

**R.N. SYMACO TRADING CORPORATION AND/OR NORMA SYMACO,
ESTATE OF MARIANO GUISON, PETITIONERS, VS. LUISITO T.
SANTOS, FOR AND IN BEHALF OF THE MALABON FISH BROKERS
ASSOCIATION, INC...**

G.R. NO. 142474. August 18, 2005

Ponente: CALLEJO, SR., J.

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CALLEJO, SR., J.:

Respondent Malabon Fish Brokers Association, Inc. (MFBAI) was a non-stock corporation established to erect and operate the Malabon Fish Brokers Association Fish Market, aimed at promoting the economic welfare of its members in their business of buying and selling fish and other marine products.[1] Linda Sioson was elected as treasurer of the corporation.

On April 30, 1980, Mariano Guison, as lessor, and the MFBAI, as lessee, executed a contract of lease over a portion of five parcels of land located in Malabon, Metro Manila. Included in the lease agreement was a portion of his property occupied by Rudy Symaco along Estrella Street, Malabon, Metro Manila. The lease was for a period of ten years from the execution of the contract, renewable on such terms as agreed upon by the parties, provided that the rentals shall not be increased in excess of 500% of the monthly rate agreed upon. As provided in the contract, the lessee paid P28,000.00 upon its execution as advance rentals for four years, and a monthly rental of P600.00 to be paid thereafter.[2]

The MFBAI, thus, constructed the market on the leased property where its members installed their respective stalls.

On August 13, 1983, a group of MFBAI members, led by Marcos Valle, Jr., approved the corporation's By-Laws.

On August 18, 1983, another set of MFBAI members, led by Lino Buhain, met and amended the By-Laws which the Securities and Exchange Commission (SEC) approved on September 7, 1983. However, Valle, Jr. and ten others filed a petition with the SEC against Buhain, et al. for the nullification of the amended By-Laws; to give due course to the By-Laws approved on August 13, 1983; and to declare them (Valle, Jr., et al.) as the duly-established members of the corporation's Board of Directors.[3] The case was docketed as SEC Case No. 2521.

On May 8, 1987, the SEC Hearing Officer rendered a Decision[4] ordering the dismissal of the petition, and directing the hold-over officers to call for a membership meeting to elect the new Board of Directors and Officers of the Malabon Fish Brokers Association, Inc. within 30 days from finality of the decision. According to the hearing officer, from its incorporation, the MFBAI had only 35 legitimate members,[5] and respondent Luisito T. Santos was not listed as one of them.

The decision was appealed to the SEC, docketed as SEC-AC No. 205, which was, however, dismissed on November 2, 1988.[6] This prompted Valle, Jr., et al. to elevate the decision to the Court of Appeals (CA) via

petition for review.

Meanwhile, Mariano Guison died intestate. On April 30, 1990, the Heirs of Mariano Guison and petitioner Norma Symaco, then President and Chairman of the Board of Directors of petitioner R.N. Symaco Trading Corporation (Symaco Corporation), executed an unnotarized contract of lease over a portion of the property previously leased to MFBAI. Two rows of 25 stalls each, with a path in between, had been installed on the leased premises; there was also another perpendicular road which intersected with Estrella Street. This latter area, consisting of about 5,978 square meters, was then occupied by the MFBAI.[7] The contract, which took effect on May 1, 1990, was for a four-year period, renewable under the same terms and conditions, except as to the amount of rentals.[8] The parties also agreed on the following:

"2. The monthly rental of the premises shall be TWENTY FIVE THOUSAND (P25,000.00) PESOS, PROVIDED that upon signing of this Agreement, the LESSEE shall pay the LESSOR an advance rental equivalent to the First (1st) year, or THREE HUNDRED THOUSAND (P300,000.00) PESOS, and PROVIDED furthermore, that on May 1, 1990, the LESSEE shall again pay the LESSOR in advance, the rental for the second (2nd) year or another sum of THREE HUNDRED THOUSAND (P300,000.00) PESOS less the ONE HUNDRED THOUSAND (P100,000.00) PESOS, which the LESSEE had advanced to the LESSOR on March 14, 1987.[9]

Norma Symaco was then also a member of the MFBAI Board of Directors.

