

**SABINO E. ACUT, JR. AND EUSEBIA A. ACUT,
PLAINTIFFS-APPELLANTS, VS. AFP RETIREMENT AND SEPARATION
BENEFITS SYSTEM, DEFENDANT-APPELLANT.**

Ponente: LAMPAS PERALTA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/56bf24eaffa6/>

LAMPAS PERALTA, J.:

This treats of the separate appeals of both parties from the Order dated July 27, 2012[1] in Civil Case No. 08-0418 of Branch 196, Regional Trial Court, Parañaque City which (i) declared null and void the Reservation to Purchase dated January 16, 1996,[2] Notice of Approval of the Reservation to Purchase dated February 23, 1996,[3] and Deed of Absolute Sale dated April 14, 1998[4] involving proprietary shares in the Riviera Golf Club, Inc. and Riviera Sports and Country Club, Inc., and (ii) ordered defendant-appellant to return to plaintiffs-appellants the amount of P660,000.00 representing the total purchase price of said shares, and also to pay them attorney's fees and costs.

THE ANTECEDENTS

Defendant-appellant AFP-RSBS is a pension fund created by Presidential Decree (PD) No. 361,[5] as amended by PD No. 1656.[6] It is the developer of the Riviera Golf Club, Inc. and Riviera Sports and Country Club, Inc., a 312-hectare property located at Aguinaldo Highway, Silang, Cavite.[7]

In January 1996, plaintiffs-appellants Sabino E. Acut, Jr. and Eusebia A. Acut purchased from defendant-appellant one (1) share in the Riviera Golf Club, Inc. for P600,000.00 and one (1) share in the Riviera Sports and Country Club, Inc. for P60,000.00, or a total purchase price of P660,000.00. However, on May 3, 2001, plaintiffs-appellants demanded from defendant-appellant the return of the total purchase price of P660,000.00 plus damages, as plaintiffs-appellants claimed that at the time the subject shares were sold to them, defendant-appellant did not have the authority to sell the same. Defendant-appellant did not heed plaintiffs-appellants' demand.

Thus, on November 14, 2008 plaintiffs-appellants filed with the trial court a complaint against defendant-appellant for Declaration of Nullity of Void/Inexistent Contract and Damages with Ex-Parte Application for Preliminary Attachment, alleging that (i) in January 1996, defendant-appellant offered for sale to the general public the proprietary shares in the Riviera Golf Club, Inc. and the Riviera Sports and Country Club, Inc.;[8] (ii) in January 1996, defendant-appellant offered to sell to plaintiffs-appellants one (1) golf club share for P600,000.00 and one (1) country club share for P60,000.00, or a total price of P660,000.00; (iii) although the shares were priced separately, defendant-appellant made it clear that it would not sell the golf club share without the country club share; (iv) in January 1996, defendant-appellant sold to plaintiffs-appellants one (1) golf club share for P600,000.00 and one (1) country club share for P60,000.00, or a total price of P660,000.00, with downpayment of P198,000.00 payable immediately, and the balance of P462,000.00 to be paid in 12 monthly amortizations of P38,500.00; (v) on January 16, 1996, plaintiffs-appellants paid defendant-appellant the stipulated downpayment of P198,000.00 and on February 21, 1996, plaintiffs-appellants paid the balance of P462,000.00

thru twelve (12) postdated checks; (vi) on April 14, 1998, the parties formally executed a Deed of Absolute Sale with Restrictive Conditions pertaining to the shares; (vii) subsequently, plaintiffs-appellants discovered that at the time defendant-appellant sold to them the subject golf club share and country club share, the Securities and Exchange Commission (SEC) had not authorized the sale or the offer for sale of the subject shares; (viii) the SEC authorized the sale of the golf club share only on January 7, 1997 and the country club share on June 26, 2000; (ix) since defendant-appellant's sale of the subject shares to plaintiffs-appellants was without prior approval and permit from the SEC, it was void ab initio and of no force and effect; (x) plaintiffs-appellants demanded from defendant-appellant the return of the purchase price of P660,000.00 plus consequential damages; and, (xi) despite demand, defendant-appellant failed and refused, without legal cause, to return to plaintiffs-appellants the purchase price plus damages.[9] Thus, plaintiffs-appellants prayed for the return of their payment of P660,000.00 and the award of moral damages, exemplary damages, attorney's fees and litigation expenses. Plaintiffs-appellants also prayed for the issuance of a writ of preliminary attachment.[10]

