

Title: Dela Torre v. Primetown Property Group, Inc.

Facts:

1. Respondent Primetown Property Group, Inc., engaged in real estate development, faced financial difficulties following the Asian financial crisis of 1997.
2. In 2003, Primetown filed a petition for corporate rehabilitation with a prayer for suspension of payments and actions in the RTC of Makati City, leading to the issuance of a Stay Order on August 15, 2003.
3. Petitioner Patricia Cabrieto Dela Torre claimed that she had fully paid for Unit 3306 of the Makati Prime Citadel Condominium by July 1996 and filed a Motion for Leave to Intervene on October 15, 2004, seeking a judicial order for specific performance.
4. Respondent opposed the motion, arguing it was filed late under the Interim Rules of Procedure on Corporate Rehabilitation, which require claims to be filed before the rehabilitation court ten days prior to the initial hearing.
5. On August 24, 2011, the RTC granted petitioner's motion for intervention, acknowledging full payment and ordering the execution of a deed of absolute sale for the unit.
6. Respondent's motion for reconsideration was denied by the RTC on April 16, 2012, prompting Primetown to file a petition for certiorari with the Court of Appeals (CA).
7. The CA, on April 28, 2015, granted the petition, annulling the RTC's order and denying the motion for intervention.
8. Petitioner's motion for reconsideration was denied by the CA on November 25, 2015, leading to a petition for review on certiorari.

Issues:

1. Whether the claim for the execution of the deed of sale was covered by the Stay Order issued during the rehabilitation process.
2. Whether the RTC had jurisdiction to hear and grant the petitioner's motion for intervention in the rehabilitation proceedings.
3. Whether the CA was correct in annulling the RTC's recognition of full payment and granting of specific performance.

Court's Decision:

1. ****Stay Order Coverage**** - The Supreme Court ruled that the Stay Order encompassed all claims against Primetown, including petitioner's claim for the deed of sale. Under PD 902-A and the Interim Rules, all claims, monetary or otherwise, were to be suspended during the rehabilitation process.

2. ****Jurisdiction of RTC**** – The Court reaffirmed that the RTC, handling a corporate rehabilitation case, lacked jurisdiction over specific performance claims related to condominium sales, which fall under the exclusive jurisdiction of the Housing and Land Use Regulatory Board (HLURB).

3. ****Intervention and RTC's Orders**** – The intervention was improperly entertained by the RTC as interventions are prohibited under the Interim Rules. The CA was correct in annulling the RTC's orders, citing a misinterpretation of petitioner's status as a creditor and improper preferential treatment in violation of the Stay Order.

Doctrine:

The decision reiterated that corporate rehabilitation and the accompanying Stay Order suspend all enforcement of claims, whether for monetary considerations or otherwise, against the debtor corporation. It emphasized the non-adversarial and summary nature of rehabilitation proceedings under the Interim Rules.

Class Notes:

- Key Principles of Corporate Rehabilitation: Preservation of corporate viability and equitable treatment of creditors.
- Stay Orders: Suspend all claims against distressed corporations, aiming to prevent asset depletion and ensure fair treatment.
- Jurisdiction: Specific performance actions concerning condominium units fall under HLURB; rehabilitation courts do not adjudicate these claims.
- Reference: PD 902-A as amended by RA 8799 governs corporate rehabilitation and specifies broad applicability of Stay Orders.

Historical Background:

The case is set against the backdrop of the Asian financial crisis of 1997, which rendered many corporations in distress, necessitating the use of corporate rehabilitation processes. The legal framework involving PD 902-A and the Interim Rules facilitated restructuring efforts to prevent bankruptcies, reflecting a shift in focus towards rehabilitating distressed companies while maintaining creditor rights.