Symaco Corporation had the stallholders evicted from the market, and filed a complaint for forcible entry against them with the Metropolitan Trial Court (MeTC) of Malabon, Branch 55. On October 4, 1990, the MeTC issued a writ of preliminary mandatory injunction against the defendants. It rendered judgment in favor of the plaintiff corporation on October 11, 1990.[10]

On May 31, 1990, the CA rendered judgment affirming the SEC decision in SEC Case No. 2521. The decision became final and executory.[11]

On October 29, 1990, respondent Santos, for and in behalf of the MFBAI, filed a complaint for the annulment of the April 30, 1990 Contract of Lease between the Heirs of Mariano Guison and defendant Symaco Corporation, with injunctive relief, against petitioners Estate of Mariano Guison, Symaco Corporation, and Norma Symaco in the Regional Trial Court (RTC) of Malabon.

Respondent Santos alleged, inter alia, that as an MFBAI member, he was a nominal party; he filed the derivative suit for and in behalf of MFBAI. He further alleged that the April 30, 1990 Contract of Lease executed by the defendants was null and void since it was executed by Symaco Corporation, through Norma Symaco, who was the president and chairman of the Board of Directors of the said corporation and still a member of the MFBAI Board of Directors; hence, the contract was executed in violation of the principle of corporate opportunity under Sections 31 and 34 of the Corporation Code of the Philippines. It was also pointed out that Symaco Corporation was actually owned by Norma Symaco's family. It was, likewise, stated that the MFBAI failed to provide market stalls for its members on account of the April 30, 1990 Contract of Lease between Symaco Corporation and the Heirs of Mariano Guison. Moreover, the complaint was filed since the officials of the corporation, by their pronouncements and actions, had virtually accepted the April 30, 1990 Contract of Lease, thereby leaving no room for redress within the corporation itself.

The complaint contained the following prayer:

WHEREFORE, it is most respectfully prayed that:

- The second lease contract between the Defendant Corporation and the Defendant Estate, which is evidenced

by Annex B hereof, be annulled and set aside;

- The Defendant Estate be directed to execute a new contract over the aforesaid leased premises in favor of the Plaintiff Corporation;

- In the meantime that this action is pending, a temporary restraining order or a writ of preliminary injunction be issued stopping the Defendants or any other person acting under them from enforcing, in any manner, the second lease contract (Annex B hereof), and, after hearing, to make this injunction permanent.

Plaintiff prays for such other just and equitable remedies proper under the premises.[12]

The petitioner Estate opposed the respondent's plea for injunctive relief, alleging that Santos had filed the complaint simply because Patricinio Gaddi and spouses Emmanuel and Angelina Cruz, the sublessees of his stall in the fish market, had been evicted based on the MTC decision in Civil Case No. 057-90.

During the hearing of the MFBAI's plea for injunction, Santos testified and declared that he was a member of the said corporation. A market was constructed on the leased property, where he leased Stall No. 39, but Symaco Corporation had him evicted. When the contract of lease between Mariano Guison and MFBAI expired, he asked the corporate secretary, Brigida Bautista, why it was not renewed, and he was told that nothing could be done about it. He also inquired from other officers, to no avail. He admitted that he was not aware of any meeting of the MFBAI Board of Directors regarding the renewal of the contract of lease. He thus decided to file the complaint in behalf of MFBAI.

Restituto Santos testified that Lino Buhain even issued a certification that his son, Luisito T. Santos, was member of MFBAI.[13]

In opposition to the motion for a writ of preliminary injunction, the petitioners presented Linda Sioson, MFBAI treasurer since 1979 to 1990. She testified that although Santos had been a member of the MFBAI, he was able to pay his membership fee and monthly dues only from August 1983 to February 1984, and a part of March 1984, and never offered to pay his dues despite reminders.[14]

Lino Buhain testified that the MFBAI failed to pay its rentals over the subject property for four years because of a dispute (between his group and that of Marcos Valle, Jr.) as to who were its legitimate members and officers; its members likewise failed to pay their membership dues. Nonetheless, the MFBAI was able to build a fish market on the property and leased the stalls therein to its members. On July 9, 1985, a Deed of Assignment over its leasehold rights under its contract of lease was executed by Mariano Guison to the MFBAI, represented by its president, Luzviminda Francisco. On April 9, 1990, the corporation received a letter from the Heirs of Mariano Guison informing it that the contract of lease would not be renewed.