On January 26, 2009, defendant-appellant, through the Office of the Government Corporate Counsel (OGCC), filed with the trial court an Answer with Counterclaim[11] alleging that (i) plaintiffs-appellants were fully aware that when they bought the shares in 1996, the permit or authority was still being worked out by defendant-appellant; (ii) plaintiffs-appellants had been utilizing the privileges and playing rights without questioning defendant-appellant's alleged lack of authority or permit to sell the subject check; (iii) any perceived irregularity arising from the alleged lack of authority or permit was cured with the eventual issuance by the SEC of the authority or permit; and, (iv) as the action was based on fraud, the same had already prescribed. By way of counterclaim, defendant-appellant also prayed for payment of attorney's fees and litigation expenses.

In an Order dated April 2, 2009,[12] the trial court ordered that the entire record be forwarded to the Executive Clerk of Court, Parañaque City for raffle to a special commercial court for the reason that from the allegations, the sale appeared to be "a form of fraudulent scheme in the distribution of corporate stock." Plaintiffs-appellants' motion for reconsideration of the aforesaid Order was denied by the trial court in an Order dated August 24, 2009.[13] The case was re-raffled to Branch 258, RTC, Parañaque City which, on October 28, 2009, issued an Order[14] granting plaintiffs-appellants' application for a writ of preliminary attachment upon filing of a bond.

On November 11, 2009, plaintiffs-appellants filed with the Court of Appeals a Petition for Certiorari and Injunction,[15] docketed as CA-GR SP No. 111176, praying that the aforementioned Orders dated April 2, 2009 and August 24, 2009 be nullified, and Branch 258, RTC, Parañaque City, be ordered to cease and desist from hearing the case. In a Decision dated February 2, 2011,[16] the then Tenth (10th) Division[17] of the Court of Appeals granted the petition based on the finding that the issue was not an intra-corporate dispute. Consequently, the case was remanded to the trial court (Branch 196).

On February 21, 2012, defendant-appellant, through the OGCC, filed a Motion for Leave to Amend Answer and Admit Attached Amended Answer.[18] The motion was granted by the trial court in an Order dated February 21, 2012.[19] In its Amended Answer with Counterclaim,[20] defendant-appellant alleged that (i) defendant-appellant, a government institution, was not required to seek the SEC's approval for the disposition of its shares; (ii) plaintiffs-appellants cannot feign ignorance of the fact that when they bought the shares in 1996, the permit or authority was still being worked out by defendant-appellant; (iii) plaintiffs-appellants cannot unilaterally withdraw from their obligations arising from a valid contract of sale of shares considering that they had in fact utilized and enjoyed the privileges and playing rights as members of the club; and, (iv) the action had prescribed because it was filed only in 2008, or after seven (7) years from the discovery in May 2000 of the alleged fraud. By way of counterclaim, defendant-appellant reiterated their prayer for payment of attorney's fees and litigation expenses.

During the pre-trial, plaintiffs-appellants' counsel manifested that they will file a motion for summary judgment.[21] Thus, on June 14, 2012, plaintiffs-appellants filed a Motion for Summary Judgment[22] based on the following grounds:

“GROUNDS FOR SUMMARY JUDGMENT

THERE BEING NO GENUINE ISSUE AS TO ANY MATERIAL FACT, PLAINTIFFS ARE ENTITLED TO A SUMMARY JUDGMENT AS A MATTER OF LAW.

