Title:
Rovels Enterprises, Inc. vs. Ocampo, et al. (G.R. No. 1322)

Facts:
1. **Contractual Agreement & Initial Resolution (1975):**
– Rovels Enterprises, Inc. (Rovels), a construction company, rendered services to Tagaytay Taal Tourist Development Corporation (TTTDC).
– As payment, TTTDC's Board of Directors resolved on December 29, 1975, to allow payment in cash or through shares equivalent to the owed amount if funds were unavailable. This included issuing unissued shares signed by Directors Victoriano Leviste, Bienvenido Cruz Jr., and Roberto Roxas, with Roxas serving as both TTTDC President and a Rovels stockholder.

2. **SEC Registration (February 1976):**
– Rovels' President, Eduardo Santos, filed for SEC exemption for TTTDC's unissued shares offered to Rovels.
– SEC granted the exemption in Resolution No. 260 on May 7, 1976.

3. **Revocation of Resolution (March 1976):**
– On March 1, 1976, TTTDC Board repealed the December resolution, aiming to reassess the creditors' claims.

4. **SEC Complaint (1979):**
– TTTDC Directors Jose Silva Jr. and Emmanuel Ocampo filed with SEC asserting no valid December board meeting occurred and signatures were obtained fraudulently.
– On March 17, 1979, SEC ruled fraud invalidated December resolution making the share issuance void. Affirmed by SEC en banc (1982) and Supreme Court (1983).

5. **Subsequent Petitions (1983-1995):**
– The SILVA GROUP sought control of TTTDC, arguing revoked stock transfer and directors' legitimacy.
– SEC ruled in their favor in 1993, and the decision became final in 1994.
– Rovels filed a late 1995 petition to claim majority stockholder rights, alleging valid stock transfer based on 1975 resolution.
– SEC dismissed the petition citing the finality of earlier judgments, lack of cause of action, res judicata, estoppel, laches, and prescription.

Issues:

1. **Does Rovels have a cause of action against TTTDC respondents given the revocation of the 1975 resolution?**
2. **Is the petition in SEC Case No. 09-95-5135 barred by res judicata, estoppel, laches, and prescription?**

Court's Decision:
1. **Lack of Cause of Action:**
– Rovels' claim hinges on the revoked December 1975 resolution. The March 1, 1976 resolution repealed the earlier resolution, leaving no basis for their claim.
– With the earlier SEC decisions invalidating the December 1975 resolution and making previous stock transfer null, Rovels cannot claim to be a legitimate stockholder of TTTDC.

2. **Res Judicata:**
– The prior judgments (SEC Case Nos. 1322 and 3806 and G.R. No. 61863) meet res judicata criteria: final judgment, jurisdiction, case merits, and substantial identity of issues and parties.
– Rovels' head, Eduardo Santos, being a party in these cases, aligns Rovels' interests with his, constituting "privies-in-law."

3. **Estoppel, Prescription, and Laches:**
– The extensive period of inaction by Rovels (nearly 20 years) since the 1976 resolution repeal signifies neglect of statutory rights and long-standing acquiescence to the prior decisions.
– The court emphasizes litigation must end, upholding legal finality principles to prevent indefinite disputes.

Doctrine:
– **Res Judicata:** A final judgment by a competent court on the merits is conclusive and prevents later litigation on these matters.
– **Piercing the Corporate Veil:** Applied when corporate existence separation could perpetrate fraud or unjust outcomes.

Class Notes:
– **Elements of Cause of Action:** (1) Plaintiff's right, (2) Defendant's obligation, (3) Violation of the right.
– **Res Judicata Requirements:** (1) Final judgment, (2) Jurisdiction, (3) Judgment on merits, (4) Identity of parties/subject/cause.

– **Estoppel & Laches:** Estoppel bars claims on facts a party cannot deny due to prior conduct. Laches is neglect to assert rights promptly, suggesting abandonment.
– **Piercing the Corporate Veil:** Courts may disregard corporate separateness to achieve justice, especially to prevent fraud.

Historical Background:
In the 1970s economic backdrop of the Philippines, corporate disputes involving stock transactions were intricate and handled cautiously by regulatory bodies like SEC. These matters often escalated to higher courts, underscoring the importance of corporate governance, regulatory compliance, and equitable treatment of financial obligations.