Petitioner Norma Symaco testified that the defendant corporation was established in 1986 to engage in the business of leasing stalls. She further stated that MFBAI could not renew its contract of lease with Mariano Guison because it had failed to pay rentals over the property for six years, since its members were not paying their monthly dues. The corporate secretary, Brigida Bautista, tried to collect the dues from the members, to no avail. Moreover, there was an internal struggle between two factions of its members. She clarified that Symaco Corporation leased a portion of the property from the petitioner Estate only after it decided not to renew the lease contract with the MFBAI upon its expiry, and that the said corporation had likewise paid advance rentals of P100,000.00 to the Heirs of Mariano Guison.

In the meantime, 22 stallholders of the fish market, some of whom were MFBAI members, sought to intervene, seeking the same reliefs prayed for by the latter. The petitioner Estate opposed the intervention on the ground that, the plaintiff had earlier filed a complaint with the RTC of Malabon City, docketed as Civil Case No. 1571, against

the same defendants (Lino Buhain and Linda Sioson), praying for the same reliefs, plus damages; hence, the intervention filed for harassment purposes. Nevertheless, the court allowed the intervenors to intervene, and admitted the complaint-in-intervention.[15]

On their evidence-in-chief, petitioners Norma Symaco and Symaco Corporation offered in evidence the decisions of the Hearing Officer in SEC Case No. 2521, the SEC in SEC-AC No. 205, and that of the CA.[16] The petitioners also offered in evidence the testimonies of Guison, Buhain, Bautista and Norma Symaco during the hearing of the plea for a writ of preliminary injunction, as well as the letters of the petitioner Estate's counsel, dated April 9 and 16, 1990, addressed to Lino Buhain, as evidence.[17]

The defendants Norma Symaco and Symaco Corporation adduced in evidence the Deed of Assignment dated July 9, 1985, where the leasehold rights over the property were turned over to Tony Francisco,[18] and the letters of the counsel of Mariano Guison's Estate addressed to the plaintiff, through Lino Buhain, informing the latter that the Estate had decided not to renew the contract of lease after its expiry.[19]

The court admitted all the documentary exhibits of the petitioners. The parties did not adduce any other further evidence on evidence-in-chief.

In their answer to the complaint, the petitioners specifically denied the allegation that (a) Luisito T. Santos was a member of MFBAI and as such, had no standing to file the complaint for and in its behalf; (b) the petitioner Estate could not be compelled to execute a contract of lease in favor of MFBAI after the expiry of the 1980 Contract of Lease; and (c) petitioner Norma Symaco was not personally liable for the execution of the 1990 Contract of Lease.

On September 27, 1993, the trial court rendered judgment in favor of the petitioners. The fallo of the decision reads:

WHEREFORE, in view of the foregoing, the complaint and complaint-in-intervention are hereby dismissed for lack of merit.

On defendants' compulsory counterclaim, the plaintiffs are ordered to pay the sum of Ten Thousand (P10,000.00) Pesos to each counsel for the defendants for and as attorneys fees and the costs of suit.

SO ORDERED.[20]

The court ruled that, based on the decisions of the SEC Hearing Officer, the SEC and the CA on appeal, Santos and most of the intervenors were not bona fide members of the MFBAI; hence, they had no cause of action against the petitioners. It also ruled that Norma Symaco did not violate the doctrine of corporate opportunity.

The private respondent and intervenors appealed the decision to the CA, wherein it averred that -

I. THE COURT A QUO ERRED IN HOLDING THAT THE DEFENDANTS NORMA SYMACO AND/OR R.N. SYMACO TRADING CORP. DID NOT VIOLATE THE DOCTRINE OF CORPORATE OPPORTUNITY.

II. THE COURT A QUO, WHILE HOLDING THAT THE CONTRACT OF LEASE BETWEEN DEFENDANTS R.N. SYMACO TRADING WITH DEFENDANT ESTATE IS VALID, ERRED IN NOT ORDERING SYMACO TO PAY THE PLAINTIFFS DAMAGES.