I

DEFENDANT OFFERED TO SELL AND SUBSEQUENTLY SOLD THE PROPRIETARY SHARES TO PLAINTIFFS WITHOUT AUTHORITY FROM THE SEC, IN VIOLATION OF THE REVISED SECURITIES ACT.

II

CONTRARY TO DEFENDANT'S CLAIMS, THE DEED OF ABSOLUTE SALE IS VOID AS IT WAS ENTERED INTO IN VIOLATION OF LAW.

III

THE PLAINTIFFS HAVE THE RIGHT TO THE DECLARATION OF NULLITY OF THE DEED OF ABSOLUTE SALE AND TO THE RETURN OF THE FULL PURCHASE PRICE THEY PAID FOR THE GOLF CLUB SHARE AND COUNTRY CLUB SHARE EQUIVALENT TO SIX HUNDRED SIXTY THOUSAND PESOS (P660,000.00) PLUS LEGAL INTEREST FROM DATE OF EXTRAJUDICIAL DEMAND UNTIL FULL PAYMENT.

IV

DEFENDANT, IN DENYING THE ALLEGATIONS OF FACTS SUPPORTING PLAINTIFFS' CLAIM FOR MORAL AND EXEMPLARY DAMAGES, ATTORNEY'S FEES, AND EXPENSES OF LITIGATION, MERELY STATED A GENERAL DENIAL. THUS, PLAINTIFFS ARE ENTITLED, AS A MATTER OF LAW, TO A JUDGMENT ORDERING DEFENDANT TO PAY PLAINTIFFS MORAL AND EXEMPLARY DAMAGES, ATTORNEY'S FEES, AND EXPENSES OF LITIGATION AS PRAYED FOR.”[23]

On July 7, 2012, defendant-appellant, through the OGCC, filed with the trial court an Opposition to the Motion for Summary Judgment, alleging that there were genuine issues on certain material and relevant facts, to wit:

“1. WHETHER OR NOT AFP-RSBS' SALE OF THE GOLF CLUB AND COUNTRY CLUB SHARES TO PLAINTIFFS IS FRAUDULENT OR MADE IN BAD FAITH.

2. WHETHER OR NOT PLAINTIFFS HAD KNOWLEDGE OF AFP-RSBS' PENDING APPLICATION FOR PERMIT OR AUTHORITY FROM THE SECURITIES AND EXCHANGE COMMISSION (SEC) FOR THE SALE OF THE GOLF CLUB AND COUNTRY CLUB SHARES AND WHETHER OR NOT THEY ARE ESTOPPED TO QUESTION THE SALE.

3. WHETHER OR NOT PLAINTIFFS ARE ENTITLED TO THE RETURN OF THE FULL PURCHASE PRICE PAID FOR THE GOLF CLUB AND COUNTRY CLUB SHARES EQUIVALENT TO Ph660.000.00.”[24]

During the hearing on July 17, 2012, the parties presented their respective arguments on the propriety of a summary judgment. Thereafter, the motion for summary judgment was submitted for resolution.[25]

In an Order dated July 27, 2012, the trial court rendered a summary judgment and granted the complaint as follows:

“WHEREFORE, premises considered, finding merit to the Complaint dated October 22, 2008, this Court hereto order, as follows:

1. that, the Reservation for Purchase dated January 16, 1996 and Notice of Approval dated February 23, 1996, alongside the Deed of Absolute Sale dated April 14, 1998 between plaintiffs, Atty. Sabino E. Acut, Jr. married to Eusebia A. Acut and defendant, AFP Retirement and Separation Benefits System is declared NULL and VOID;

2. Defendant, AFP Retirement and Separation Benefits System is ordered to pay plaintiffs, Atty. Sabino E. Acut, Jr. married to Eusebia A. Acut the amount of Six Hundred Sixty Thousand pesos (P660,000.00) representing the amount of money delivered in connection to the ineffective contract executed between the parties;

3. and to further pay the amount of Fifty Thousand pesos (P50,000.00) representing attorney's fees, and costs.

