

**TRANSFREEZE LOGISTICS CORP., PETROLHEADS TRADING CO.,
MARIDETH L. ANSALDO, DOING BUSINESS UNDER THE NAME AND
STYLE, TRACTOR HUB TRADING, SPOUSES ARIEL L. ANSALDO AND
GINA B. ANS...**

Ponente: PEREZ, J.

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PEREZ, J.:

Before Us is a Petition for Certiorari under Rule 65 of the Rules of Court assailing the 14 August 2012 and 15 November 2012 Orders[1] issued by the Regional Trial Court, Branch 11, 11[th] Judicial Region, Davao City which denied dismissal of Civil Case No. 34,419-12 for Replevin, Accounting, Sum of Money, Damages and Attorney's Fees with Writ of Replevin and Attachment, for alleged lack by Ansuico Inc. (now private respondent) of capacity to sue

The 14 August 2012 Order[2] decreed as follows:

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In answer to said affirmative defense, plaintiff alleged that to question the composition of the Board based on the 2010 General Information Sheet is premature. In the GIS that will be filed for 2012, it will show that there are two (2) entrants to the board, namely Ma. Elena Neubauer and Lina Sola. Plaintiff insists that even if only three (3) members of the Board act, that constitutes the majority of the Board. Thus, Basadre was clothed with authority by a majority of the Board.

In addition, plaintiff insists that Elmer Basadre is duly authorized to file this case as shown by Board Resolution No. 6 Series of 2012 of Ansuico, Inc.

The other issues raised by defendants in their Answer pertain to corporate issues and must therefore, be referred to the proper corporate court which is Branch 10 of this Court.

The only affirmative defense raised by the defendants having been appropriately met by the plaintiff, the motion of the defendants to dismiss the case must therefore, be denied, as it is hereby denied.

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Whereas, the 15 November 2012 Order[3] denied reconsideration saying:

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As correctly raised by the plaintiff, a corporation, apart from the personalities of its individual stockholders, is a separate and distinct juridical entity and is capable of doing civil acts as in a filing a suit.

In this case, plaintiff-corporation validly acted through its Board of Directors, when it appointed its representative to act for and its behalf.

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Petitioners allege that the above Orders were issued with grave abuse of discretion amounting to lack of jurisdiction and should thus be set aside, and Civil Case No. 34,419-2012 ordered dismissed.

The Antecedents

Petitioner Transfreeze Logistics Corporation is engaged in the trucking business.[4] Petrolheads Trading Co., formerly managed by petitioner Ariel L. Ansaldo, is a partnership engaged in a similar and related businesses.[5] Petitioner Marideth L. Ansaldo, who is sued as sole proprietor of Tractor Hub Trading, together with other petitioners Roger O. Cagmat, Steve Y. Ansaldo, Bienvin Ceasea C. Sombrero, Ermael C. Verdeflor, Neil V. Ibanez, all of legal age, are former employees of Ansuico, Inc.[6]

Petitioner Ariel L. Ansaldo is the attorney-in-fact of all petitioners and is a preferred stockholder of private respondent Ansuico, Inc.[7]

Private respondent Ansuico, Inc., on the other hand, is a corporation duly organized and existing under Philippine laws, likewise engaged in the business of freight truck service or providing trucking and hauling services to the general public.[8]

The petition before Us is an off-shoot of Civil Case No. 34,419-12[9] for Replevin, Accounting, Sum of Money, Damages and Attorney's Fees with Writ of Replevin and Attachment filed on 12 March 2012 by private respondent against petitioners before the Regional Trial Court, Branch 11, 11[th] Judicial Region, Davao City.

Briefly stated, Ansuico Inc. in its replevin suit[10] accused petitioner Ariel L. Ansaldo (its former Luzon Operations Manager and the son of one of its original incorporators) of clandestinely setting up his own business and network of companies in direct competition with the Ansuico Inc., using the latter's container yard in Pasig City, crane, dry container, refrigerated vans, heavy equipment and the like.[11] The rest of the petitioners were accused of conspiring with petitioner Ansaldo in furtherance of the latter's alleged self-dealing and fraudulent diversion of Ansuico's businesses and assets.[12] The suit below is principally to recover movable assets of private respondent that have allegedly been taken, kept or concealed by petitioners.