III. THE COURT A QUO ERRED IN HOLDING THAT THE PLAINTIFF LUISITO SANTOS AND THE INTERVENORS CANNOT BRING A DERIVATIVE SUIT FOR AND IN BEHALF OF THE MALABON FISH BROKERS ASSOCIATION, INC.[21]

The intervenors failed to file their respective briefs as appellees before the CA. As a consequence, the appellate court dismissed the intervenors' appeal.[22]

On May 21, 1997, the CA rendered judgment reversing the decision of the RTC. The fallo of the decision reads:

WHEREFORE, the Decision dated December 27, 1993, of the court a quo is hereby reversed and SET ASIDE and a new judgment is entered ordering appellee Norma T. Symaco to render an accounting to [the] appellant of all the profits acquired by [the] appellees during the five years that appellee R.N. Symaco Trading was the lessee of the subject property from 1990 to 1995.

The records of the case are remanded to the court a quo which is directed to hear the accounting proceedings and thereafter to decide the case on the basis of the results of the accounting.[23]

The CA held that as early as 1987, Norma Symaco had negotiated with the Heirs of Mariano Guison for the lease of the property; hence, she was guilty of violating the doctrine of corporate opportunity. The appellate court failed to rule on the issue of whether Santos was a member of MFBAI or not.

The petitioners then filed a motion for the reconsideration of the decision, alleging that:

- a.) The Honorable Court, with all due respects, erred in giving due course to the appeal, despite the lack of personality and authority of Luisito Santos to initiate the same as a derivative suit, being a non-member of MFBAI and the abandonment and dismissal of the appeal of the intervenors;
- b.) The Honorable Court, with all due respects, erred in its findings that defendant-appellee Norma Symaco negotiated for the lease of the subject property for RN Symaco in 1987, while the lease with MFBAI was still subsisting;
- c.) The Honorable Court, with all due respects, erred in holding defendant-appellee Norma T. Symaco liable for violation of the doctrine of corporate opportunity.[24]

They also alleged that Santos was not a member of the MFBAI; hence, he "had no legal personality" and "no authority" to appeal the RTC decision. They averred that petitioner Norma Symaco did not violate the doctrine of corporate opportunity because:

- a) As early as 1985, the MFBAI is (sic) already in shambles. It is (sic) in total disarray, with the members feuding, with two sets of officers, and with two persons claiming to be President of the corporation leading to several cases filed by the officers against each other. (TSN, Lino Buhain, March 1, 1991, Pages 56-60)
- b) MFBAI has NOT paid its rentals from 1984 up to the expiration of the contract in 1990. Stated otherwise, the MFBAI was only able to pay for 4 years out of a 10-year contract. (TSN, Norma Symaco, January 15, 1992, Pages 18, 35, 38 & 39)

Although the President of MFBAI, Lino Buhain insists that MFBAI failed to pay rentals only for a period of 4 years. (TSN, Lino Buhain, March 1, 1991, Pages 38, 50 & 51)

c) Defendant-appellant Norma T. Symaco leased only a PORTION of the original property leased by MFBAI, while the other half is being leased by a certain Tony Francisco of New Malabon Corporation, who is not even a member of MFBAI. (TSN, Norma T. Symaco, January 15, 1992, Pages 23, 43 & 44) (TSN, Lino Buhain, March 1, 1991, Pages 77 & 78)

d) Guizon (sic) Estate, through counsel, sent a letter to the MFBAI President Lino Buhain on April 9, 1990, notifying MFBAI that they are no longer interested in renewing their contract. (Exh. 2-Guizon Injunction; Exh. 3-Symaco Injunction and TSN, Lino Buhain, Mar. 1, 1991, P. 52)[25]

On March 20, 1998, the CA issued a Resolution[26] granting the motion for reconsideration; it set aside its

decision and affirmed that of the RTC. The appellate court declared that when it rendered its initial ruling, it had no full view of the appeal because of the respondent's failure to file their Brief. Relying on the decisions of the SEC Hearing Officer and the SEC, the appellate court ruled that Santos was not a member of MFBAI; hence, he had no standing to file a complaint for and in behalf of the said corporation.