SO ORDERED.”[26]

Plaintiffs-appellants filed a partial appeal from said Order dated July 27, 2012 for failure of the trial court to award interest. Thus:

ASSIGNMENT OF ERRORS

1. The Trial Court, in issuing the partially appealed Order, erred in disregarding the extrajudicial demand of Spouses Acut.
2. The Trial Court, in issuing the partially appealed Order, erred in not awarding interest on the amounts due Spouses Acut.[27]

For its part, defendant-appellant, through the OGCC, filed its appeal raising this lone error:

THE PARAÑAQUE CITY REGIONAL TRIAL COURT, BRANCH 196, (RTC) GRAVELY ERRED WHEN IT HELD THROUGH A SUMMARY JUDGMENT THAT THE SALE OF THE GOLF AND COUNTRY CLUB SHARES BETWEEN THE PARTIES IS VOID UNDER ARTICLE 1409 OF THE NEW CIVIL CODE.[28]

THE ISSUES

(1) Whether the trial court erred in rendering a summary judgment and in declaring therein as null and void the (i) Deed of Absolute Sale dated April 14, 1998; (ii) Reservation to Purchase dated January 16, 1996; and, (iii) Notice of Approval dated February 23, 1996, and

(2) Whether the trial court erred in not awarding interest in favor of plaintiffs-appellants.

THE COURT'S RULING

In its Order dated July 27, 2012, the trial court granted plaintiffs-appellants' motion for summary judgment, holding that defendant-appellant's capacity to offer or sell shares of stock is inexistent because of absence of authority. Thus:

“Thus, it can be construed that the agreement between the parties attended to by a reservation document executed by plaintiff on January 16, 1996 was a simple contract of sale, a document which was accepted by defendant on February 23, 1996 thru a notice of approval, the latter document perfected and caused to be further consummated the agreement of sale for a share of stock, a share of stock which was yet to exist at the time of the perfection of a contract, under the terms and conditions laid down in the twin documents attending the parties as of February 23, 1996. The delivery of a document denominated as a deed of absolute sale standing out as a matter of formality to a perfected deed.

The question arises, given the perfection of a document of sale between the parties as of February 23, 1996, was the defendant fully capacitated to enter into a bilateral agreement for the sale of shares of stock.

The answer is simply in the negative.

Foremost, the capacity of defendant to deal with an exempt security for a golfing share of stock is not apparent. This is gleaned from the fact that at the time the notice of advise of approval made in February 23, 1996 defendant did not even have the shares of stock as it was still transacting under guise of its availability to the defendant RSBS. The same is compounded by the fact that defendant admitted plaintiff's certification dated April 27, 20019 (sic) that it was only in January 9, 1997 that it was authorized to sell 2,250 shares of stock of the golfing club per SEC Order 08 Series of 1997. And borne by its admission in its answer, that at the time of the advise for approval that an authority to sell was still being worked out with the SEC. All of which facts and circumstances goes to show, defendant did not have an authority to sell shares to a golf course at the time it was offered and accepted by plaintiff, in February 23, 1996.

The clear absence of authority to offer or sell shares of stock is even made apparent by the fact that defendant never presented any certification of authority, despite the certification presented by plaintiff, that it was authorized to offer and sell stocks to a golf club in between January 16, 1996 to February 23, 1996.

With such absence of authority, plaintiff's capacity to offer and sell any golf shares as of February 23, 1996 is inexistent, pursuant to Section 8 of RA 8799 of the Securities Regulation Code, and in contravention of Article 1409 of the New Civil Code requiring that contracts prohibited by law is inexistent and considered void. x x x"[29]

Defendant-appellant faults the trial court in declaring null and void, through a summary judgment, the (i) Deed of Absolute Sale dated April 14, 1998; (ii) Reservation to Purchase dated January 16, 1996; and, (iii) Notice of Approval dated February 23, 1996. Allegedly, there were genuine issues on certain material and relevant facts and the trial court denied defendant-appellant the opportunity to refute plaintiffs-appellants' allegations in a full blown trial.[30]