In their Answer with Special or Affirmative Defenses and Counterclaims,[13] petitioners raised, among others, the affirmative defense of lack of legal capacity to sue on the part of Board of Directors of Ansuico, Inc.,[14] as follows:

23. That plaintiff has no legal capacity to sue against any one of the defendants and are not entitled to any relief or remedy prayed for in its complaint for the simple reason that it has no legal capacity to sue thru its board composed only of three (3) and without authority to appoint Basadre to file this instant case;

24. That whereas, in its latest Amended Articles of Incorporation filed with the SEC on March 10, 2006, the Board of directors were,
Ireneo Ansaldo who died on December 5, 2010;
Pedro Suico who died on March 18, 2000;
Paz Suico, the only surviving incorporator;
Manuel Ansaldo who died on August 17, 2005, and
Rupert Ansaldo who died on July 27, 2002.

Therefore in 2006 only two (2) members of the board were left, Ireneo Ansaldo and Paz Suico, after the death of the three, and which deaths were obviously not reported to the SEC as mandated by Section 26 of the Corporation Code; plaintiff therefore has ceased to have any power or authority to act;

With the death of Ireneo Ansaldo in 2010, only Paz Suico remains as duly elected member of the board.

Plaintiff Ansuico's April 14, 2011 General Information Sheet filed the Davao branch of the Securities and Exchange Commission (SEC) duly subscribed by its corporate secretary Cruzada shows that Felix Ansaldo and Alex Ansaldo were added as board members together with Paz Suico.

How did Felix Ansaldo and Alex Ansaldo reach the board? By election? Or by SELF-APPOINTMENT? by virtue of being sons of Irene?

25. That plaintiff Ansuico had therefore been conducting business ILLEGALLY and FRAUDULENTLY with the public thru its illegal and not duly elected directors and members of the board who are Felix S. Ansaldo and Alex S. Ansaldo since 2006 to the presents (sic) thus, making illegal and invalid all acts of its incumbent directors and officers;

26. That as proof of the incapacity to Ansuico to sue is the fact that its Board which is the governing body is not composed of at least five (5) directors but only three (3) namely: Felix S. Ansaldo, Alex S. Ansaldo and Paz A. Suico the only surviving incorporator after the death of the original four per its 2011 General Information Sheet filed with the SEC Davao branch on April 14, 2011 certified copy of which is hereto attached as ANNEX A and made integral part thereof;

Petitioners argue that only one of five members of the board of directors of private respondent was alive at the time of the filing of the complaint, thus private respondent had no existing and functioning board.[15] Petitioners averred that from the time the Articles of Incorporation of private respondent was filed on 12 March 2006, no elections have been held as mandated by the corporation's by-laws as well of the Corporation Code thus there has been no valid election of new directors to replace those who have already died.[16] Considering this, petitioners alleged that Elmor D. Basadre, (Basadre) the Accounting Manager of private respondent who executed the Verification and Certification of Non-Forum Shopping as "authorized representative of the plaintiff" had no such authority to file the suit on behalf of the corporation.[17]

Private respondent filed its Reply with Answer to Defendant Ariel L. Ansaldo's Affirmative Defenses and Counterclaim,[18] and countered that to question its legal capacity to sue was premature. Private respondent maintained that the General Information Sheet (GIS) referred to by petitioner in their Answer with Affirmative Defense was for the 2010 calendar year.[19]

Private respondent maintained that the instant complaint was filed in 2012, and it had not yet filed its GIS for that year. Private respondent asserted that the 2012 GIS would show that there were two new members of the board, namely: Ma. Elena A. Neubauer and Lina A. Sola in addition to Paz Suico.[20] Private respondent added that since 3 out of the 5 members of the board constitutes a majority, such a number clothed them with authority to exercise corporate powers, including the power to authorize Basadre to file the complaint against petitioners.

On 12 August 2012, the RTC issued the assailed Order[21] denying the affirmative defense of petitioners and their prayer to dismiss the complaint.

The RTC disposed as follows:

As an affirmative defense, defendants assail the legal capacity of plaintiff Ansuico, Incorporated to file the instant case since the Board of Directors composed of only three (3) members has no authority to appoint Basadre. The records show that Elmer Basadre, Accounting Manager of Ansuico, Inc., is acting in behalf of the plaintiff.

