LAUREANO INVESTMENT & DEVELOPMENT CORPORATION, PETITIONER, VS. THE HONORABLE COURT OF APPEALS AND BORMAHECO, INC., RESPONDENTS.

G.R. No. 100468. May 06, 1997

Ponente: PANGANIBAN, J.

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PANGANIBAN, J.:

May a plaintiff/petitioner which purports to be a corporation validly bring suit under a name other than that registered with the Securities and Exchange Commission?

In this petition for review on certiorari under Rule 45 of the Rules of Court, petitioner seeks the reversal of the Decision[1] of the Court of Appeals[2] in CA-G.R. SP No. 22763, promulgated on February 28, 1991, which resolved the above question in the negative; and its Resolution[3]promulgated on June 10, 1991, denying petitioner's motion for reconsideration. The assailed Decision upheld the following questioned orders of the Regional Trial Court of Makati, Branch 141:[4] (1) the Order dated September 8, 1989, ruling that "Lideco Corporation" (the name under which herein petitioner represented itself before the trial court) lacked personality to intervene;[5] (2) the Order dated May 7, 1990, denying the motion of petitioner to take the place of "Lideco Corporation" as party-intervenor and adopt the latter's complaint in intervention and other pleadings;[6] and (3) the Order dated August 8, 1990, which denied the motion for reconsideration of petitioner.[7]

The Facts

The antecedents of this petition are summarized by the Respondent Court as follows:

> "The records show that spouses Reynaldo Laureano and Florence Laureano are majority stockholders of petitioner Corporation who entered into a series of loan and credit transactions with Philippine National Cooperative Bank (PNCB for short). To secure payment of the loans, they executed Deeds of Real Estate Mortgage dated December 11, 1962, January 9, 1963, July 2, 1963 and September 5, 1964, for the following amounts: P100,000.00, P20,000.00, P70,000.00 and P13,424.04, respectively. In view of their failure to pay their indebtedness, PNCB applied for extrajudicial foreclosure of the real estate mortgages. The bank was the purchaser of the properties in question in the foreclosure sale and titles thereof were consolidated in PNCB's name on February 20, 1984. PNCB did not secure a writ of possession nor did it file ejectment proceedings against the Laureano spouses, because there were then pending cases, such as x x x involving the titles of ownership of subject two lots, which are situated at Bel-Air Subdivision[,] Makati, Metro Manila.
>
> Private respondent Bormaheco, Inc. became the successor of the obligations and liabilities of PNCB over subject lots by virtue of a Deed of Sale/Assignment on September 26, 1988 wherein Bormaheco bought from PNCB under a bulk sale 114 titled and untitled properties including the two parcels of land in question, formerly registered in the name of the Laureano spouses. Transfer Certificate of Title Nos. 157724 and 157725 over the lots in question were issued on October 12, 1988 in the name of Bormaheco.
>
> Five (5) days after securing titles over the said properties, Bormaheco filed an 'Ex-Parte Petition for the

> Issuance of Writ of Possession of Lots 4 and 5, Block 4 situated at Bel-Air Village, Makati, Metro Manila and embraced in TCT Nos. 157724 and 157725 of the Registry of Deeds of Makati, Metro Manila,' docketed as LRC Case No. M-1530 before respondent Court. Petitioner Corporation filed on January 18, 1989 its Motion for Intervention and to Admit Attached Complaint in Intervention in said case. After an exchange of pleadings, respondent Court issued its order dated February 9, 1988, which reads:

'There being a prima facie showing in the attached complaint in intervention that herein intervenor LIDECO CORPORATION has an interest which may eventually and adversely be affected in whatever decision the Court may render in the instant case; to enable the parties concerned to properly ventilate and litigate all the issues involving the subject property thereby avoid multiplicity of suits, and in the interest of justice, the Motion for Intervention, filed by LIDECO CORPORATION is hereby GRANTED; and the attached complaint in intervention ADMITTED.'

> On July 26, 1989, respondent Bormaheco filed its Motion to Strike out the Complaint in Intervention and all related pleadings filed by LIDECO Corporation. The motion was granted in the first questioned order dated September 8, 1989, which reads:

On the instant motion, the records show that LIDECO Corporation appeared thru counsel and filed its complaint in intervention, representing therein that it is a corporation duly organized and registered in accordance with law.

