant. Thomson accepted with a counter-proposal that included retaining the MPC share, which AmCham rejected.
- AmCham executed a Release and Quitclaim on September 29, 1989, which did not specifically mention the MPC share.

4. ****Litigation:****

- On April 5, 1990, AmCham demanded the return of the MPC share.
- AmCham filed a complaint on May 15, 1990, in the Makati Regional Trial Court to recover the share.
- The trial court ruled in favor of Thomson on February 28, 1992, holding MPC's Articles and By-laws prohibited corporate ownership of club shares.

5. **Appeal:**

- AmCham appealed to the Court of Appeals.
- On May 19, 1994, the Court of Appeals reversed the trial court's decision and ordered Thomson to transfer the share to AmCham's nominee.
- Thomson's motion for reconsideration was denied. He then petitioned the Supreme Court for review on certiorari.

Issues:

1. Whether the Court of Appeals erred in holding AmCham as the beneficial owner of the MPC share.
2. Whether it was appropriate for the Court of Appeals to order Thomson to transfer the share to AmCham's nominee despite MPC's rules against corporate membership.

Court's Decision:

1. Beneficial Ownership:

The Supreme Court upheld the Court of Appeals' decision, establishing that AmCham was the beneficial owner of the MPC share. The Court identified the trust relationship, highlighted by documents proving AmCham's intent to hold beneficial ownership and Thomson's consistent acknowledgment of this arrangement in employment documents.

2. Transfer to Nominee:

Addressing the issue of corporate membership restrictions, the Court affirmed that AmCham did not intend to transfer the share to itself but to its nominee, a natural person, thereby adhering to MPC's bylaws and rules.

Doctrine:

1. **Trust vs. Debt:** A fiduciary relationship indicates a trust, not a debt. The intent to benefit the payer (AmCham) with the acquired property (MPC share) creates a trust.
2. **Resulting Trusts:** A resulting trust arises when one party pays the purchase money

but the property is titled in another's name, implicating the payer (AmCham) as the beneficial owner.

3. **Waiver Should Be Clear:** To be valid, a waiver must explicitly relinquish rights. General terms in a quitclaim without clear reference to specific property (MPC share) are insufficient to establish a waiver of beneficial ownership.

Class Notes:

- **Trusts:**

- **Elements:** Fiduciary relationship, Clear declaration of trust, Trust property held by trustee for beneficiary's benefit.

- **Resulting Trusts:** Arises when property is acquired by one party but titled in another's name, with the payer presumed to retain beneficial interest.

- **Quitclaim and Waiver:**

- **Clear and Unequivocal Terms:** A valid waiver must be explicitly stated without ambiguity.

- **Intent:** Execution of general quitclaims without specified intent to include particular rights does not meet waiver standards.

Historical Background:

This case illustrates contractual and fiduciary complexities in corporate settings. The backdrop involves executive incentives involving property transfer, resulting in trust principles being applied to delineate ownership. The decision reinforces the notion that corporate bylaws regarding membership cannot circumvent trust obligations or property rights designated through internal agreements. The legal landscape pertaining to trust, corporate governance, and membership restrictions within private clubs is clarified under this context.