Defendants claim that in the latest Amended Articles of Incorporation of Ansuico, Inc. filed with the Securities and Exchange Commission on March 26, 2006, there were five (5) members of the Board of Directors, namely: Irene Ansaldo who died on December 5, 2010, Pedro Suico who died on March 18, 2000, Manual

Ansaldo who died on August 17, 2005, Ruperto Ansaldo who died on July 27, 2002 and the only surviving incorporator, Paz Suico. Per the General Information Sheet of plaintiff filed with SEC on April 14, 2011, two (2) names have been added, that of Felix Ansaldo and Alex Ansaldo without any information as to how they become members of the Board of Directors.

Further, defendants point to the fact that Ansuico, Inc. which has been illegally operating with the only three (3) members of the Board has filed this instant case against its stockholder Ariel Ansaldo, son of Felix Ansaldo, nephew of Alex Ansaldo and grandnephew of Paz Suico.

In answer to said affirmative defense, plaintiff alleged that to question the composition of the Board based on the 2010 General Information Sheet is premature. In the GIS that will be filed for 2012, it will show that there are two (2) entrants to the board, namely Ma. Elena Neubauer and Lina Sola. Plaintiff insists that even if only three (3) members of the Board act, that constitutes the majority of the Board. Thus, Basadre was clothed with authority by a majority of the Board.

In addition, plaintiff insists that Elmer Basadre is duly authorized to file this case as shown by Board Resolution No. 6 Series of 2012 of Ansuico, Inc.

The other issues raised by defendants in their Answer pertain to corporate issues and must therefore, be referred to the proper corporate court which is Branch 10 of this Court.

Petitioners filed a Motion for Reconsideration[22] thereto on 26 September 2012, to which private respondent filed a Comment[23] dated 27 September 2012. Petitioners then filed their Reply[24] on 5 November 2012.

However, before the RTC could resolve the motion for reconsideration, petitioner Ariel L. Ansaldo filed on 4 October 2012 an intra-corporate suit before the Special Commercial Court, RTC Branch 10 in Davao City (docketed as Intra-corporate Case No. 34,736-2012 entitled “ Ariel L. Ansaldo v. Angsuico Inc., Sylvina S. Ansaldo, Felix S. Ansaldo, Alex S. Ansaldo, Paz A. Suico, Gabriel B. Artega, Emma S. Ansaldo and Marife Angelica A. Cruzada), questioning the composition of the board of directors of Ansuico, Inc and raising in issue acts of mismanagement and illegality by therein defendants.[25]

On 15 November 2012, the RTC, Branch 11 issued the assailed Order[26] denying the Motion for Reconsideration.

Aggrieved by the challenged Orders, petitioners raise the following issues for resolution:

PUBLIC RESPONDENT ACTED WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN ISSUING THE IMPUGNED ORDERS DATED 14 AUGUST 2012 AND 15 NOVEMBER 2012, TO WIT:

I

WHEN PUBLIC RESPONDENT ARBITRARILY DENIED PETITIONERS AFFIRMATIVE DEFENSE OF LACK OF CAUSE OF ACTION VIS A VIS LACK OF AUTHORITY OF THE EXISTING BOARD OF DIRECTORS OF PRIVATE RESPONDENT TO INSTITUTE THE INSTANT CASE AGAINST PETITIONERS ON THE FLIMSY GROUND THAT SAID ISSUES RAISED BY PETITIONERS IN THEIR ANSWER PERTAIN TO CORPORATE ISSUES AND MUST THEREFORE, BE REFERRED TO THE PROPER CORPORATE COURT;

II

WHEN PUBLIC RESPONDENT ARBITRARILY AND WITHOUT BASIS AND IN COMPLETE VIOLATION OF PETITIONERS' RIGHTS TO DUE PROCESS ORDERED THE TRIAL OF THE CASE ON A SELECTIVE AND PIECE MEAL BASIS BY ITS UNILATERAL AND UNSOLICITED REFERRAL

OF INTEGRAL ISSUES MADE PART AND PARCEL OF THE AFFIRMATIVE DEFENSE TO ANOTHER BRANCH OF THE REGIONAL TRIAL COURT;

