

NOE S. ANDAYA, PETITIONER, VS. LISANDRO C. ABADIA, RENE R. CRUZ, VICTOR M. PUNZALAN, LYSIAS C. CABUSAO, JOSE O. BARNUEVO, JOSE M. FORONDA, LAMBERTO TORRES, EDGAR C. GALVANTE, EM...

G.R. No. 104033. December 27, 1993

Ponente: BELLOSILLO, J.

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BELLOSILLO, J.:

Maintaining that the Regional Trial Court (RTC) and not the Securities and Exchange Commission (SEC) has jurisdiction over his complaint, petitioner argues that the court a quo^[1] should not have dismissed Civil Case No. Q-91-10470 filed by him against herein respondents, who were original defendants in the court below. He asserts that "actually, the complaint is based not so much on plaintiff's attempted removal but rather on the manner of his removal and the consequent effects thereof."^[2] Specifically, he alleges in his petition that -

Before the Regional Trial Court, Branch 101, Quezon City, in an action denominated 'Injunction and Damages with Restraining Order and/or Preliminary Injunction', docketed as Civil Case No. Q-91-10470 of said Court, petitioner NOE S. ANDAYA, as plaintiff, sued respondents LISANDRO C. ABADIA, RENE R. CRUZ, VICTOR M. PUNZALAN, LYSIAS C. CABUSAO, JOSE O. BARNUEVO, JOSE M. FORONDA, LAMBERTO TORRES, EDGAR C. GALVANTE, EMERSON C. TANGAN, PRIMITIVO A. SOMERA and BENJAMIN N. SANTOS, SR., as defendants, alleging x x x that said respondents, as directors of the Armed Forces and Police Savings and Loan Association, Inc., (AFPSLAI) x x x acting in concert and pursuant to an illegal and nefarious scheme to oust petitioner from his then positions as President and General Manager of the AFPSLAI, with grave abuse of authority and in gross and deliberate violation of the norms of human relations and of petitioner's right to due process, illegally, maliciously and with evident bad faith, convened a meeting of the AFPSLAI Board of Directors and illegally reorganized the management of AFPSLAI by ousting and removing, without just and lawful cause, petitioner from his positions therein, causing petitioner moral and exemplary damages, and praying x x x for the issuance of a temporary restraining order x x x and x x x a writ of preliminary injunction, restraining respondents from implementing the result of the irregularly convened and illegally conducted reorganization of the management of the AFPSLAI, as well as respondents Punzalan and Tangan from assuming and taking over from petitioner the offices of President and General Manager of said AFPSLAI and from performing and exercising the functions and powers thereof pending final determination of the case.^[3]

On 30 October 1991, the trial court granted the prayer of petitioner for temporary restraining order and set the hearing on the injunctive relief.^[4]

On 4 November 1991, respondents filed an Urgent Motion to Dismiss on the ground that the complaint raised intra-corporate controversies over which the Securities and Exchange Commission, and not the court a quo, has exclusive original jurisdiction.^[5] On 5 November 1991, respondents filed an Urgent Motion to Lift Restraining Order and Opposition to Preliminary Injunction.^[6] Petitioner filed a Consolidated Opposition to Urgent Motion to Dismiss and Motion to Lift Restraining Order with Reply to Opposition to Preliminary Injunction and

Reiteration of Motions for Contempt (for violation of the Temporary Restraining Order), arguing that "the case is mainly based not on petitioner's attempted removal per se but rather on the manner of his removal and the effect thereof, which was done anti-socially, oppressively, in gross violation of the norms of human relations and without giving petitioner his due x x x x"[7]

On 12 November 1991, before the trial court could rule on the motion to dismiss, petitioner filed an amended complaint impleading as additional defendants then Central Bank Governor Jose L. Cuisia, Jr., Central Bank SRDC Managing Director Ricardo P. Lirio and Central Bank SES Acting Director Candon B. Guerrero.[8] On 13 November 1991, respondents filed an Omnibus Motion contending, inter alia, that the filing of an amended complaint seeking to confer jurisdiction on the court was improper and should not be allowed.[9]

On 14 November 1991, Judge Pedro T. Santiago of the court a quo issued an order dismissing the case for lack of jurisdiction insofar as herein respondents were concerned and denied petitioner's motions to declare respondents in contempt of court. While the order mentioned the amended complaint, it made no express disposition thereon. It simply ruled that -

Evidently, the prayers for damages and injunction are predicated on corporate matters. It should be stressed at this point that the subject causes of action stated in the complaint, from the alleged illegal notices of meetings to the election and tenure of officers, are matters covered by the AFPSLAI By-Laws. Specifically, on the allegation that the plaintiff was ousted and removed in a votation by the AFPSLAI Board of Directors, whether rightly or without just cause, this is covered by the AFPSLAI By-Laws, Sec. 3, that: 'All executive officers shall hold office at the pleasure of the Board, and all other officers, agents, and employees shall hold office for such time as it is provided for in their contract of employment and if none is provided, at the pleasure of the Board (underscoring supplied).