The Corporation Code explicitly provides that the use of the word corporation presupposes that an entity is duly registered (with the SEC) in accordance with law.

Intervening in the instant petition, with the use of the name LIDECO Corporation, the latter, in effect, represents to this court that it is a corporation whose personality is distinct and separate from its stockholders and/or any other corporation bearing different names. Hence, herein intervenor LIDECO Corporation and LAUREANO INVESTMENT AND DEVELOPMENT CORPORATION, to the mind of this Court, are two (2) separate and distinct entities. Inasmuch as the documents in support of its complaint in intervention -- tax declarations -- are in the names of Laureano Investment and Development Corporation, and it appearing that LIDECO Corporation is not a corporation or partnership duly organized and registered with the SEC, there is, therefore, no way whatsoever that LIDECO Corporation's interests will be adversely affected by the outcome of the instant case.

WHEREFORE, for intervenor's lack of personality to intervene in the instant proceedings, petitioner's motion to strike out complaint in intervention is hereby GRANTED.

Accordingly, all pleadings filed relative thereto are ordered expunged from the records.

> After the issuance of the above-cited order, petitioner Corporation filed on October 4, 1989, its Urgent Motion to Substitute Party Intervenor and to Adopt Complaint in Intervention and All Pleadings. An opposition thereto was filed by BORMAHECO, after which the lower court issued its second questioned order quoted below:

The court has painstakingly examined the two (2) tax declarations and has found out that the said tax declarations refer to two houses erected on Lot 3, Block 4 and Lot 3, Block 4 of the Bel-Air Village, Makati, Metro Manila. On the other hand, the subject matter of the instant petition are Lot 4, Block 4 and Lot 5, Block 4 of Bel-Air Village, Makati, Metro Manila. Clearly, therefore, the properties upon which the herein movant-corporation has interests refer to properties different from those subject of the instant petition.

Not only that. As correctly pointed out by the petitioner, the afore-mentioned tax declarations according to the records of the Makati Assessor's Office were canceled on July 22, 1982 or five (5) years, two (2) months and four (4) days before the petitioner (BORMAHECO) purchased from the Philippine National Cooperative Bank the two (2) lots and the improvements found thereon evidenced by the copies of Tax Declaration Nos. A-002-00512 and

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6103 attached as Annexes A and B respectively to the petitioner's rejoinder dated October 26, 1989.

The movant-corporation not having shown documentary evidence showing that it has interest on the two lots subject of the complaint and the improvements found therein, it has, therefore, no personality to file the instant motion. x x x

There is yet another reason why the motion should not be granted. The movant corporation's request to be substituted as party intervenor is not one of the instances provided for in Sec. 20, Rule 3 of the Rules of Court. Substitution of party litigant may be requested in the following:

(a) When a party dies and the claim is not extinguished, upon proper motion, the Honorable Court may order the legal representative of the deceased to appear and to be substituted for the deceased within the period of thirty (30) days or within such time as may be granted. (Sec. 17, Rule 3, Rules of Court)

(b) In case of any transfer of interest, upon motion, the Honorable Court may direct the person to whom the interest is transferred to be substituted in the action or joined with the original party. (Sec. 20, Rule 30 [should be Rule 3], supra.)
which is not so in the case.

x x x

WHEREFORE, in view of the foregoing considerations, the motions under consideration are hereby DENIED.'

> A Motion for Reconsideration of the above-cited order was denied by respondent Court in its third questioned order dated August 8, 1990, x x x"[8]

In likewise denying the petition of Laureano Investment and Development Corporation (petitioner corporation), Respondent Court ratiocinated:

