

Title:

MR Holdings, Ltd. vs. Sheriff Carlos P. Bajar, Citadel Holdings, Inc., et al., GR No. 154423, 697 Phil. 10 (2012)

Facts:

Detailed Play-by-Play Events:

1. ****Loan Agreements (1992)**:** Marcopper Mining Corporation (Marcopper) entered a loan agreement with the Asian Development Bank (ADB) worth \$40 million for their San Antonio Mine project. Placer Dome, Inc., which owns 40% of Marcopper, provided a standby credit agreement to support Marcopper's payment obligations.
2. ****Securing the Loan (1992 and 1996)**:** Marcopper executed a Deed of Real Estate and Chattel Mortgage covering most of its properties, including Manila Golf & Country Club membership shares, registering the mortgages in 1992 and 1996.
3. ****Mine Spill (March 1996)**:** Marcopper's mining operations were halted when mine waste leaked into rivers, resulting in a Closure and Cease and Desist Orders by the Department of Environment and Natural Resources and the Pollution Adjudication Board, respectively.
4. ****Assumption of Debt and Assignment (1997)**:** Marcopper defaulted on its loan, forcing Placer Dome's subsidiary MR Holdings to settle the debt with ADB. ADB transferred all corresponding rights to MR Holdings, which were formalized in an assignment agreement recorded in December 1997.
5. ****Solidbank Lawsuit (1996)**:** Solidbank sued Marcopper in the Regional Trial Court (RTC) of Manila to collect a debt. The court issued a writ of attachment on Marcopper's property, including the golf shares, and granted execution pending appeal in 1997.
6. ****Petitions and Legal Motions**:** Marcopper filed various petitions to annul or stay the execution orders and writs issued by the RTC, including petitions to the Court of Appeals and the Supreme Court.
7. ****Foreclosure and Sale**:** MR Holdings foreclosed the chattel mortgage on the club shares through extrajudicial foreclosure, and became the highest bidder in the subsequent sale.
8. ****Public Auction (January 19, 1999)**:** Sheriff Bajar held an auction for the same golf

shares under the execution order; Citadel Holdings, Inc., and Vercingetorix Corporation were the highest bidders.

9. **RTC and CA Rulings**: Both courts denied MR Holdings' motion for lis pendens on the shares, citing that lis pendens under Philippine law applies only to real property, not personal property like club shares.

10. **Supreme Court Decisions (2002 & 2004)**: The Supreme Court eventually restrained the execution order and nullified the execution sale of the shares to Citadel and Vercingetorix.

11. **Reivindication Suit (1999)**: MR Holdings filed a reivindicatory action in Makati RTC challenging the validity of the sale to Citadel and Vercingetorix; they obtained preliminary injunctions shielding the shares from transfer pending the outcome.

Procedural Posture:

- The present case stems from MR Holdings' petition for certiorari following the Court of Appeals' affirmation of the RTC Makati's denial to annotate a notice of lis pendens on the subject shares (CA-G.R. SP No. 59476).

Issues:

1. **Whether the doctrine of lis pendens can apply to actions involving title or possession of personal properties.**
2. **Whether the circumstances of this case warrant the annotation of a lis pendens on the club membership certificates.**
3. **Assessment of petitioner's exercise of equitable relief under the context of Philippine laws governing lis pendens.**

Court's Decision:

Issue 1: Application of Lis Pendens to Personal Property

- **Ruling**: The Court affirms that the doctrine of lis pendens is confined to real property under Rule 13, Section 14 of the Rules of Court and relevant legal precedents. It does not extend to personal property such as membership shares in a non-stock corporation.

Issue 2: Circumstances for Granting Motion to Annotate

- **Ruling**: Although MR Holdings argued for equity and general convenience, the Court maintained that no grave abuse of discretion was committed by the RTC or the Court of Appeals. The statutory basis was found lacking within the current legal framework to extend

lis pendens to personal properties.

Doctrine:

1. **Doctrine of Lis Pendens**: As defined in Rule 13, Section 14, lis pendens applies directly to claims involving real property to maintain the preservation of judicial jurisdiction and public notice.
2. **Scope Limitation**: Lis pendens under Philippine law is not applicable to personal properties, per the legal interpretation by the Supreme Court.

Class Notes:

Key Concepts:

- **Lis Pendens**: Notice of pending litigation involving title or possession, applicable strictly to real property.
- **Personal Property Litigations**: Philippine law doesn't extend lis pendens to chattels, despite arguments for equity or general convenience.
- **Section 14, Rule 13**: Governs procedures for filing lis pendens and is pertinent only to real estate.

Simplified Statutes:

- **Rule 13, Section 14**: Establishes the scope and procedural details for recording notices of lis pendens in litigation pertaining to real property.

Applied Principles:

- While MR Holdings pursued broader interpretations based on equity, the courts consistently adhered to statutory confines that lis pendens is applicable to real property only.

Historical Background:

- The case arose against the backdrop of environmental disasters associated with mining, resulting in extensive litigation over corporate liabilities and secured properties. The prominent legal issue extended to considerations on how judicial processes should adapt when real property statutes came under interpretation in significantly complex corporate-financial contexts. The evolution of how courts handle interconnected debt obligations and asset acquisitions through judicial foreclosure was central to this unfolding contest between statutory confines and equitable relief in the Philippine legal landscape.