

Case Title

****Ma. Lutgarda P. Calleja, et. al. v. Jose Pierre A. Panday, et. al.****

G.R. No. 170728, December 6, 2006

Facts

1. ****Initial Incident:**** On May 16, 2005, respondents (Jose Pierre A. Panday, Augusto R. Panday, Ma. Thelna P. Mallari) filed a petition for quo warranto with damages and a prayer for mandatory and prohibitory injunctions against the petitioners (Ma. Lutgarda P. Calleja, et. al.) with the Regional Trial Court of San Jose, Camarines Sur (RTC-Br. 58). They claimed that from 1985 they had been members of the board of St. John Hospital, Inc., but in May 2005, the petitioners forcibly usurped their powers with armed men.
2. ****Transfer of Venue:**** On May 24, 2005, RTC-Br. 58 transferred the case to RTC Naga City citing Section 7, Rule 66 of the 1997 Rules of Civil Procedure, under the reasoning that petitioners were residents of Naga City.
3. ****Rejection by RTC Naga City:**** The Executive Judge of RTC Naga City refused the transfer, stating that improper venue is not sufficient ground for transferring a quo warranto case to another jurisdiction.
4. ****Summons and Responses:**** RTC-Br. 58 issued summons to the petitioners. Petitioner Tabora filed an Answer dated June 8, 2005, raising defenses including improper venue, lack of jurisdiction, and wrong remedy. Other petitioners followed suit with similar defenses.
5. ****Order Issued:**** On July 13, 2005, RTC-Br. 58 denied the Motion to Dismiss the case and remanded it to RTC-Br. 23, Naga City, designated as a special court to handle such SEC-related cases.
6. ****Supreme Court Involvement:**** The petitioners moved to the Supreme Court under a petition for review on certiorari under Rule 45 after foregoing a motion for reconsideration of the July 13 Order.

Issues

1. ****Jurisdiction and Venue Transfer Authority:**** Whether a branch of the RTC without jurisdiction over a case has the authority to remand it to another co-equal court for curing defects on venue and jurisdiction.

2. **Applicability of Administrative Circular No. 8-01:** Whether Administrative Circular No. 8-01 can be applied to a case filed on May 16, 2005, in light of the promulgation of A.M. No. 00-11-03-SC.

Court's Decision

Issue 1: Jurisdiction and Venue Transfer

- **Jurisdiction Determination:** The Supreme Court noted that the jurisdiction over cases involving intra-corporate controversies was, under RA 8799, designated to RTC branches specially designated as Special Commercial Courts.

- **Authority to Transfer:** The court found that RTC-Br. 58 in San Jose, without jurisdiction, should have dismissed the case rather than transferring it. Only the designated Special Commercial Court in Naga City (RTC-Br. 23) had jurisdiction.

Resolution: RTC-Br. 58 should dismiss the case rather than transfer it. The petition for quo warranto should have been initially filed with the RTC in Naga City.

Issue 2: Applicability of Administrative Circular No. 8-01

- **Administrative Circular Applicability:** While RTC-Br. 58 cited Administrative Circular 08-01 for transferring the case, the relevant guideline was A.M. No. 00-11-03-SC and A.M. No. 03-03-03-SC which clearly directed filing SEC cases only in designated Special Commercial Courts.

Resolution: Even if Administrative Circular No. 08-01 existed, A.M. No. 00-11-03-SC (effective December 15, 2000) and A.M. No. 03-03-03-SC (effective July 1, 2003) provided clear instructions to file such cases with specific designated courts.

Doctrine

1. **Jurisdiction over Intra-Corporate Controversies:** Transferred from the SEC to RTCs (Special Commercial Courts) under RA 8799.
2. **Proper Filing Venue:** Section 5 of the Interim Rules specifies RTC where the principal office of the corporation is located.
3. **Special Designation of Courts:** Only RTC branches designated under SC Administrative Orders can handle intra-corporate cases.

Class Notes

- **Key Legal Concepts:**
- **Intra-corporate Controversies:** Covered under RA 8799 and specified through SC administrative orders ensuring such cases are filed in designated Special Commercial Courts.
- **Quo Warranto under Interim Rules:** Section 1(a) and Section 5 of the Interim Rules.
- **Interlocutory Orders:** Typically not appealable through Rule 45.
- **Statutory References:**
- **RA 8799:** Securities Regulation Code.
- **A.M. No. 00-11-03-SC, A.M. No. 03-03-03-SC:** Designation of Special Commercial Courts.

Historical Background

This case demonstrates the transitional period in Philippine law where jurisdiction over intra-corporate disputes was transferred from the SEC to specially designated RTC branches under RA 8799. It underscores the necessity for proper venue filing and jurisdictional adherence, reflecting the judiciary's structural reorganization to accommodate corporate governance disputes efficiently. This ensures specialized handling and resolution through courts equipped to handle intricate corporate legal matters.