

LEOPOLDO SY-QUIA, HECTOR MORENO, ALEJANDRO DE SANTOS, PEDRO AGUIRRE, AND HANS INHELDER, PLAINTIFFS-APPELLEES, VS. MARY A. MARSMAN, A.L. VELILLA, A.V.SANTIAGO, E.G. VITO, H.A. DO...

G.R. No. L-23426. March 01, 1968

Ponente: REYES, J.B.L., Acting C.J.

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REYES, J.B.L., Acting C.J.:

This is an appeal by Mary A. Marsman et al. from the judgment on the pleadings rendered by the Court of First Instance of Rizal (Pasig) in its Civil Case No. 6759.

Leopoldo Sy-quia, Hector Moreno, Alejandro de Santos, Pedro Aguirre and Hans Inhelder commenced quo warranto proceeding against Mary A. Marsman, A.L. Velilla, A.V. Santiago, E.G. Vito and H.A. Doornbosch in the Court of First Instance of Rizal, with the filing of a complaint alleging as follows:

"1. Plaintiffs are all of age and residents of the Province of Rizal, except Leopoldo Sy-quia who is a resident of the City of Manila; defendants are all of age and residents of the Province of Rizal, except H.A. Doornbosch who is a resident of the City of Manila, Mary A. Marsman being a widow, and all with place of business at the Marsman Building, Buendia Avenue, Makati, Rizal, where they may be served with summons and a copy of this complaint.

"2. Prior to December 29, 1960, defendants constituted the Board of Directors of Marsman Investments, Ltd., a corporation duly organized and existing under and by virtue of the laws of the United Kingdom with principal offices in London and Philippine offices at the Marsman Building, Buendia Avenue, Makati, Rizal.

"3. On December 29, 1960, at the annual general meeting and extraordinary general meeting of stock-holders of said corporation held at its Philippine Offices (Marsman Building), there being a quorum and all prerequisites, formal as well as essential for the holding of said meetings having been complied with, plaintiffs were duly elected, in accordance with the British Companies Act of 1948 and the Articles of Association of said corporation, the governing law on the matter, directors of said Marsman Investments, Ltd.

"4. On January 4, 1961, as such directors of Marsman Investments, Ltd., plaintiffs held an organizational meeting at the Marsman Building, site of its Philippine Offices, and, thereafter, plaintiffs, singly as well as collectively, demanded of defendants, who were then within the premises, the vacation of their respective offices as such members of the Board of Directors of Marsman Investments, Ltd. and the turning over of the same to plaintiffs, as well as all the books, accounts, papers and other records of the corporation.

"5. Defendants rejected this demand, as well as all other subsequent similar demands made by plaintiffs, and, to this date, have been acting and posing as the lawful members of the Board of Directors of Marsman Investments, Ltd. thereby usurping offices lawfully pertaining to plaintiffs.

"6. For the enforcement and protection of their rights so grossly and wantonly violated by defendants, plaintiffs had to retain undersigned counsel whose reasonable fee, until final determination of this case, is

P15,000.00."

Plaintiffs thus prayed for the ouster of defendants as directors of Marsman Investments, Ltd. and their recognition and institution in stead of the latter; for attorneys' fees in the sum of P15,000.00 and costs.

Defendants moved for the dismissal of the action, pointing to the pendency of other actions (Civ. Case No. 45935, CFI of Manila and Civil Case No. Q-5934, CFI of Rizal), allegedly involving the same parties and over the same cause of action. Upon its denial by the court, defendants filed an answer that reads:

"1. With reference to the allegations in paragraph 1, defendants represent that (a) defendant Mary A. Marsman is now deceased, the defendant having died on January 11, 1963 in Palo Alto, California; (b) defendant Alexander SyCip was appointed by the probate court in Sp. Proc. No. 3883 of this Court executor of the estate of Mary A. Marsman; and (c) defendant H. A. Doornbosch no longer resides in the Philippines.

"2. They deny the allegation in paragraph 3 that on December 29, 1960 at the annual general meeting and extraordinary general meeting of the stockholders or members of Marsman Investments, Ltd., 'plaintiffs were duly elected, in accordance with the British Companies Act of 1948 and the Articles of Association of said corporation, the governing law on the matter, directors of said Marsman Investments, Ltd.'

"3. They have no knowledge or information sufficient to form a belief as to the truth of the allegation in paragraph 4 that on January 4, 1961, as such directors of Marsman Investments, Ltd., plaintiffs held an organizational meeting at the Marsman Building, site of its Philippine Offices; and they deny the further allegation in paragraph 4 that thereafter, plaintiffs, singly as well as collectively, demanded of defendants, who were then within the premises, the vacation of their respective offices as such members of the Board of Directors of Marsman Investments, Ltd. and the turning over of the same to plaintiffs, as well as all the books, accounts, papers and other records of the corporation.

"4. They deny the right of plaintiffs to attorney's fees."

As affirmative defenses, it was contended that the complaint should be dismissed as far as Mary A. Marsman and H. A. Doornbosch were concerned; the first having died on January 11, 1963, and the second having vacated his position as director of the corporation.