The specific law, P.D. No. 902-A, defines and vests jurisdiction over corporate matters in the Securities and Exchange Commission in no uncertain terms, Section 3, to be 'absolute jurisdiction, supervision and control over all corporations.' In the case at bar, AFPSLAI is a corporation and the alleged causes of action in the complaint are clearly corporate matters.

The damages sought as a consequence of the alleged corporate wrongs committed by the defendants becomes merely incidental. The other relief for injunction prayed for is also within the jurisdictional power of the SEC (Sec. 6, P.D. 902-A).

In resume therefore, the very allegations in the complaint being indubitably corporate matters militate against the jurisdiction of this Court over the instant case.[10]

On 18 November 1991, petitioner moved to reconsider the 14 November 1991 order arguing, among others, that "since the case under the Amended Complaint impleads parties-defendant not in any way connected with the AFPSLAI, any apparent corporate element in the case is swept away." [11] Respondents filed an opposition thereto, and on 10 February 1992, the court a quo denied the motion for reconsideration as well as the motion to dismiss the amended complaint earlier filed by defendants Cuisia, et al., holding that -

x x x the fact remains that the substance and essence of the complaint against the original 11 defendants in both the first and the amended complaint are the same - that the said defendants are being held civilly liable for their corporate acts in the AFPSLAI.

Consequently, the Court finds no reason to change its resolution dismissing the instant complaint FOR LACK OF JURISDICTION insofar as the original defendants are concerned, namely: Lisandro C. Abadia, Rene R. Cruz, Victor M. Punzalan, Lysias C. Cabusao, Jose O. Barnuevo, Jose M. Foronda, Lamberto Torres, Edgar C. Galvante, Emerson C. Tangan, Primitivo A. Somera, Benjamin N. Santos, Sr.

x x x x Thus, where the defendants Abadia, et al., were dismissed from the case, it does not necessarily follow that the whole case, specifically the amended complaint, is also dismissed as the allegations therein insofar as the defendants Cuisia, et al. x x x x are concerned, are within the context of the jurisdiction of this Court. The matter does not only present a case of splitting the causes of action, which is frowned upon, but a matter of jurisdiction. This Court has no jurisdiction on corporate matters as in the case of defendants Abadia, et al. x x x x but not so, however, in the case of defendants Cuisia, et al. x x x x where their alleged acts stated in the amended complaint fall within the jurisdiction of the Court.[12]

Petitioner now comes to us on appeal praying for the reversal of the orders of the court dated 14 November 1991 and 10 February 1992 insofar as the case against herein respondents is concerned.

The allegations against herein respondents in the amended complaint unquestionably reveal intra-corporate controversies cleverly concealed, although unsuccessfully, by use of civil law terms and phrases. The amended complaint impleads herein respondents who, in their capacity as directors of AFPSLAI, allegedly convened an illegal meeting and voted for the reorganization of management resulting in petitioner's ouster as corporate officer. While it may be said that the same corporate acts also give rise to civil liability for damages, it does not follow that the case is necessarily taken out of the jurisdiction of the SEC as it may award damages which can be considered consequential in the exercise of its adjudicative powers. Besides, incidental issues that properly fall within the authority of a tribunal may also be considered by it to avoid multiplicity of actions. Consequently, in intra-corporate matters such as those affecting the corporation, its directors, trustees, officers, shareholders, the issue of consequential damages may just as well be resolved and adjudicated by the SEC.

Moreover, mere allegations of violation of the provisions of the Civil Code on human relations do not necessarily call for the application of the provisions of the Civil Code in place of AFPSLAI By-Laws. In *De Tavera v. Philippine Tuberculosis Society, Inc.*, [13] we ruled -

Petitioner cannot likewise seek relief from the general provisions of the New Civil Code on Human Relations nor from the fundamental principles of the New Constitution on preservation of human dignity. While these provisions present some basic principles that are to be observed for the rightful relationship between human beings and the stability of social order, these are merely guides for human conduct in the absence of specific legal provisions and definite contractual stipulations. In the case at bar, the Code of By-Laws of the Society contains a specific provision governing the term of office of petitioner. The same necessarily limits her rights under the new Civil Code and the New Constitution upon acceptance of the appointment.