III

WHEN PUBLIC RESPONDENT ARBITRARILY ORDERED SEIZURE OF PERSONAL PROPERTY DESPITE PRIVATE RESPONDENT'S LACK OF LEGAL CAPACITY TO SUE, FUNDAMENTAL FLAWS IN THE COMPLAINT WHICH CLEARLY WARRANT THE IMMEDIATE RESTITUTION OF ANY AND ALL IMPROVIDENTLY AND IRREGULARLY ATTACHED AND SEIZED PROPERTIES;

IV

WHEN PUBLIC RESPONDENT REFUSED TO ABATE PROCEEDINGS PENDING DETERMINATION BY THE SPECIAL COMMERCIAL COURT OF THE LEGAL CAPACITY TO SUE OF PRIVATE RESPONDENT.

The Court's Ruling

On the Lack of Capacity to Sue.

In making allegations in pleadings, facts showing the capacity of a party to sue or be sued or the authority of a party to sue or be sued in a representative capacity or the legal existence of an organized association of persons that is made a party, must be averred.[27]

In its complaint, private respondent alleged its capacity to sue as plaintiff in this wise -

1. That the plaintiff (henceforth, Ansuico) is a domestic corporation with principal office at Red Ball Express, Km.13, North Road, Panacan, Davao City. It is represented for purposed of this act by its Accounting Manager, Elmore D. Basadre, whose corporate authority is herewith attached as Annex "A".[28]

The above statement sufficiently alleges the capacity of private respondent Ansuico to sue and bring the complaint below. A domestic corporation is one organized under Philippine law[29] and as such has the statutory and express authority to sue and be sued among other express powers.[30] Thus to sufficiently allege capacity to sue, a private corporation who initiates or defends an action in Philippine court need only allege that it is a domestic corporation or that it is one organized under Philippine law since its status as such will by law vests both express and implied powers to a juridical entity created under the Corporation Code.

If there is a ground to dismiss the complaint below, it would thus not be on the ground provided under Rule 16 (1) (d) of the Rules of Court that the plaintiff has no legal capacity to sue, since as a domestic corporation, which is a fact not specifically denied or put in issue by petitioners, plaintiff below (private respondent here) has by law the express power to sue and be sued.

Petitioners however claim, and correctly so, that the power of a private domestic corporation to sue is exercised by the board of directors. Unless otherwise provided in the Corporation Code, all the corporate powers of a body corporate shall be exercised, all business conducted and all property shall be controlled and held by the board of directors.[31] Thus the corporation may bring suit only when authorized by its board, and any action brought by a person not so authorized is not a suit by the corporation. In *Premium Marble Resources, Inc. v. Court of Appeals*,[32] the Supreme Court made it clear that in the absence of an authority from the board of directors, no person, not even the officers of the corporation, can validly bind the latter as it is basic in law that a corporation has a legal personality separate and distinct from that of its officers, and the latter cannot act for and on its behalf without being so authorized by its governing board.[33]

Therefore, the issue to be resolved here is not whether private respondent Ansuico Inc. has capacity to sue, but whether Elmor D. Basadre is duly authorized to bring the suit below in the name of private respondent. To this, petitioners assert that Ansuico Inc. does not have a duly organized board that can exercise the corporate power to bring suit, and the Secretary's Certificate dated 28 March 2012[34] authorizing Basadre to represent Ansuico Inc. is a sham, inexistent and an invalid resolution of a non-existing board of directors.

An affirmative defense pleaded in the answer instead of in a motion to dismiss may in the discretion of the court be subject of a preliminary hearing, as if a motion to dismiss has been filed.[35] The records disclose that the respondent Judge, independently of the hypothetical truth of the allegations of the complaint for purposes of determining the existence of a ground for dismissal, considered the allegations set forth in private respondent's Reply[36] dated 27 September 2012, that controverted the new matters raised by petitioners in their Answer[37] dated 21 April 2012. In issuing the assailed Orders, the RTC, Branch 11 ruled that the two new entrants to the board of Ansuico, Inc., along with the hold-over director Paz Suico, constituted a majority of the board of directors and more than sufficiently clothed the corporation with the requisite quorum and authority to exercise corporate powers, such as the filing of the replevin suit. Beyond this, the RTC ruled that a deeper examination or resolution of issues pertaining to the composition of private respondent's board and its alleged failure to comply with the corporation's by-laws and of Section 26 of the Corporation Code, or the duty of domestic corporations to report the election of new directors, trustees and officers as well as any vacancy that occurs, would have to be resolved in a proper action before a special commercial court.

