

**THE INTESTATE ESTATE OF ALEXANDER T. TY, REPRESENTED BY
THE ADMINISTRATRIX, SYLVIA S. TY, PETITIONER, VS. COURT OF
APPEALS, HON. ILDEFONSO E. GASCON, AND ALEJANDRO B. TY,
RESPON...**

G.R. No. 112872. April 19, 2001

Ponente: MELO, J.

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MELO, J.:

Before the Court are two separate petitions for Certiorari, G.R. 112872 under Rule 65 alleging grave abuse of discretion amounting to lack or excess of jurisdiction, and G.R. No. 114672 under Rule 45 on purely questions of law. As these two cases involve the same parties and basically the same issues, including the main question of jurisdiction, the Court resolves to consolidate them.

On February 27, 2001, the Court issued its resolution in A.M. 00-9-03 directing the re-distribution of old cases such as ones on hand. Thus, the present ponencia.

The antecedent facts are as follows:

Petitioner Sylvia S. Ty was married to Alexander T. Ty. Son of private respondent Alejandro B. Ty, on January 11, 1981. Alexander died of leukemia on May 19, 1988 and was survived by his wife, petitioner Sylvia, and only child, Krizia Katrina. In the settlement of his estate, petitioner was appointed administratrix of her late husband's intestate estate.

On November 4, 1992, petitioner filed a motion for leave to sell or mortgage estate property in order to generate funds for the payment of deficiency estate taxes in the sum of P4,714,560.00 Included in the inventory of property were the following:

- 1) 142,285 shares of stock in ABT Enterprises valued at P14,228,500.00;
- 2) 5,000 shares of stock in Intercontinental Paper Industries valued at P500,000.00;
- 3) 15,873 shares of stock in Philippine Crystal Manufacturing, Inc. valued at P1,587,300.00;
- 4) 800 shares of stock in Polymart Paper Industries, Inc. valued at P80,000.00;
- 5) 1,880 shares of stock in A.T. Car Care Center, Inc. valued at P188,000.00;
- 6) 360 shares of stock in Union Emporium, Inc. valued at P36,000.00;
- 7) 380 shares of stock in Lexty, Inc. valued at P38,000.00; and
- 8) a parcel of land in Biak-na-Bato, Matalahib, Sta. Mesa, with an area of 823 square meters and covered by Transfer Certificate of Title Number 214087.

Private respondent Alejandro Ty then filed two complaints for the recovery of the above-mentioned property,

which was docketed as Civil Case Q-91-10833 in Branch 105 Regional Trial Court of Quezon City (now herein G.R. No. 112872), praying for the declaration for nullity of the deed of absolute sale of the shares of stock executed by private respondent in favor of the deceased Alexander, and Civil Case Q-92-14352 in Branch 90 Regional Trial Court of Quezon City (now G.R. No. 114672), praying for the recovery of the pieces of property that were placed in the name of deceased Alexander by private respondent, the same property being sought to be sold out, mortgaged, or disposed of by petitioner. Private respondent claimed in both cases that even if said property were placed in the name of deceased Alexander, they were acquired through private respondent's money, without any cause or consideration from deceased Alexander.

Motions to dismiss were filed by petitioner. Both motions alleged lack of jurisdiction for the trial court, claiming that the cases involved intra-corporate disputes cognizable by the Securities and Exchange Commission (SEC). Other grounds raised in G.R. NO. 114672 were:

- 1) An express trust between private respondent Alejandro and his deceased son Alexander;
- 2) Bar by the statute of limitations;
- 3) Private respondent's violation of Supreme Court Circular 28-91 for failure to include a certification of non-forum shopping in his complaints; and
- 4) Bar by laches.

The motions to dismiss were denied. Petitioner then filed petitions for certiorari in the Court of Appeals, which were also dismissed for lack of merit. Thus, the present petitions now before the Court.