The determination of the rights of petitioner arising from the alleged illegal convening of the meeting of AFPSLAI Board of Directors and his subsequent ouster from corporate offices as a result of the voting for the reorganization of management are obviously intra-corporate controversies subject to the jurisdiction of SEC as provided in P.D. No. 902-A which states:

Sec. 5. - In addition to the regulatory and adjudicative functions of the Securities and Exchange Commission over corporations x x x it shall have original and exclusive jurisdiction to hear and decide cases involving x x x x (b) Controversies arising out of intra-corporate x x x relations x x x x (c) Controversies in the election or appointment of directors, trustees, officers or managers of such corporations x x x x

The same may also be said of petitioner's prayer for damages, considering that his right thereto either depends on, or is inextricably linked with, the resolution of the corporate controversies. For instance, the prayer for moral damages is grounded on "defendants' gross and evident bad faith, insidious machinations and conspiratorial acts, false and derogatory misrepresentations and imputations against plaintiff and other malevolent and illegal acts calculated to realize and accomplish the threatened illegal removal of plaintiff from his positions aforesaid x x x x;"[14] while the prayer for exemplary damages is dependent on alleged respondents' "concerted illegal effort to

maliciously set him up for, and fraudulently consummate, his illegal ouster from his positions in the AFPSLAI x x x x x"[15]

Even the supposed allegations of violation of the provisions of the Civil Code on human relations, as in par. 7 of the Complaint which states that "certain parties, including defendant SANTOS, masterminded a plot to degrade plaintiff and to denigrate his accomplishments in the AFPSLAI by spreading false and derogatory rumors against plaintiff," are all treated in the complaint as mere components of the general scheme allegedly perpetrated by respondents as directors to oust him from his corporate offices, and not as causes of action independent of intra-corporate matters. Moreover, the injunction prayed for in the complaint is within the jurisdiction of SEC pursuant to Sec. 6, par. (a), of P.D. 902-A which states: "(i)n order to effectively exercise such jurisdiction, the Commission shall possess the following powers x x x x (t)o issue preliminary or permanent injunction, whether prohibitory or mandatory, in all cases in which it has jurisdiction x x x x"

In his Supplemental Appeal by Certiorari With Prayer for Issuance of Preliminary Injunction or Restraining Order,[16] petitioner refers to allegations in pars. 7, 11, 15 and 16[17] of the complaint which supposedly disclose that the case is within the jurisdiction of the court a quo. Petitioner wilily, but unavailingly, tries to mangle his complaint, dismember its parts, and present to us only those paragraphs which he considers are beyond the jurisdiction of SEC.

We are not distracted by this artful maneuver. In giving utmost importance to these paragraphs and in treating them as his strongest arguments to support his position, petitioner unwittingly exposes his achilles' heel. These paragraphs themselves show that the allegations of violations of the rules on human relations also fall within the jurisdiction of SEC because they are treated merely as ingredients of "malevolent and illegal acts calculated to realize and accomplish the threatened illegal removal of plaintiff from his (corporate) positions.

In sum, what petitioner filed against respondents before the court a quo was an intra-corporate case under the guise of an action for injunction and damages.

Petitioner also seeks reversal of the assailed orders on the alleged procedural infirmity that "despite the filing of an Amended Complaint before a responsive pleading has been filed, which superseded the original complaint and rendered respondents' Motion to Dismiss the original complaint functus officio, the Court a quo without first admitting the Amended Complaint and merely upon respondents' Omnibus Motion x x x dismissed the case as against respondents."

First of all, under Sec. 2, Rule 10, Rules of Court, the filing of an amended complaint before answer is an undisputed right of plaintiff, hence, there is no need for the court to allow its admission.[18] Quite obviously, any statement admitting such amended complaint may reasonably be considered a superfluity. Considered in this light, the court a quo could not be faulted for not making any statement admitting the amended complaint.

It appears however that the Omnibus Motion (seeking dismissal of the Amended Complaint) was already filed when the court a quo rendered the order of 14 November 1991 resolving, not the Omnibus Motion, but the Urgent Motion to Dismiss (seeking dismissal of the original Complaint). Ordinarily, the filing of the Omnibus Motion should render the Urgent Motion to Dismiss superseded.[19] Petitioner thus posits that the court a quo was precluded from acting not only on the Urgent Motion to Dismiss because it was deemed superseded, but also on the Omnibus Motion because no hearing was had thereon thus leaving the assailed orders without basis to lean on. Where in this case, however, the Omnibus Motion already comprehended the lone issue raised in the Urgent Motion to Dismiss (i.e., the court has no jurisdiction over intra-corporate matters) and upon which ground the court a quo dismissed the case against respondents, the previous hearing[20] on the Urgent Motion to Dismiss may cure the defect of absence of hearing on the Omnibus Motion but only insofar as said issue was concerned.