In this petition, petitioners stand firm in their position that the RTC erred in not dismissing private respondent's replevin suit contending that the latter did not specifically deny their allegation that only one of the five members of the board of Ansuico Inc., was alive at the time of the filing of the complaint.[38] Petitioners argue that private respondent's failure to report the death of its directors and its continuing refusal to show the validity of the succession or election of its board leads to no other conclusion than that Basadre is not authorized to file the suit below.[39]

Petitioner assumes however that private respondent is required to deny the new matters raised in their Answer, otherwise the same shall be deemed admitted if not denied.

This is erroneous.

A reply is a pleading, the office or function of which is to deny, or allege facts in denial or avoidance of new matters alleged by way of defense in the answer and thereby join or make issue as to such new matters. If a party does not file a reply, all the new matters alleged in the answer are deemed controverted.[40] Thus, even without a denial or even the filing of a reply, all the new matters raised by petitioners by way of defense are deemed denied or controverted by private respondent, and petitioners cannot draw any admission or favorable inference from the alleged absence of denial of the new matters raised by them in the Answer to support their desired dismissal of the complaint.

We are also not convinced by petitioners' argument that since private respondent has violated its duty to report the election of new directors, or the creation of vacancy in the board by reason of death of some of the incumbent directors, the board of directors of private respondent is thus not legally constituted and may not exercise corporate powers with valid effect. There is no legal basis for this position.

Members of the board of directors are elected by the owners of a majority of the outstanding capital stock, or if there is no capital stock, a majority of the members entitled to vote either at an annual or special meeting of stockholders or members.[41] Their mandate flows from the will of the stockholders that elect them and their assumption to office, the performance of their duties and the exercise of powers as directors is not made subject to

any pre-condition except their election.

The alleged non-compliance by private respondent with Section 26 of the Corporation Code did not therefor prevent a valid constitution of the board of directors, and is not even ground to invalidate the election of any director. It is a reporting requirement of the corporate regulator imposed to meet the need for public information and updated recording, and the failure of a corporation may subject it to the appropriate sanctions for violation of the Corporation Code.[42]

In sum, We find that petitioners have not shown convincingly that respondent Judge acted arbitrarily and whimsically, without any basis at all in law or the facts, and thus gravely abuse judicial discretion in not dismissing the complaint for alleged lack of private respondent of the capacity to sue.

On Jurisdiction over Intra-Corporate Issues.

Petitioners likewise assign as error the ruling of respondent Court to refer to the RTC, Branch 10 acting as commercial court the resolution of the other corporate issues raised by them in their Answer. Petitioners claim that such unilateral ruling resulted in a “selective and piecemeal” trial, and that at the very least the Court a quo should have abated the action for replevin until the intra-corporate case in Intra-corporate Case No. 34,736-2012 has been finally decided by RTC, Branch 10.

A perusal of petitioner Ariel Ansaldo’s complaint in Intra-corporate Case No. 34,736-2012 before the RTC Branch 10 reveals that his stated causes of action include the same issues raised in his affirmative defenses in Civil Case No. 34,419-12, as follows:

AS SECOND CAUSE OF ACTION: THE INCUMBENT BOARD OF DIRECTORS OF DEFENDANT CORPORATION IS ILLEGALLY CONSTITUTED

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12. It is of record that of all the original set of directors of Defendant Corporation, only IRENEO ANSALDO and PAZ ANSALDO SUICO were alive as of 2006 and in 2010 only PAZ ANSALDO survived, yet, no report of such death and no call for special elections as a necessary consequence in order (sic) fill in the vacancies has been made thus failing to comply with the quintessential quorum requirements of the Corporation Code to enable Defendant Corporation to continue transacting business;

13. It is a matter of record that Defendants have failed and/or refused to comply with their bounded duty under Section 26 of the Corporation Code, to wit:

Sec. 26. Report of election of directors, trustees and officers.[43] xxx

The fact that petitioner Ariel Ansaldo raised these same issues in an intra-corporate case is an admission that the resolution of these issues require an examination and application of the corporation’s articles of incorporation, by-laws, and the relevant provisions of the Corporation Code, leaving no doubt that the resolution of the same should be properly addressed before a court of special jurisdiction.