Plaintiffs thereupon filed a motion for judgment on the pleadings, claiming that defendants, by making general denials in their answer, had in effect admitted all the material averments of the complaint. Over defendants' vigorous opposition, the court below sustained plaintiffs' stand, reasoning that the mere repetition by defendants in their answer of the averments of the complaint, even if prefaced by the phrase "that he denies", did not constitute specific denial of plaintiffs' cause of action; said allegations in the answer according to the Court, are just negatives pregnant which amounted to admission of the averments of the complaint. As the answer allegedly failed to tender an issue, plaintiffs were consequently declared the duly elected directors of the Marsman Investments, Ltd. and defendants were ordered to turn over to them all the books, accounts, papers and other records of the corporation. Plaintiffs' demand for attorneys' fees, however, was denied, for not being substantiated by evidence. Hence, this appeal by the defendants.

We find this appeal to be without merit.

A comparison of paragraph 3 of the complaint and paragraph 2 of the answer will show that the answer in effect denies each and every allegation of plaintiffs, with the result that the denial is general and not specific as required by the Rules (Revised Rule 8, sec. 10) providing:

"SEC. 10. Specific denial. -- The defendant must specify each material allegation of fact the truth of which he does not admit and, whenever practicable, shall set forth the substance of the matters which he will rely upon

to support his denial. Where a pleader desires to deny only a part or a qualification of an averment, he shall specify so much of it as is true and material and shall deny only the remainder. Where the defendant is without knowledge or information sufficient to form a belief as to the truth of a material averment made in the complaint, he shall so state, and this shall have the effect of a denial."

There is no difference between an averment that a defendant "denies each and every allegation" and a plea whereby the defendant, as in this case, denies the recitals of the complaint reproduced in the answer. If the first mode of denial is and has been declared a general denial,[1] the second should be equally so held. For the answer before us, in reality, leaves in doubt all the averments of paragraph 3 of the complaint: defendants-appellants do not specify therein whether what they deny is that the annual general meeting was held, or whether it is the fact that plaintiffs were elected directors, or whether the election was held conformably to the British laws governing the matter.

In addition, the Rules require that besides specifying the allegations of fact not admitted, the answer should set forth the matters relied upon in support of the denial;² so that, in effect, the Rules are no longer satisfied with mere denials, even if specific, but demand that defendant manifest what he considers to be the true facts. Note that our Rules do not permit a party to deny everything in his opponent's pleading, as it could under Rule 8, subsection (b) of the Federal Rules of Civil Procedure /I Moran, Rules of Court, p. 280, 1963 Ed./. The defendants-appellants do not aver any matters to support their denials.

The rule, it is true, qualifies the requirement with the words "if practicable"; but the defendants nowhere attempted to demonstrate why it was not practicable for them to aver the facts that negate or contradict the plaintiffs' allegations. Hence, the denials in paragraph 2 of the answer are but general denials that operate as an admission of the facts pleaded in paragraph 3 of the complaint.

With regard to the plea of lack of knowledge or information set up in paragraph 3 of the answer, this Court's decision in *Warner Barnes vs. Reyes*, 103 Phil. 662, 665, is authority for the proposition that this form of denial must be availed of with sincerity and good faith, not for the purpose of confusing the other party, nor for purposes of delay. Yet, so lacking in sincerity and good faith is this part of the answer that defendants-appellants go to the limit of denying knowledge or information as to whether they (defendants) were in the premises (Marsman Bldg.) on January 4, 1961, as averred in paragraph 4 of the complaint. Yet whether such a fact was or was not true could not be unknown to these defendants.

Very plainly, appellants here systematically adopted the tactic of trapping and confusing plaintiffs as to what facts they had to prove or what issues must be met. Even their so-called special defenses were likewise evasive, and did not touch the heart of the controversy. Such strategy we can not sanction. It is violative of the policy of fair disclosure of facts required by the Rules. Hence, we hold that no error was committed by the Court below in concluding that the answer tendered no issue, and that judgment on the pleadings was warranted.

Defendants-appellants argue that if the answer tended to confuse plaintiffs, their remedy lay in a motion for particulars. But, the Rules placed on appellants the duty to be specific as to their contentions: what facts they denied and what facts they know or believe to have actually happened. They did not do so. To require plaintiffs now to ask for particulars is to enable defendants to delay the trial and disposition of the case by ignoring in their answer what the rules, (2) Rule 8, section 10, ante require. They would thus reap benefit from their own wrong.

FOR THE FOREGOING REASONS, the order and judgment appealed from are affirmed. Costs against appellants in all instances.

SO ORDERED.

Dizon, Makalintal, Bengzon, Zaldivar, Sanchez, Castro, Angeles, and Fernando, JJ., concur.

[1] El Hogar Filipino vs. Santos Investments, 74 Phil. 79; Lichauco vs. Guasch, 76 Phil. 7.

2 Rule 8, section 10, ante.

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