This time, the respondent filed a motion for reconsideration of the CA Resolution. On February 21, 2000, the CA granted the motion and rendered an Amended Decision, this time, in favor of the respondent. The fallo of the amended decision reads:

WHEREFORE, the Motion for Reconsideration filed by plaintiff-appellant is hereby given due course, the Resolution dated March 20, 1998 is hereby REVERSED AND/OR REVIVING Our Decision dated May 21, 1997 with modification which reversed and SET ASIDE the Decision dated September 27, 1993 of the court a quo.

Accordingly, defendant-appellee Norma T. Symaco is hereby ordered to render an accounting to this Court of all the profits acquired by appellees during the five years that appellee RN Symaco Trading was the lessee of the subject property from 1990 to 1995 and thereafter to turn over said profits to herein plaintiffs-appellants.

SO ORDERED.[27]

The appellate court ruled that based on the respondent's claim in SEC Case No. 2521, the MFBAI had 42 legitimate members, including the 35 original members and respondent Santos; moreover, the RTC resolved that Santos was a member. The petitioners were bound by the said evidence and were estopped from claiming that Santos was not a member. Hence, Santos had the standing to file the complaint with the RTC "for and in behalf of the appellant". The CA further held that Norma Symaco violated the principle of corporate opportunity, and that the other members/stockholders of MFBAI should be impleaded as parties to the suit.

The petitioners filed the instant petition for review on certiorari under Rule 45 of the Rules of Court, as amended, raising the following issues:

- Whether respondent Luisito T. Santos was a bona fide member of the respondent corporation;
- Whether the petitioners are estopped from assailing the membership of Luisito T. Santos in the respondent corporation;
- Whether the case filed by Luisito T. Santos is a derivative suit, for and in behalf of the respondent corporation;
- Whether the other members of the respondent corporation should be impleaded as parties-respondents; and
- Whether the petitioners violated the principle of corporate opportunity.

On the first three issues, the petitioners aver that, as gleaned from the Hearing Officer's Decision in SEC Case No. 2521, the Decision in SEC-AC No. 205, and the CA ruling, Santos was not a member of MFBAI. Any admission made by Lino Buhain in the SEC could not bind it, unless approved by its board of directors or majority of its members. The petitioners insist that estoppel will apply only when the party who relied on the admissions of another seeks only to enforce a purely private right or private interest, and not when an action is to enforce a corporate right. They claim that respondent Santos' action was not a derivative suit, and that the complaint he filed was premature, considering that he failed to seek redress from MFBAI first before filing the complaint.

For his part, respondent Santos avers that the petitioners are estopped from claiming in the CA, and in this case, that he is not a member of the respondent MFBAI. He insists that the RTC declared in its decision that, based on the petitioners' (therein defendants') evidence, he was such a member.

The ruling of the CA is erroneous. As gleaned from the decision of the Hearing Officer in SEC Case No. 2521, there were 35 original members of the respondent MFBAI, including petitioner Norma Symaco. Respondent Luisito Santos is not one of them, and failed to testify for or against any of the parties therein. While it is true that Lino Buhain and the other respondents therein claimed that the MFBAI had 42 members, including the original members, the Hearing Officer declared that such claim was not proven:

On the other hand, while the respondents claimed that MFBAI has forty-two (42) members, including the thirty-five (35) original members therein, this fact was, likewise, not proven during the trial.

As regards Virgilio Sarmiento, who is one of the incorporators/directors of MFBAI whose name does not appear in the aforesaid list of members, there was no showing that his membership therein has been terminated in one way or another.

Hence, We find that since its incorporation, MFBAI has not accepted any new member and, therefore, it has only thirty-five (35) legitimate members including that of Virgilio Sarmiento.

The second and third issues are quite interrelated and thus can be resolved jointly.