R.A. No. 8799[44] otherwise known as the Securities Regulation Code, conferred jurisdiction over intra-corporate controversies on courts of general jurisdiction or RTC's designated by the Supreme Court as special commercial courts.[45]

Rule 1 of the Interim Rules of Procedure Governing Intra-corporate Controversies under R.A. No. 8799 defines intra-corporate controversies as follows:

SECTION 1. (a) Cases Covered – These Rules shall govern

The procedure to be observed in civil cases involving the following:

- (1) Devices or schemes employed by, or any act of, the board of directors, business associates, officers or partners, amounting to fraud or misrepresentation which may be detrimental to the interest of the public and/or of the stockholders, partners, or members of any corporation, partnership, or association;
- (2) Controversies arising out of intra-corporate, partnership, or association relations, between and among stockholders, members, or associates; and between, any or all of them and the corporation, partnership, or association of which they are stockholders, members, or associates, respectively;
- (3) Controversies in the election or appointment of directors, trustees, officers, or managers of corporations, partnerships, or associations;
- (4) Derivative suits; and
- (5) Inspection of corporate books. (Emphasis supplied)

In line with R.A. 8799, the Supreme Court adopted two tests to aid the bench in ascertaining whether or not a controversy is intra-corporate in nature, using the relationship test and the nature of the controversy test.

Under the relationship test, the existence of the following intra-corporate relations makes a case or controversy intra-corporate, such as those:

- (1) between the corporation, partnership or association and the public;
- (2) between the corporation, partnership or association and the State insofar as its franchise, permit or license to operate is concerned;
- (3) between the corporation, partnership or association and its stockholders, partners, members or officers; and
- (4) among the stockholders, partners or associates themselves.[46] (Emphasis supplied)

Whereas, under the nature of the controversy test, the Supreme Court held that “the controversy must not only be rooted in the existence of an intra-corporate relationship, but must also pertain to the enforcement of the parties’ “correlative rights and obligations under the Corporation Code and the internal and intra-corporate regulatory rules of the corporation.”[47]

This two-tier test was adopted in the case of *Speed Distribution, Inc. v. Court of Appeals*[48]:

To determine whether a case involves an intra-corporate controversy, and is to be heard and decided by the branches of the RTC specifically designated by the Court to try and decide such cases, two elements must concur: (a) the status or relationship of the parties, and [b] the nature of the question that is the subject of their controversy.

The first element requires that the controversy must arise out of intra-corporate or partnership relations between any or all of the parties and the corporation, partnership, or association of which they are stockholders, members or associates, between any or all of them and the corporation, partnership or association of which they are stockholders, members or associates, respectively; and between such corporation, partnership, or association and the State insofar as it concerns the individual franchises. The second element requires that the dispute among the parties be intrinsically connected with the regulation of the corporation. If the nature of the controversy involves matters that are purely civil in character, necessarily, the case does not involve an intra-corporate controversy.' (Emphasis supplied.)

To recapitulate, in order therefore for a controversy to be considered an intra-corporate dispute, the case:

- (a) must arise out of intra-corporate or partnership relations, and

(b) the nature of the question subject of the controversy must be such that it is intrinsically connected with the regulation of the corporation or the enforcement of the parties' rights and obligations under the Corporation Code and the internal regulatory rules of the corporation. So long as these two criteria are satisfied, the dispute is intra-corporate and the RTC, acting as a special commercial court, has jurisdiction over it.[49]

There can thus be no serious disagreement that issues involving the alleged illegal composition of the board Ansuico Inc., the validity of the succession or election of its directors, and alleged violation by private respondent of the provisions of the Corporation Code particularly Section 26 are intra-corporate in nature which cannot be resolved with finality in Civil Case No. 34,419-12. Stated otherwise, the respondent Court handling the replevin suit filed is not the proper forum to finally determine or resolve intra-corporate issues pending in another court.

In light of the above discussion, the respondent Court cannot exercise jurisdiction over the issues raised by petitioners which are the same issue pending in Intra-corporate Case No. 34,736-2012 before the RTC Branch 10 except to the limited extent of resolving them for the purpose of determining whether the plaintiff below (herein private respondent) has capacity to sue and whether there is ground to dismiss the pending action before it.