> "Petitioner Corporation contends that respondent Bormaheco's motion to strike out the complaint in intervention and all related pleadings filed by LIDECO Corporation was based on misleading and confusing assertions that LIDECO Corporation is not a registered corporation despite its admission and/or use of the word LIDECO as acronym for Laureano Investment and Development Corporation. The contention is untenable. BORMAHECO has shown that LIDECO Corporation is not organized and existing under Philippine laws. Neither has it been registered with the Securities and Exchange Commission. In support of said claim, BORMAHECO presented a certification to the effect that the records of the Commission do not show the registration of LIDECO, INC. either as a corporation or as partnership.
>
> Petitioner also contends that the motion x x x should have been denied outright because it was filed in bad faith and without legal and factual basis. On the contrary, from the very first motion and pleading filed by petitioner in LRC No. M-1530 pending before respondent Court, it is very clear that the intervenor therein is LIDECO Corporation. Nowhere in its complaint does it appear that LIDECO Corporation is the brevity or acronym for Laureano Investment and Development Corporation. The claim that Lideco Corporation is the name of a corporation which is duly registered and organized in accordance with law has been belied by the absence of SEC record showing the registration of Lideco, Inc. either as corporation or as a partnership. It was only when intervenor (petitioner herein) filed its opposition to the motion to strike out that it clarified that Lideco Corporation is the acronym for Laureano Investment and Development Corporation.
>
> x x x x x x x x x
>
> Moreover, even assuming that Lideco Corporation and Laureano Investment and Development Corporation are one and the same, it was found by respondent Court that the properties being claimed by petitioner are different from those for which private respondent is seeking the issuance of a writ of possession; hence, the

> complaint in intervention was correctly dismissed."[9]

In conclusion, the appellate court said:

> "We, therefore, fail to see the alleged grave abuse of discretion on the part of respondent Court in issuing the questioned orders, as they were issued after the Court had considered the arguments of the parties and the evidence on record. Clearly, the lower court acted within its authority and sound discretion in issuing the said orders."[10]

Petitioner's motion for reconsideration of the above ruling was, as earlier stated, denied by Respondent Court in its Resolution[11]promulgated on June 10, 1991. Hence, this petition.

Issues

Petitioner raises for resolution the following questions:

> 1. Whether Respondent Bormaheco, Inc. is estopped from contesting the legal personality to sue of "Lideco Corporation";
>
> 2. Whether bad faith attended the filing of private respondent's motion to strike out the complaint in intervention and related pleadings.[12]

Petitioner contends that private respondent is estopped from, and is in bad faith for, denying its knowledge that "Lideco Corporation" and Laureano Investment and Development Corporation are one and the same entity since it has previously used LIDECO as an acronym for the latter corporation.

Private respondent submitted a lengthy (sixty-page) amended comment[13] to the petition, giving a detailed background to the instant case including various actions allegedly commenced by the Spouses Laureano questioning the foreclosure of the subject properties. In sum, Bormaheco, Inc. maintains that Respondent Court did not commit reversible error in disallowing "Lideco Corporation" to intervene for the reason that said entity did not satisfy the essential requisites for being a party to an action, to wit: (1) natural or juridical personality; (2) legal capacity to sue or be sued, i.e., having all the qualifications and none of the disqualifications provided for by law; and (3) real interest in the subject matter of the action.[14]

Private respondent adds that petitioner corporation is merely an alter ego of the Laureano spouses who have lost their rights over the subject properties in favor of Bormaheco's predecessor-in-interest, the Philippine National Cooperative Bank (PNCB), by virtue of extrajudicial foreclosures. Petitioner's motion to intervene in the case below is just another ploy of the spouses to prevent subsequent owners from effectively exercising their rights of ownership over the properties.

Private respondent also filed before us a motion[15] to declare petitioner as engaged in forum shopping and to resolve the instant petition. In support of its motion, private respondent enumerates a string of civil actions allegedly commenced by the Laureano spouses before the trial court as well as petitions before the appellate court concerning the properties in question. As a result, Bormaheco claims, an "issue which could have been laid to rest in 1967 is still being litigated." Furthermore, in an omnibus motion[16]filed on February 11, 1997, private respondent claims that it is being unduly deprived of rental income by as much as P40,000.00 a month for each property, or a total of eight million pesos since 1988. On the other hand, it claims to have been assessed for and to have actually paid real estate taxes and Bel-Air Village Association dues since such date.

The Court's Ruling

The petition is not meritorious.

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Petitioner's Issues:Estoppel

Petitioner contends that it was private respondent which first made use of LIDECO as a shorter term for Laureano Investment and Development Corporation when it filed its first motion to strike dated January 9, 1989,[17] prior to the filing by "Lideco Corporation" of its motion for intervention and complaint in intervention[18] on January 18, 1989. Hence, private respondent should be considered estopped from denying that petitioner and "Lideco Corporation" are one and the same corporation.