Summary or accelerated judgment is a procedural technique aimed at weeding out sham claims or defenses at an early stage of the litigation.[31] It is resorted to in order to avoid long drawn out litigations and useless delays where the pleadings on file show that there are no genuine issues of fact to be tried.[32] In the case of a summary judgment, issues apparently exist— i.e., facts are asserted in the complaint regarding which there is as yet no admission, disavowal or qualification; or specific denials or affirmative defenses are in truth set out in the answer — but the issues thus arising from the pleadings are sham, fictitious or not genuine, as shown by affidavits, depositions, or admissions.[33]

Under the 1997 Rules of Civil Procedure, a summary judgment may be rendered where, on motion of a party and after hearing, the pleadings, supporting affidavits, depositions and admissions on file show that, "except as to the amount of damages, there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." [34] Thus, for a summary judgment to prosper, the movant must prove two (2) requisites: "(1) there must be no genuine issue as to any material fact, except for the amount of damages; and (2) the party presenting the motion for summary judgment must be entitled to a judgment as a matter of law." [35] Sections 1 and 3, Rule 35, 1997 Rules of Civil Procedure provide:

"SECTION 1. Summary judgment for claimant. — A party seeking to recover upon a claim, counterclaim, or cross-claim or to obtain a declaratory relief may, at any time after the pleading in answer thereto has been served, move with supporting affidavits, depositions or admissions for a summary judgment in his favor upon all or any part thereof.

SEC. 3. Motion and proceedings thereon. — The motion shall be served at least ten (10) days before the time specified for the hearing. The adverse party may serve opposing affidavits, depositions, or admissions at least three (3) days before the hearing. After the hearing, the judgment sought shall be rendered forthwith if the pleadings, supporting affidavits, depositions, and admissions on file, show that, except as to the amount of damages, there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law.”

A summary judgment is permitted only if there is no genuine issue as to any material fact and [the] moving party is entitled to a judgment as a matter of law.[36] A fortiori, summary judgment is not warranted when there are genuine issues which call for a full blown trial.[37] A genuine issue of fact is that which requires the presentation of evidence, as distinguished from a sham, fictitious, contrived or false issue.[38] "[A] factual issue raised by a party is considered as sham when by its nature it is evident that it cannot be proven or it is such that the party tendering the same has neither any sincere intention nor adequate evidence to prove it. This usually happens in denials made by defendants merely for the sake of having an issue and thereby gaining delay, taking advantage of the fact that their answers are not under oath anyway."[39]

The trial court can determine a genuine issue on the basis of the pleadings, admissions, documents, affidavits or counter-affidavits submitted by the parties.[40] The burden of demonstrating clearly the absence of genuine issues of fact rests upon the movant, in this case plaintiffs-appellants, and not upon defendant-appellant who opposed the motion for summary judgment.[41] The evidence on record must be viewed in light most favorable to the party opposing the motion who must be given the benefit of all favorable inferences as can reasonably be drawn from the evidence.[42]

A careful review of the basic pleadings filed by the parties in the case below readily shows the existence of “genuine issues” which necessitate for their proper resolution the presentation of competent and relevant evidence which can only be done in the course of a full-blown trial.

Plaintiffs-appellants' cause of action for nullity of contract is based on the alleged lack of authority on the part of defendant-appellant to sell the subject shares at the time they were offered for sale to plaintiffs-appellants. Pertinent allegations of plaintiffs-appellants' complaint read:

“18. Plaintiffs plead by reference all the foregoing allegations.

xxx xxx xxx

22. AFP-RSBS' sale of the Golf Club and the Country Club shares to plaintiffs, without the prior approval and permit of the SEC, was expressly prohibited by law. Hence, that sale was inexistent and void ab initio, unenforceable, and of not force and effect. That sale could not even be ratified. x x x

23. Plaintiffs are therefore entitled to have AFP-RSBS' sale to them of the Golf Club share and Country Club share declared inexistent and void from the beginning. Under Article 1410 of the Civil Code, such action does not prescribe.