What is important is that petitioner was heard on that issue, hence, due process was observed. Moreover, the Omnibus Motion made an express statement adopting the arguments in the Urgent Motion to Dismiss. While this practice of adopting another pleading is not necessarily encouraged,[21] the peculiar circumstances of this case demand the application of liberality. Besides, even if the Urgent Motion to Dismiss may have been deemed superseded, the court is not precluded from considering the same which still remains in the record. The withdrawal of motions or pleadings from the record cannot easily be implied.[22]

The foregoing notwithstanding, remedial rights and privileges under the Rules of Court are utterly useless in a forum that has no jurisdiction over the case. It should be noted that the court a quo dismissed the case against respondents on the ground that it has no jurisdiction over the subject matter thereof which mainly involves intra-corporate controversies.

Jurisdiction over subject matter is essential in the sense that erroneous assumption thereof may put at naught whatever proceedings the court might have had. Hence, even on appeal, and even if the parties do not raise the issue of jurisdiction, the reviewing court is not precluded from ruling that it has no jurisdiction over the case. It is elementary that jurisdiction is vested by law and cannot be conferred or waived by the parties or even by the judge. It is also irrefutable that a court may at any stage of the proceedings dismiss the case for want of jurisdiction. For this matter, the ground of lack of jurisdiction in dismissing a case is not waivable. Hence, the last sentence of Sec. 2, Rule 9, Rules of Court, expressly states: "Whenever it appears that the court has no jurisdiction over the subject matter, it shall dismiss the action."

We note that Sec. 2, Rule 9 uses the word "shall," leaving the court no choice under the given situation but to dismiss the case. The same Rule also uses the phrase "whenever it appears," which means at anytime after the complaint or amended complaint is filed, because the lack of jurisdiction may be apparent from the allegations therein. Hence, from the foregoing, even if no answer or motion to dismiss is filed the court may dismiss the case for want of jurisdiction. In this sense, dismissal for lack of jurisdiction may be ordered by the court *motu proprio*. Applying this notion to the case at bar, with the dismissal of the case against respondents for lack of jurisdiction, it then becomes inconsequential whether the court acted on the Urgent Motion to Dismiss or on the Omnibus Motion without the requisite notice as provided in Secs. 4 and 6 of Rule 15 of the Rules of Court. The determination of lack of jurisdiction over respondents being apparent from the face of the amended complaint, the defect of want of prior notice and hearing on the Omnibus Motion could not by itself confer jurisdiction upon the court a quo.

WHEREFORE, finding no reversible error committed by the court a quo, the instant petition is DISMISSED and the assailed orders of 14 November 1991 and 10 February 1992 are AFFIRMED. Costs against petitioner.

SO ORDERED.

Narvasa, C.J., Cruz, Feliciano, Padilla, Bidin, Regalado, Davide, Jr., Romero, Nocon, Quiason, Puno, and Vitug, JJ., concur.

Melo, J., no part.

[1] Regional Trial Court, Br. 101, Quezon City, presided by Judge Pedro T. Santiago.

[2] Petition, p. 14; Rollo, p. 24.

[3] Id., par. 1, pp. 2-3; Rollo, pp. 12-13.

[4] Id., par. 2, p. 3; Rollo, p. 13.

- [5] Id., par. 3.
- [6] Id., par. 4, p. 4; Rollo, p. 14.
- [7] Id., par. 5.
- [8] Id., par. 6, p. 5; Rollo, p. 15.
- [9] Memorandum for Respondents, par. 10, p. 5; Rollo, p. 380.
- [10] Order of 14 November 1991, p. 2, Annex "A", Petition; Rollo, p. 34.
- [11] Petition, par. 9, p. 6; Rollo, p. 16.
- [12] Order of 10 February 1992, pp. 1-3, Annex "B", Petition; Rollo, pp. 38-40.
- [13] No. L-48928, February 25, 1982; 112 SCRA 243, 254.
- [14] Complaint, par. 14, pp. 7-8, Annex "C", Petition; Rollo, pp. 47-48.
- [15] Id., par. 15, p. 8, Annex "C", Petition; Rollo, p. 48.
- [16] Rollo, pp. 274-285.