The reasons are plain. For one, the issues raised by petitioners in their Answer within the jurisdiction of another court are clearly misjoined. For another, Civil Case No. 34,419-12 is an ordinary civil action governed by the Rules of Court whereas Intra-corporate Case No. 34,736-2012 is governed by the Interim Rules on Intra-Corporate Controversies, and thus being governed by special rules cannot be joined in the same action.[50] This being the case, the Court a quo acted correctly in severing these issues so that they may be proceeded with separately by a court of competent jurisdiction instead of dismissing the action before it.[51]

As to petitioners' plea that respondent Court should have abated Civil Case No. 34,419-12, or to defer the enforcement of the provisional remedy of replevin granted earlier by the court a quo, to await final judgment in Intra-corporate Case No. 34,736-2012, We find no legal or procedural basis to agree that petitioners are entitled to such relief. A perusal of petitioners' Answer reveals that they did not raise this as an issue in their pleading and such cannot be raised before this Court at the first instance, considering further that the replevin suit filed against them preceded petitioner Ariel Ansaldo's filing of Intra-Corporate Case No. 34,736-2012.

All told, no grave abuse of discretion may thus be ascribed to the assailed orders issued by the RTC.

WHEREFORE, premises considered, the petition is hereby DENIED.

SO ORDERED.

Camello, J., Ch., and Inting, JJ., concur.

[1] Rollo, pp. 28-29, 30-31.

[2] Supra.

[3] Supra.

[4] Rollo, p. 62.

[5] Id.

[6] Id. at 43.

[7] Id. at 3.

[8] Rollo, p. 43.

[9] Id. At 41-59. “ Angsuico, Incorporated v. Transfreeze Logistics Corp., Petrolheads Trading Co., Maridel L. Ansaldo doiun business as Tractor Hub Trading, Spouses Ariel L. Ansaldo and Gina B. Ansaldo, Roger O. Camat, Steve Y. Ansaldo, Bienvin Caesar C. Sombrero, Ermael C. Verdeflor, Neil, V. Ybanez. John Does and Jane Does”

[10] Id. at 43-49.

[11] Id. at 49.

[12] Id.

[13] Rollo, pp. 66-67.

[14] Id.

[15] Id.

[16] Id.

[17] Id.

[18] Rollo, pp. 76-95.

[19] Id.

[20] Supra, note 18.

[21] Supra, note 1.

[22] Rollo, pp. 88-91.

[23] Id. at 92-95

[24] Id. at 96-103.

[25] Id. at 104-117.

[26] Supra, note 1.

[27] Section 4, Rule 8, Rules of Court.

[28] Rollo, p. 41

[29] Section 3 in relation to Section 123, Corporation Code.

[30] Section 36, Corporation Code; Art. 46, Civil Code.

[31] Section 23, Corporation Code.

[32] G.R. No. 96551, November 4, 1996.

[33] UPMC v. Court of Appeals, G.R. No. 150959, August 4, 2006.

[34] Rollo, p. 57

[35] Section 6, Rule 16.

[36] Rollo, pp. 76-87.

[37] Id. at 60-75.

[38] Rollo, pp. 5-6, 9-10, 15-17.

[39] Supra.

[40] Section 10, Rule 6, Rules of Court.

[41] Section 24, Corporation Code.

[42] Section 144, Corporation Code.

[43] Rollo, pp. 111.

[44] THE SECURITIES REGULATION CODE

[45] THE SECURITIES REGULATION CODE.

SECTION 5. Powers and Functions of the Commission. – 5.1 x x x

5.2. The Commission's jurisdiction over all cases enumerated under Section 5 of Presidential Decree No. 902-A is hereby transferred to the Courts of general jurisdiction or the appropriate Regional Trial Court: Provided, That the Supreme Court in the exercise of its authority may designate the Regional Trial Court branches that shall exercise jurisdiction over these cases. x x x

[46] See Aguirre II et. al v. FQB-7 et. al, G.R. No. 170770, 9 January 2013.

[47] Id.

[48] G.R. No. 149351, 17 March 2004.

[49] Supra, note 46.

[50] Section 5 (b), Rule 2, Rules of Court.

[51] Section 6, Rules of Court.

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