24. As a necessary consequence of the nullity of the sale of the Golf Club and Country Club shares, plaintiffs

are entitled to the return of the purchase price of Six Hundred Sixty Thousand Pesos (P660,000), plus legal interest from the time of extrajudicial demand on 03 May 2001 (Annex "I" hereof) until full payment.”[43]

In its amended answer, defendant-appellant denied the foregoing allegations and asserted special and affirmative defenses, to wit: (i) defendant-appellant is a government entity and is therefore exempt from requirement of registration; (ii) when they bought the subject shares, plaintiffs-appellants were aware of the lack of permit or authority from the SEC and the same was still being worked-out; and, (iii) plaintiffs-appellants were estopped from questioning the lack of permit or authority since he enjoyed the privileges and playing rights available to members. Thus:

“7. The allegations contained in paragraphs 18, 22, 23 and 24 are specifically denied, the truth being that when the plaintiffs have purchased the shares they were aware that the Permit to Offer Securities for Sale was still being worked out by the AFP RSBS which did not conceal such fact and plaintiffs had the opportunity to inquire into the lack of authority or the status of the application for registration.

xxx xxx xxx

SPECIAL AND AFFIRMATIVE DEFENSES

As by way of Special and Affirmative Defenses, defendant incorporates and reproduces all the foregoing allegations as an integral part hereof.

11. Plaintiffs have no cause of action against the AFP RSBS since the sale of the Golf Club and the Country Club shares to plaintiffs is a valid sale. All the essential requisites of a valid sale are present and plaintiffs voluntarily, intelligently, and spontaneously gave their consent to purchase the shares. In addition, the requirement of registration does not apply to AFP RSBS, a government entity before it can offer to sell or sell its shares to the public under paragraph 1, Section 5 of Batas Pambansa 178 (Revised Securities Act) x x x:

xxx xxx xxx

12. That AFP RSBS is a government entity since its creation in 1973 is clear in the People vs. Ramiscal x x x:

xxx xxx xxx

13. Plaintiffs are well aware that AFP RSBS is a government institution as stated in paragraph 15 of their Complaint. It is absurd that while plaintiffs insist on the Securities and Exchange Commission's approval (SEC) prior to the sale of the golf and country club shares invoking Section 4 of the Revised Securities Act, they failed to apply the immediately subsequent Section 5 above-cited, which exempts from the requirement of registration any security issued or guaranteed by the Government of the Philippines or by any of its public instrumentalities or by any person controlled or supervised by and acting as an instrumentality of said government;

14. Despite the fact that AFP RSBS is not required to seek the SEC's approval for the disposition of its shares, when it disposed of them, its good faith and honest intention to abstain from taking any unconscientious advantage from another is shown by its application for registration to sell the shares which the SEC eventually issued. "The essence of good faith lies in an honest belief in the validity of one's right, ignorance of a superior claim, and absence of intention to overreach another";

15. Granting that a prior approval of the SEC is necessary before the sale of the shares, plaintiffs cannot feign ignorance of the fact that when they bought the shares in 1996, the permit or authority from the SEC was still being worked out. Their contention is utterly false. It is a void attempt to mislead this Honorable Court into believing that there was fraud and deceit AFP RSBS employed in the offer to sell or sale of the shares. Plaintiffs are lawyers by profession who are presumed to know the laws and are expected to exercise due diligence on auth AFP RSBS authority of to sell its shares by conducting at least an inquiry from the SEC;

16. The above misrepresentation is belied by paragraph E, Section VI of the Priority Reservation Form, attached as Annex B of their Complaint, filled-up and signed by plaintiff Atty. Sabino Acut, Jr., on 16 January 1996 x x x:

xxx xxx xxx

17. Moreover, plaintiffs cannot unilaterally withdraw from its obligations arising from a valid contract of sale of shares with AFP RSBS as this grossly violates the basic principles governing contracts: obligatory force and mutuality of contracts. In fact, plaintiffs utilized and enjoyed the privileges and playing rights as members of the club without quetioning the alleged lack of authority or permit of the AFP RSBS to sell the subject shares;

