

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. PHILIPPINE RESOURCES DEVELOPMENT CORPORATION AND THE COURT OF APPEALS, RESPONDENTS.

G. R. No. 10141. January 31, 1958

Ponente: PADILLA, J.

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PADILLA, J.:

This is a petition under Rule 46 to review a judgment rendered by the Court of Appeals in CA-GR No. 15767-R, Philippine Resources Development Corporation vs. The Hon. Judge Magno Gatmaitan et al.

The findings of the Court of Appeals are, as follows:

It appears that on May 6, 1955, the Republic of the Philippines in representation of the Bureau of Prisons instituted against Macario Apostol and the Empire Insurance Co. a complaint docketed as Civil Case No. 26166 of the Court of First Instance of Manila. The complaint alleges as the first cause of action, that defendant Apostol submitted the highest bid in the amount of P450.00 per ton for the purchase of 100 tons of Palawan Almaciga from the Bureau of Prisons; that a contract therefor was drawn and by virtue of which, Apostol obtained goods from the Bureau of Prisons valued P15,878.59; that of said account, Apostol paid only P691.10 leaving a balance obligation of P15,187.49. The complaint further avers, as second cause of action, that Apostol submitted the best bid with the Bureau of Prisons for the purchase of three million board feet of logs at P88.00 per 1,000 board feet; that a contract was executed between the Director of Prisons and Apostol pursuant to which contract Apostol obtained deliveries of logs valued at P65,830.00; and that Apostol failed to pay a balance account of P18,827.57. All told, the total demand set forth in complaint against Apostol is for P34,015.06 with legal interests thereon from January 8, 1952. The Empire Insurance Company was included in the complaint having executed a performance bond of P10,000.00 in favor of Apostol.

In his answer, Apostol interposed payment as a defense and sought the dismissal of the complaint.

On July 19, 1955, the Philippine Resources Development Corporation moved to intervene, appending to its motion, the complaint in intervention of even date. The complaint recites that for sometime prior to Apostol's transactions the corporate had some goods deposited in a warehouse at 1201 Herran, Manila; that Apostol, then the president of the corporation but without the knowledge or consent of the stockholders thereof, disposed of said goods by delivering the same to the Bureau of Prisons in an attempt to settle his personal debts with the latter entity; that upon discovery of Apostol's act, the corporation took steps to recover said goods by demanding from the Bureau of Prisons the return thereof; and that upon the refusal of the Bureau to return said goods, the corporation sought leave to intervene in Civil Case No. 26166.

As aforesaid, His Honor denied the motion for intervention and thereby issued an order to this effect on July 23, 1955. A motion for the reconsideration of said order was filed by the movant corporation and the same was likewise denied by His Honor on August 18, 1955. * * * (Annex L.)

On 3 September 1955, in a petition for a writ of certiorari filed in the Court of Appeals, the herein respondent corporation prayed for the setting aside of the order of the Court of First Instance that had denied the admission of its complaint-in-intervention and for an order directing the latter Court to allow the herein respondent corporation

to intervene in the action (Annex G). On 12 December 1955 the Court of Appeals set aside the order denying the motion to intervene and ordered the respondent court to admit the herein respondent corporation's complaint-in-intervention, with costs against Macario Apostol.

On 9 January 1956 the Republic of the Philippines filed this petition in this Court for the purpose stated at the beginning of this opinion.

The Government contends that the intervenor has no legal interest in the matter in litigation, because the action brought in the Court of First Instance of Manila against Macario Apostol and the Empire Insurance Company (Civil Case No. 26166, Annex A) is just for the collection from the defendant Apostol of a sum of money, the unpaid balance of the purchase price of logs and almaciga bought by him from the Bureau of Prisons, whereas the intervenor seeks to recover ownership and possession of G.I. sheets, black sheets, M.S. plates, round bars and G.I. pipes that it claims it owns—an intervention which would change a personal action into one ad rem and would unduly delay the disposition of the case.

The Court of Appeals held that:

Petitioner ardently claims that the reason behind its motion to intervene is the desire to protect its rights and interests over some materials purportedly belonging to it; that said materials were unauthorizedly and illegally assigned and delivered to the Bureau of Prisons by petitioning corporation's president Macario Apostol in payment of the latter's personal accounts with the said entity; and that the Bureau of Prisons refused to return said materials despite petitioner's demands to do so.

Petitioner refers to the particulars recited in Apostol's answer dated July 12, 1955 to the effect that Apostol had paid unto the Bureau of Prisons his accounts covered, among others, by BPPO 1077 for the sum of P4,638.40 and BPPO 1549 for the amount of P4,398.54. Petitioner, moreover, points to the Statement of Paid and Unpaid accounts of Apostol dated January 16, 1954 prepared by the accounting officer of the Bureau of Prisons (Annex B. Complaint in Intervention), wherein it appears that the aforementioned accounts covered respectively by BPPO Nos. 1077 for 892 pieces of GI sheets and 1549 for 399 pieces of GI pipes in the total sum of P9,036.94 have not been credited to Apostol's account in view of lack of supporting papers; and that according to the reply letter of the Undersecretary of Justice, said GI sheets and pipes were delivered by Macario Apostol to the Bureau of Prisons allegedly in Apostol's capacity as owner and that the black iron sheets were delivered by Apostol as President of the petitioner corporation.

Respondents, on the other hand, assert that the subject matter of the original litigation is a sum of money allegedly due to the Bureau of Prisons from Macario Apostol and not the goods or materials reportedly turned over by Apostol in payment of his private debts to the Bureau of Prisons and the recovery of which is sought by the petitioner; and that for this reason, petitioner has no legal interest in the very subject matter in litigation as to entitle it to intervene.

