

Title: Puyat vs. De Guzman, G.R. No. L-51928, 198 Phil. 420 (1981)

Facts:

- **May 14, 1979**: The election for the eleven Directors of the International Pipe Industries Corporation (IPI) occurred. The results were two factions: the Puyat Group (Eugenio J. Puyat, Erwin L. Chiongbian, Edgardo P. Reyes, Antonio G. Puyat, Jaime R. Blanco, and Rafael R. Recto) and the Acero Group (Eustaquio T.C. Acero, R.G. Vildzius, Enrique M. Belo, Servillano Dolina, Juanito Mercado, and Estanislao A. Fernandez).
- **May 25, 1979**: The Acero Group filed a quo warranto proceeding with the Securities and Exchange Commission (SEC) challenging the election, alleging improper vote counting.
- **May 25-31, 1979**: Assemblyman Estanislao A. Fernandez initially stated his intention to represent the Acero Group but retracted upon realizing it violated the constitutional prohibition against assemblymen appearing as counsel before administrative bodies.
- **May 31, 1979**: Assemblyman Fernandez moved to intervene in the SEC case based on his purchase of ten shares of IPI stock.
- **July 17, 1979**: The SEC granted Fernandez leave to intervene, citing his ownership of the shares.
- **July 3, 1979**: Edgardo P. Reyes filed a separate case before the Court of First Instance of Rizal seeking to annul the sale of Excelsior's shares to Acero. Assemblyman Fernandez appeared as counsel for defendant Excelsior, but his appearance was nullified by the Supreme Court in L-51928.
- **September 4, 1979**: The Supreme Court issued a temporary Restraining Order enjoining the SEC from allowing Fernandez's intervention.

Issues:

1. Whether Assemblyman Estanislao A. Fernandez, as an IPI stockholder, could intervene in the SEC case without violating the constitutional prohibition against assemblymen appearing as counsel before administrative bodies.
2. Whether Fernandez's intervention constituted an indirect appearance as counsel, thus circumventing the constitutional prohibition.

Court's Decision:

- **Intervention and Constitutional Prohibition**: The Court held that Fernandez's

intervention as a stockholder fell under the constitutional prohibition against assemblymen appearing as counsel before administrative bodies. The Court considered his minimal stock acquisition and the timing of the intervention as a strategic effort to participate in the proceedings indirectly as counsel, thus violating Section 11, Article VIII.

- ****Indirect Appearance as Counsel****: The Court found that Fernandez's actions amounted to an indirect appearance as counsel. The intervention seemed designed specifically to circumvent the constitutional prohibition, undermining its intent.

- ****Effectiveness of Constitutional Provisions****: Upholding Fernandez's intervention would defeat the constitutional prohibition's purpose, as it would allow assemblymen to easily circumvent the rules by acquiring minimal shares and then intervening in cases.

Doctrine:

- ****Indirect Counsel Appearance Prohibition****: The case reiterates that any form of legal participation by assemblymen in administrative bodies, even under the guise of being a stockholder, may constitute an indirect appearance as counsel prohibited by the Constitution.

Class Notes:

- ****Key Elements****:

1. Section 11, Article VIII of the 1973 Constitution: Particularly prohibits assemblymen from appearing as counsel before administrative bodies.

2. Indirect Participation: As illustrated in the case, assemblymen cannot indirectly appear as counsel by becoming minor stakeholders and intervening in administrative cases.

- ****Relevant Statutes****:

1. ****1973 Constitution, Section 11, Article VIII****: "[N]o Assemblyman could appear as counsel before...any administrative body".

Applications:

- The case showcases the lengths courts will go to uphold constitutional prohibitions against certain forms of conflict of interest.

- It provides a precedent for determining what constitutes indirect legal participation contrary to explicit constitutional prohibitions.

Historical Background:

- ****Political Context****: During this period, the Philippines operated under the 1973

Constitution, deeply influenced by Martial Law's limitations on political and administrative participation. The case reflects the constitutional safeguards against conflicts of interest among government officials, aiming to ensure the impartiality and integrity of administrative and legislative processes.