18. Plaintiffs who freely entered into the sale of shares, cannot now claim that the sale is void and thereafter whimsically and capriciously renege on their obligations by not paying their monthly Club dues since January 2001; withdraw their membership in the Riviera Golf and Country Club effective 31 December 2000; and want to get a refund of the Php660,000 they paid for the Golf and Country shares, based on the self-serving statement that the sale is void ab initio. The contracting parties' right to negotiate and agree on any terms and conditions as may deem fit is guaranteed not only by the New Civil Code of the Philippines but by no less than the supreme law of the land, the Constitution;

19. Plaintiffs must be reminded that parties are free to enter into any contractual stipulation provided it is not illegal or contrary to public morals. Courts are not authorized to extricate parties from the consequences of their acts, and the fact that the contractual stipulations turn out to be financially disadvantageous will not relieve the latter of their obligations;

20. The claim of the plaintiffs run counter to the principle that "he who comes in court must come in clean hands" (Alcantara vs. Alcantara, G.R. No. 167746, August 28, 2007, 531 SCRA 446) Under this principle, plaintiffs cannot pretend that they were not aware of the lack of permit or authority of the defendant to sell the shares at that time. Plaintiffs are educated persons. They knowingly and voluntarily purchased the shares

knowing fully well that the permit is still being worked out in the SEC. Besides, the required permit or authority to sale was eventually secured by the defendant;

xxx xxx xxx

22. Assuming for the sale of argument that plaintiffs' cause of action is anchored on Batas Pambansa Blg. 178, still the complaint is barred by prescription.”[44]

In their motion for summary judgment, plaintiffs-appellants contend that (i) defendant-appellant's own acts belied its claim that the proprietary shares are exempt from the requirements of Section 4 of the Revised Securities Act; (ii) defendant-appellant presented no proof that the plaintiffs-appellants knew of its lack of authority to sell the proprietary shares; (iii) the deed of absolute sale dated September 14, 1998 cannot be ratified as the same is null and void; (iv) defendant-appellant did not present any evidence to show that plaintiffs-appellants availed of the privileges and playing rights extended to members of the Riviera Golf Club, Inc. and Riviera Sports and Country Club, Inc.; and, (v) an action to declare the nullity of a contract is imprescriptible.[45]

The trial court erred in granting plaintiffs-appellants' motion for summary judgment. For when the facts as pleaded by the parties are disputed or contested, proceedings for summary judgment cannot take the place of trial.[46] The parties' pleadings raise genuine factual issues, such as whether (i) defendant-appellant complied with the requirements for exemption of government entities; (ii) plaintiffs-appellants knew of the lack of permit or authority of defendant-appellant to sell proprietary shares in the Riviera Golf Club, Inc. and Riviera Sports and Country Club, Inc. and despite the same, proceeded with the sales; and, (iii) plaintiffs-appellants were able to enjoy the privileges and playing rights. Clearly, a trial on the merits is necessary for a proper resolution of these issues.

Then again, it must be stressed that the remedy of summary judgment is in derogation of a party's right to a plenary trial of his case.[47] Trial courts have limited authority to render summary judgments and may do so only when there is clearly no genuine issue as to any material fact.[48] A party who moves for summary judgment has the burden of demonstrating clearly the absence of any genuine issue of fact and any doubt as to the existence of such an issue is resolved against the movant.[49]

WHEREFORE, the trial court's Order dated July 27, 2012 is set aside and the case is REMANDED to the trial court for reception of the parties' evidence and further proceedings.

SO ORDERED.

Acosta and Garcia-Fernandez, JJ., concur.

[1] pp. 8-38, Rollo

[2] Exh. “B”, pp. 28-30, Vol. I, Record

[3] Exh. “E”, p. 38, Ibid.