Petitioner raises the issue of jurisdiction of the trial court. She alleges that an intra-corporate dispute is involved. Hence, under Section 5(b) of Presidential Decree 902-A, the SEC has jurisdiction over the case. The Court cannot agree with petitioner.

Jurisdiction over the subject matter is conferred by law (*Union Bank of the Philippines vs. Court of Appeals*, 290 SCRA 198 [1998]). The nature of an action, as well as which court or body has jurisdiction over it, is determined based on the allegations contained in the complaint of the plaintiff (*Serdoncillo vs. Benolirao*, 297 SCRA 448 [1998]; *Tamano vs. Ortiz*, 291 SCRA 584 [1998]), irrespective of whether or not plaintiff is entitled to recover upon all or some of the claims asserted therein (*Citibank, N.A. vs. Court of Appeals*, 299 SCRA 390 [1998]). Jurisdiction cannot depend on the defenses set forth in the answer, in a motion to dismiss, or in a motion for reconsideration by the defendant (*Dio vs. Concepcion*, 296 SCRA 579 [1998]).

Petitioner argues that the present case involves a suit between two stockholders of the same corporation which thus places it beyond the jurisdictional periphery of regular trial courts and more within the exclusive competence of the SEC by reason of Section 5(b) of Presidential Decree 902-A, since repealed. However, it does not necessarily follow that when both parties of a dispute are stockholders of a corporation, the dispute is automatically considered intra-corporate in nature and jurisdiction consequently falls within the SEC. Presidential Decree 902-A did not confer upon the SEC absolute jurisdiction and control over all matters affecting corporations, regardless of the nature of the transaction which gave rise to such disputes (*Jose Peneyra, et.al. vs. Intermediate Appellate Court, et. al.*, 181 SCRA 245 [1990] citing *DMRC Enterprises vs. Este del Sol Mountain Reserve, Inc.*, 132 SCRA 293 [1984]). The better policy in determining which body has jurisdiction over this case would be to consider, not merely the status of the parties involved, but likewise the nature of the question that is the subject of the controversy (*Viray vs. Court of Appeals*, 191 SCRA 309 [1990]). When the nature of the controversy involves matters that are purely civil in character, it is beyond the ambit of the limited jurisdiction of the SEC (*Saura vs. Saura, Jr.*, 313 SCRA 465 [1999]).

In the cases at bar, the relationship of private respondent when he sold his shares of stock to his son was one of vendor and vendee, nothing else. The question raised in the complaints is whether or not there was indeed a sale in the absence of cause or consideration. The proper forum for such a dispute is a regular trial court. The Court agrees with the ruling of the Court of appeals that no special corporate skill is necessary in resolving the issue of the validity of the transfer of shares from one stockholder to another of the same corporation. Both actions, although involving different property, sought to declare the nullity of the transfers of said property to the decedent on the ground that they were not supported by any cause or consideration, and thus, are considered void ab initio for being absolutely simulated or fictitious. The determination whether a contract is simulated or not is an issue that could be resolved by applying pertinent provisions of the Civil Code particularly those relative to obligations and contracts. Disputes concerning the application of the Civil Code are properly cognizable by courts of general jurisdiction. No special skill is necessary that would require the technical expertise of the SEC.

It should also be noted that under the newly enacted Securities Regulation Code (Republic Act No. 8799), this issue is now moot and academic because whether or not the issue is intra-corporate, it is the regional trial court and no longer the SEC that takes cognizance of the controversy. Under Section 5.2 of Republic Act No. 8799, original and exclusive jurisdiction to hear and decide cases involving intra-corporate controversies have been transferred to courts of general jurisdiction or the appropriate regional trial court.

Other issues raised by the petitioner in G.R. No. 114672 are equally not impressed with merit.