[17] 7. THAT plaintiff is informed, believed and therefore alleges that, obviously envious of his achievements at the helm of the AFPSLAI, certain parties, including defendant SANTOS, masterminded a plot to degrade plaintiff and to denigrate his accomplishments in the AFPSLAI by spreading false and derogatory rumors against plaintiff and his administration, feeding the Chairman with false and misleading reports, furnishing derogatory and distorted information to political quarters and submitting adverse and falsified reports to the Central Bank which not only alienated and placed plaintiff in an unfavorable light in the view of the parties concerned and even unduly motivated a Senator's adverse speech on the Senate 'floor but also provoked threats for the ouster of plaintiff as President and General Manager of the AFPSLAI x x x x

11. THAT, despite all the foregoing, defendant ABADIA, obviously yielding to pressure from influential elements both in the AFP and political circles, acting in connivance with the other defendants in pursuing their illegal and nefarious scheme to oust plaintiff from his positions in the AFPSLAI, with grave abuse of authority and in gross and deliberate violation of the norms of human relations, convened the illegally called meeting of the AFPSLAI Board of Directors and, acting with evident bad faith and without giving plaintiff his due, did then and there, concertedly and in connivance with each other, illegally and maliciously voted to reorganize the management by ousting and removing, without just and lawful cause, plaintiff from his positions as President and General Manager of the AFPSLAI x x x x

15. THAT the acts of defendants in the duplicitous dealings with plaintiff and in their concerted effort to maliciously set him up for, and fraudulently consummate, his illegal ouster from his positions in the AFPSLAI, have been repeatedly characterized and tainted with wantonness, duplicity, recklessness, malevolence, abuse of authority and brazen disregard of the norms of human relations designed to malign plaintiff's good name and reputation and injure his rights and interests, for which defendants should be held liable, by way of example and correction for the public good and as deterrence for others who may be minded to act in a similar manner, for exemplary damages in the amount of P9 Million;

16. THAT defendants' actuations detailed and described in the preceding paragraphs have compelled plaintiff to incur actual damages in the concept of destroyed business opportunities, including but not limited to consultancy fees, transportation and representation expenses, and such other resulting from defendants' unlawful actuations, in

the sum of P10 Million, and have likewise compelled plaintiff to institute this suit for the vindication of his good name and reputation and the protection of his rights and interests and, for the purpose, had to engage the services of counsel, incurring therefor, attorney's fees of P1 Million, besides expenses of litigation x x x x (Rollo, pp. 44-49).

[18] *Soledad v. Mamañgun*, No. L-17983, 30 May 1963; 8 SCRA 110, 113.

[19] Where the original complaint is superseded by the filing of the amended complaint, the filing of a motion to dismiss the amended complaint should likewise render the motion to dismiss the original complaint superseded. However, if after the amendment no motion to dismiss the amended complaint is filed, the motion to dismiss the original complaint should stand. This is because the amended complaint takes the place of the original complaint and generally relates back to the filing of the original complaint; the result is as if the motion to dismiss was filed after the amended complaint. Undoubtedly, it is permissible that the amended complaint may be filed to rectify any defect in the complaint. On the other hand, if in the amended complaint the defects pointed out in the defendant's motion to dismiss are not rectified, the court may favorably act on the motion to dismiss. This finds support in the last sentence of Sec. 3, Rule 11, which pertains to an answer to amended complaint. The entire section reads: "If the complaint is amended, the time fixed for the filing and service of the answer shall, unless otherwise ordered, run from notice of the order admitting the amended complaint or from service of such amended complaint. An answer filed before the amendment shall stand as an answer to the amended complaint, unless a new answer is filed within ten (10) days from notice or service as herein provided." Consequently, what renders the motion to dismiss the original complaint superseded by the amended complaint is not the filing thereof as suggested by petitioner, but the filing of the motion to dismiss it.

[20] Order of 10 February 1992, p. 1; Rollo, p. 38.

[21] *Orbit Transportation Company v. Workmen's Compensation Commission*, No. L-38768, 23 July 1974; 58 SCRA 78, 83.

[22] Sec. 5, Rule 9, Rules of Court, provides: Upon motion made by a party before responding to a pleading or, if no responsive pleading is permitted by these rules, upon motion made by a party within twenty (20) days after the service of the pleading upon him, or upon court's initiative at any time, the court may order any pleading to be stricken out or that any sham or false, redundant, immaterial, impertinent, or scandalous matter be stricken out therefrom.

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