The equitable doctrine of estoppel was explained by this Court in Caltex (Philippines), Inc. vs. Court of Appeals:[19]

> "Under the doctrine of estoppel, an admission or representation is rendered conclusive upon the person making it, and cannot be denied or disproved as against the person relying thereon. A party may not go back on his own acts and representations to the prejudice of the other party who relied upon them. In the law of evidence, whenever a party has, by his own declaration, act, or omission, intentionally and deliberately led another to believe a particular thing true, to act upon such belief, he cannot, in any litigation arising out of such declaration, act, or omission, be permitted to falsify it." (footnotes omitted)

We elaborated in Maneclang vs. Baun[20]

> "In estoppel by pais, as related to the party sought to be estopped, it is necessary that there be a concurrence of the following requisites: (a) conduct amounting to false representation or concealment of material facts or at least calculated to convey the impression that the facts are otherwise than, and inconsistent with, those which the party subsequently attempts to assert; (b) intent, or at least expectation that this conduct shall be acted upon, or at least influenced by the other party; and (c) knowledge, actual or constructive of the actual facts." (citing Kalalo vs. Luz, 34 SCRA 337, 1974)

Examining the records of the case, we observe that the motion[21] adverted to indeed made use of LIDECO as an acronym for Laureano Investment and Development Corporation. But said motion distinctly specified that LIDECO was the shorter term for Laureano Investment and Development Corporation. It is obvious that no false representation or concealment can be attributed to private respondent. Neither can it be charged with conveying the impression that the facts are other than, or inconsistent with, those which it now asserts since LIDECO, as an acronym, is clearly different from "Lideco Corporation" which represented itself as a corporation duly registered and organized in accordance with law.[22] Nor can it be logically inferred that petitioner relied or acted upon such representation of private respondent in thereafter referring to itself as "Lideco Corporation;" for petitioner is presumed to know by which name it is registered, and the legal provisions on the use of its corporate name.

Section 1, Rule 3 of the Rules of Court provides that only natural or juridical persons or entities authorized by law may be parties to a civil action. Under the Civil Code, a corporation has a legal personality of its own (Article 44), and may sue or be sued in its name, in conformity with the laws and regulations of its organization (Article 46).[23] Additionally, Article 36 of the Corporation Code similarly provides:

"Article 36. Corporate powers and capacity. -- Every corporation incorporated under this Code has the power and capacity:

1. To sue and be sued in its corporate name;

x x x" (underscoring supplied)

As the trial and appellate courts have held, "Lideco Corporation" had no personality to intervene since it had not been duly registered as a corporation. If petitioner legally and truly wanted to intervene, it should have used its corporate name as the law requires and not another name which it had not registered. Indeed, as the Respondent

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Court found, nowhere in the motion for intervention and complaint in intervention does it appear that "Lideco Corporation" stands for Laureano Investment and Development Corporation. Bormaheco, Inc., thus, was not estopped from questioning the juridical personality of "Lideco Corporation," even after the trial court had allowed it to intervene in the case.

Granting arguendo that the name "Lideco Corporation" could be used by petitioner corporation in its motion, there is an even more cogent reason for denying the petition. The trial court concluded, and we have no reason to disagree, that the intervention of Lideco or petitioner corporation was not proper because neither had any legal interest in the subject of litigation. The evidence (tax declarations) attached to the petition for intervention and the complaint for intervention pertained to properties not being litigated in the instant case. Lideco and petitioner corporation both claimed to have an interest in two houses constructed in Lot 3, Block 4 in Bel Air Village, Makati.[24] The subject matter of the instant petition, on the other hand, are Lots 4 and 5, Block 4, of Bel Air Village. This factual finding was affirmed by the Court of Appeals.