Petitioner contends that private respondent is attempting to enforce an unenforceable express trust over the disputed real property. Petitioner is in error when she contends that an express trust was created by private respondent when he transferred the property to his son. Judge Abraham P. Vera, in his order dated March 31, 1993 in Civil Case No. Q-92-14352, declared:

...[e]xpress trust are those that are created by the direct and positive acts of the parties, by some writing or deed or will or by words evidencing an intention to create a trust. On the other hand, implied trusts are those which, without being expressed, are deducible from the nature of the transaction by operation of law as matters of equity, independently of the particular intention of the parties. Thus, if the intention to establish a trust is clear, the trust is express; if the intent to establish a trust is to be taken from circumstances or other matters indicative of such intent, then the trust is implied (Cuaycong vs. Cuaycong, 21 SCRA 1191 [1967]).

In the cases at hand, private respondent contends that the pieces of property were transferred in the name of the deceased Alexander for the purpose of taking care of the property for him and his siblings. Such transfer having been effected without cause of consideration, a resulting trust was created.

A resulting trust arises in favor of one who pays the purchase money of an estate and places the title in the name of another, because of the presumption that he who pays for a thing intends a beneficial interest therein for himself. The trust is said to result in law from the acts of the parties. Such a trust is implied in fact (Tolentino, Civil Code of the Philippines, Vol. 4, p. 678).

If a trust was then created, it was an implied, not an express trust, which may be proven by oral evidence (Article 1457, Civil code), and it matters not whether property is real or personal (Paras, Civil Code of the Philippines, Annotated, Vol. 4, p. 814).

Petitioner's assertion that private respondent's action is barred by the statute of limitations is erroneous. The statute of limitations cannot apply in this case. Resulting trusts generally do not prescribe (Caladiao vs. Vda. De Blas, 10 SCRA 691 [1964]), except when the trustee repudiates the trust. Further, an action to reconvey will not prescribe so long as the property stands in the name of the trustee (Manalang, et. al. vs. Canlas, et. al., 94 Phil. 776 [1954]). To allow prescription would be to permit a trustee to acquire title against his principal and the true owner.

Petitioner is also mistaken in her contention that private respondent violated Supreme Court Circular 28-91, dated September 17, 1991 and which took effect on January 1, 1992. Although Section 5, Rule 7 of the 1997 Rules on Civil procedure makes the requirement of filing a verification and certificate of non-forum-shopping applicable to all courts, this cannot be applied in the case at bar. At the time the original complaint was first filed on December 10 (for G.R. 112872) and 28 (for G.R. 114672), 1992, such certification requirement only pertained to cases in the Court of Appeals and the Supreme Court. The Revised Circular 28-91, which covered the certification requirement against non-forum shopping in all courts, only took effect April 1, 1994. Further, the subject heading of the original circular alone informs us of its topic: that of additional requisites for petitions filed with the Supreme Court and the Court of Appeals to prevent forum shopping or multiple filing of petitions and complaints. Section 1 of the Circular makes it mandatory to include the docket number of the case in the lower court or quasi-judicial agency whose order or judgment is sought to be reviewed. Such a requirement clearly indicates that the Circular only applies to actions filed with the Court of Appeals and the Supreme Court.

Contrary to what petitioner contends, there could be no laches in this case. Private respondent filed his complaint in G.R. No. 112872 on December 10, 1992 (later amended on December 23, 1992) and in G.R. No. 114672 on December 28, 1992, only over a month after petitioner filed in the probate proceedings a petition to mortgage or sell the property in dispute. Private respondent's actions were in fact very timely. As stated in the complaints, private respondent instituted the above actions as the property were in danger of being sold to a third party. If there were no pending cases to stop their sale, he would no longer be able to recover the same from an innocent purchaser for value.

Withal, the Court need not go into any further discussion on whether the trial court erred in issuing a writ of preliminary injunction.

WHEREFORE, the petition for certiorari in G.R. No. 112872 is DISMISSED, having failed to show that grave abuse of discretion was committed in declaring that the regional trial court had jurisdiction over the case. The petition for review on certiorari in G.R. 114672 is DENIED, having found no reversible error was committed.

SO ORDERED.

Vitug, Panganiban, Gonzaga-Reyes, and Sandoval-Gutierrez, JJ., concur.

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