[4] Exh. “F”, pp. 39-40, Ibid.

[5] Entitled as “Providing for an Armed Forces Retirement and Separation Benefits System”

[6] Entitled as “Amending Presidential Decree No. 361, Re: The Armed Forces Retirement and Separation Benefits System”

[7] p. 30, Rollo

[8] The proprietary shares are called “Golf Club shares” and “Country Club shares” respectively

[9] pp. 3-11, Vol. 1, Record

[10] pp. 13-20, Ibid.

[11] pp. 260-267, Ibid.

[12] pp. 276-277, Ibid.

[13] p. 313, Vol. 2, Record

[14] pp. 370-371, Ibid.

[15] pp. 376-417, Ibid.

[16] pp. 642-650, Vol. 3, Record

[17] Composed of Associate Justices Hakim S. Abdulwahid, Ricardo R. Rosario (ponente) and Samuel H. Gaerlan

[18] The following were the amendments: (i) the execution of the Deed of Sale was needed only for convenience and not for validity or enforceability of the contract; (ii) allegations in paragraph 11 to the effect that plaintiffs-appellants were unaware of the lack of certificate of permit to offer securities for sale was specifically denied; (iii) allegation in paragraphs 12 and 13 that the sale is void was specifically denied; (iv) allegation in paragraphs 14,15, 16, 17, 18, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, and 36 were specifically denied; pp. 708-711, Vol. 3, Record

[19] p. 736, Ibid.

[20] pp. 707-734, Ibid.

[21] p. 775, Ibid.

[22] pp. 795-818, Ibid.

[23] pp. 802-803, Ibid.

[24] pp. 1286-1287, Vol. 4, Record

[25] p. 1311, Ibid.

[26] pp. 37-38, Rollo

[27] pp. 66-67, Ibid.

[28] p. 120, Ibid.

[29] pp. 34-35, Ibid.

[30] pp. 119, Ibid.

[31] Philippine Coconut Producers Federation, Inc. (COCOFED) vs. Republic, 663 SCRA 514, January 24, 2012

- [32] Maritime Industry Authority (MARINA) vs. MARC Properties Corporation, 666 SCRA 84, February 15, 2012
- [33] First Leverage and Services Group, Inc. vs. Solid Builders, Inc., 675 SCRA 407, July 2, 2012
- [34] The Heirs of Nicolas S. Cabigas vs. Limbaco, 654 SCRA 643, July 27, 2011
- [35] Nocom vs. Camerino, 578 SCRA 390, February 10, 2009
- [36] Calubaquib vs. Republic, 652 SCRA 523, June 22, 2011
- [37] Nocom vs. Camerino, 578 SCRA 390, February 10, 2009
- [38] Pilipino Telephone Corporation vs. Radiomarine Network (Smartnet) Philippines, Inc., 656 SCRA 50, August 24, 2011
- [39] Calubaquib vs. Republic, 652 SCRA 523, June 22, 2011
- [40] Rivera vs. Solidbank Corporation, 487 SCRA 512, April 19, 2006
- [41] Maritime Industry Authority (MARINA) vs. MARC Properties Corporation, 666 SCRA 84, February 15, 2012
- [42] Rivera vs. Solidbank Corporation, 487 SCRA 512, April 19, 2006
- [43] pp. 11-13, Vol. 1, Record
- [44] pp. 709-716, Vol. 3, Record
- [45] pp. 807-811, Ibid.
- [46] Polyfoam Chemical Corp. vs. Chen, 675 SCRA 74, June 27, 2012
- [47] Calubaquib vs. Republic, 652 SCRA 523, June 22, 2011
- [48] Maritime Industry Authority (MARINA) vs. MARC Properties Corporation, 666 SCRA 84, February 15, 2012
- [49] First Leverage and Services Group, Inc. vs. Solid Builders, Inc., 675 SCRA 407, July 2, 2012

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.