We find no merit in respondents' contention. It is true that the very subject matter of the original case is a sum of money. But it is likewise true as borne out by the records, that the materials purportedly belonging to the petitioner corporation have been assessed and evaluated and their price equivalent in terms of money have been determined; and that said materials for whatever price they have been assessed, have been assigned by defendant now respondent Apostol as tokens of payment of his private debts with the Bureau of Prisons. In view of these considerations, it becomes enormously plain in the event the respondent judge decides to credit Macario Apostol with the value of the goods delivered by the latter to the Bureau of Prisons, the petitioner corporation stands to be adversely affected by such judgment. The conclusion, therefore, is inescapable that the petitioner possesses a legal interest in the matter in litigation and that such interest is of an actual, material, direct and immediate nature as to entitle petitioner to intervene.

* * * * *

Section 3 of Rule 13 of the Rules of Court endows the lower court with discretion to allow or disapprove a motion for intervention (*Santarromana et al. vs. Barrios*, 63 Phil. 456); and that in the exercise of such discretion, the court shall consider whether or not the intervention will unduly delay or prejudice the adjudication of the rights of the original parties and whether or not the intervenor's rights may be fully protected in a separate proceeding. The petitioner in the instant case is positively authorized to file a separate action against any of all the respondents. But considering that the resolution of the issues raised in and joined by the pleadings in the main case, would vitally affect the rights not only of the original parties but also of the herein petitioner; that far from unduly delaying or prejudicing the adjudication of the rights of the original parties or bringing about confusion in the original case, the admission of the complaint in intervention would help clarify the vital issue of the true and real ownership of the materials involved, besides preventing an abhorrent multiplicity of suits, we believe that the motion to intervene should be given due course.

We find no reason for disturbing the foregoing pronouncements. The Government argues that "Price * * * is always paid in terms of money and the supposed payment being in kind, it is no payment at all," citing article 1458 of the new Civil Code. However, the same article provides that the purchaser may pay "a price certain in money or its equivalent" which means that payment of the price need not be in money. Whether the G.I. sheets, black sheets, M.S. plates, round bars and G.I. pipes claimed by the respondent corporation to belong to it and delivered to the Bureau of Prisons by Macario Apostol in payment of his account is sufficient payment therefor, is for the Court to pass upon and decide after hearing all the parties in the case. Should the trial court hold that it is as to credit Apostol with the value or price of the materials delivered by him, certainly the herein respondent corporation would be affected adversely if its claim of ownership of such sheets, plates, bars and pipes is true.

The Government reiterates its original stand that counsel appearing for the respondent corporation has no authority to represent it and/or sue in its behalf. The Court of Appeals held that:

Respondents aver also that petitioner lacks legal capacity to sue and that its counsel is acting merely in an individual capacity without the benefit of a corporate act authorizing him to bring suit. In this connection, respondents invoke among others section 20 of Rule 127 which provision, in our opinion, squarely disproves their claim as by virtue thereof, the authority of petitioner's counsel is presumed. Withal, the claim of the counsel for the petitioner that a resolution to proceed against Apostol, had been unanimously adopted by the stockholders of the corporation, has not been refuted.

Evidently, petitioner is a duly organized corporation with offices at the Samanillo Building and that as such, it is endowed with a personality distinct and separate from that of its president or stockholders. It has the right to bring suit to safeguard its interests and ordinarily, such right is exercised at the instance of the president. However, under the circumstance now obtaining, such right properly devolves upon the other officers of the corporation as said right is sought to be exercised against the president himself who is the very object of the intended suit.

The power of a corporation to sue and be sued in any court^[1] is lodged in the board of directors which exercises its corporate powers,^[2] and not in the president, as contended by the Government. The "motion for admission of complaint in intervention" (Annex C) and the "complaint in intervention" attached thereto, signed by counsel and filed in the Court of First Instance begin with the following statement: "COMES NOW the above-named Intervenor, by its undersigned counsel, * * *," and underneath his typewritten name is affixed the description

"Counsel for the Intervenor." As counsel's authority to appear for the respondent corporation was never questioned in the Court of First Instance, it is to be presumed that he was properly authorized to file the complaint-in intervention and appear for his client.^[1] It was only in the Court of Appeals where his authority to appear was questioned. As the Court of Appeals was satisfied that counsel was duly authorized by his client to file the complaint-in-intervention and to appear in its behalf, the resolution of the Court of Appeals on this point

should not be disturbed.

Granting that counsel has not been actually authorized by the board of directors to appear for and in behalf of the respondent corporation, the fact that counsel is the secretary-treasurer of the respondent corporation and a member of the board of directors; and that the other members of the board, namely, Macario Apostol, the president, and his wife Pacita R. Apostol, who should normally initiate the action to protect the corporate properties and interests are the ones to be adversely affected thereby, a single stockholder under such circumstances may sue in behalf of the corporation.[2] Counsel as a stockholder and director of the respondent corporation may sue in its behalf and file the complaint-in-intervention in the proper court.

The judgment under review is affirmed, without pronouncement as to costs.

Paras, C. J., Bengzon, Montemayor, Reyes, A., Bautista Angelo, Labrador, Concepcion, Reyes, J. B. L., Endencia, and Felix, JJ., concur.

[1] Section 13 paragraph 2, Corporation Law, Act No. 1459, as amended.

[2] Section 28, *ibid*.

[1] Section 20, Rule 127.

[2] *Pascual vs. Del Saz Orozco*, 19 Phil. 82; *Everett vs. Asia Banking Corporation*, 49 Phil. 512; *Evangelista vs. Santos*, 86 Phil., 387.

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