Since the conclusion of the trial and appellate courts is based on facts, and since the Supreme Court is not a trier of facts -- our function not being to examine and evaluate the evidence presented to the concerned tribunal which formed the basis of its questioned decision, resolution or order[25]-- it is clear that we cannot review such holding. We note further that petitioner has failed to show that the factual findings of the trial and appellate courts were arbitrary and/or constituted one of the exceptions allowing review by this Court.[26]

Bad Faith

"(B)ad faith implies a conscious and intentional design to do a wrongful act for a dishonest purpose or moral obliquity; x x x bad faith contemplates a state of mind affirmatively operating with furtive design or ill will."[27]

Other than its bare allegations that private respondent acted in bad faith, petitioner failed to show that the former acted consciously and deliberately to achieve a dishonest purpose or moral obliquity, or was motivated by ill will. Rather, as discussed above, no false representation was contrived nor concealment made by private respondent. Neither did it deliberately convey facts other than, or inconsistent with, what it now asserts and upon which petitioner had relied or acted upon due to the representations of private respondent. Hence, we hold that petitioner failed to demonstrate that private respondent acted in bad faith in filing its assailed second motion.

Private Respondent's Issue:Forum Shopping

Private respondent, in turn, accuses petitioner and/or its chairman of the board and majority stockholder, Reynaldo Laureano, of forum shopping, alleging that both have improperly instituted a string of cases through deliberate splitting of causes of action thereby trifling with the courts and abusing their processes.

There is forum shopping whenever, as a result of an adverse opinion in one forum, a party seeks a favorable opinion (other than appeal or certiorari) in another,[28] raising identical causes of action, subject matter, and issues.[29] However, private respondent, other than the enumeration in its motion[30] of the case number and titles, nature of the actions and decisions therein, failed to substantiate its allegations. It did not show convincingly that the cases enumerated had identical causes of action, subject matter and issues. From its bare assertions, the Court cannot intelligently make a valid finding of whether petitioner, indeed, engaged in forum shopping. In any event, a ruling on this issue is not necessary to the final resolution of the entire case.

WHEREFORE, premises considered, the petition is hereby DENIED for its failure to show any reversible error on the part of Respondent Court. The questioned Decision of the Court of Appeals is AFFIRMED. Costs against petitioner.
SO ORDERED.

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Narvasa, C.J., (Chairman), Davide, Jr., Melo, and Francisco, JJ., concur.

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[1] Rollo, pp. 18-26.

[2] Sixteenth Division, composed of J. Nicolas P. Lapeña, Jr., ponente, and JJ. Ricardo L. Pronove, Jr. (Chairman) and Fermin A. Martin, Jr., concurring.

[3] Rollo, p. 28.

[4] Presided by Judge Phinney C. Araquil.

[5] Rollo, pp. 52-53.

[6]CA Rollo, pp. 75-77.

[7] Ibid., pp. 81-82.

[8] Assailed Decision, pp. 1-7; rollo, pp. 18-24.

[9] Assailed Decision, pp. 7-8; rollo, pp. 24-25.

[10] Ibid.

[11] Rollo, p. 28.

[12] Petition, pp. 8-9; rollo, pp. 12-13.

[13] Rollo; pp. 132-192. This was followed by a 63-page memorandum.

[14] Citing Moran, Comments on the Rules of Court, vol. I, 1963 ed., pp. 115-116.

[15] Rollo, pp. 317-328.

[16] Ibid., pp. 491-503.

[17] Rollo, p. 32.

[18] Ibid, p. 38-48.

[19] 212 SCRA 448, 457, August 10, 1992.

[20] 208 SCRA 179, 192, April 22, 1992.

[21]Rollo, pp. 32-37.

[22] Complaint in Intervention, p. 1; rollo, p. 41.

[23] Vitug, Pandect of Commercial Law and Jurisprudence, 1990 Revised Ed., p. 282.

[24] Although there appears to be an error in the trial court's findings that petitioner's tax declarations both referred to two houses erected on the same lot, petitioner failed to question or correct the same in their petition for certiorari and mandamus before the Court of Appeals, or in this petition for review.

[25] Trade Unions of the Philippines vs. Laguesma, 236 SCRA 586, September 21, 1994.

[26] Fuentes vs. Court of Appeals, G.R. No. 109849, February 26, 1997.

[27] Far East Bank and Trust Company vs. Court of Appeals, 241 SCRA 671, 675, February 23, 1995.

[28] First Philippine International Bank vs. Court of Appeals, 252 SCRA 259, January 24, 1996.

[29] International Container Terminal Services, Inc. vs. Court of Appeals, 249 SCRA 389, October 18, 1995.

[30] Rollo, pp. 317-328.

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