From the evidence on hand, it appears that there was but one meeting for the election of the members of the board of directors and officers of MFBAI that took place in 1983 and that was the alleged membership meeting conducted by the petitioners' group held on August 13, 1983. Said meeting, however, was not attended by the majority of the aforesaid thirty-five (35) legitimate members of MFBAI; hence, there was no quorum (Section 52, Code). In fact, most of those present then were non-members. Therefore, since there was no quorum, it follows that all actions taken in said meeting, including the alleged adoption of the by-laws by the petitioners' group, are not valid. On the contrary, the respondents have categorically stated, in their answer, that the organizational meeting for the election of the members of the Board of Directors and Officers of MFBAI, which was supposed to be held on September 17, 1983, did not proceed.

Accordingly, We hold that since there were no legally elected directors and officers of MFBAI for the year 1983, and the by-laws purportedly adopted on August 13, 1983, filed by the petitioners, has not been legally adopted and approved by the general membership of MFBAI since the meeting of the sixty-four (64) alleged members held on August 13, 1983 was not valid.

Anent the fourth issue, our records show that the By-Laws of MFBAI was adopted by the majority of its members on August 18, 1983, certified to by a majority of the original members of its Board of Directors and countersigned by its Corporate Secretary, Brigida Bautista. Said By-Laws was filed with, and approved by, the Commission on September 7, 1983 pursuant to the provisions of Section 46 of the Code.

We do not agree with petitioners' claim that MFBAI's By-Laws which was filed by the respondents has not been approved and adopted by the affirmative vote of at least a majority of all the members of MFBAI. Petitioners would have been correct in their contention had there been either sixty-four (64) or forty-two (42) MFBAI members at the time of the adoption of the said By-Laws. That is so since the signatories in said By-Laws are only twenty-one (21) members. But that is not the case. The Commission has already ruled that from the time of its inception up to this moment, MFBAI has only thirty-five (35) legitimate members and the clear majority of which is eighteen (18) members. Besides, the presumption of the validity and regularity in the adoption of the said By-Laws lies in favor of the respondents. The petitioners failed to disprove said presumption.[28]

The SEC Hearing Officer concluded that from its inception, the MFBAI had not accepted any new member and, therefore, it had only 35 legitimate members, including Virgilio Sarmiento.[29] The Hearing Officer also ruled that:

Consistent with our rulings, the Members of the Board of Directors appearing in the Articles of Incorporation

of MFBAI shall hold office until their successors are elected and qualified. As regards the officers of MFBAI, respondents Lino Buhain and Brigida Bautista shall act as President and Secretary of MFBAI, respectively, since they were duly recognized by the majority of the said members of the Board of Directors appearing in the Articles of Incorporation as shown by the Certification accompanying MFBAI's By-Laws and the Minutes of the Meeting held on August 18, 1983, the date when the By-Laws of MFBAI was adopted by the majority of its members. Respondent Erlinda Sioson shall act as Treasurer, being the designated Treasurer whose name appears in the Articles of Incorporation. These three (3) officers shall, likewise, hold their respective offices until their successors are elected and qualified.[30]

This ruling was affirmed by the SEC on appeal.

For its part, the CA affirmed the rulings of the Hearing Officer and the SEC on appeal, as follows:

The thirty (30) alleged members were not original members of the association. They showed up later on, i.e., long after the incorporation, and they failed to comply with the requirements laid down in the by-laws aforementioned. They were never accepted as members even informally by the association. Their acceptance as members could not be done by the president alone, let alone by Marcos Valle whose position as president has been successfully assailed here. There was no quorum in the said meeting held on August 13, 1983 because those thirty (30) persons who attended were non-members; and whatever was agreed upon in said meeting was null and void.[31]

In its Amended Decision, the appellate court relied on the statement in the RTC decision, that the petitioners (defendants therein) adduced evidence that Santos was an MFBAI member. This reliance is misplaced. The CA failed to consider the RTC decision in its entirety and the ratio decidendi of the ruling. As gleaned from the said decision, the RTC ruled in favor of the petitioners (defendants therein), and relied on the decisions of the Hearing Officer, the SEC on appeal and the CA; the trial court did not rely on the parties' evidence aliunde.[32] In fine, the RTC correctly considered the decisions of the Hearing Officer, the SEC and the CA on appeal as conclusive and binding on it, prescinding from the parties' evidence aliunde. Indeed, the testimonial and documentary evidence of the petitioners and the respondent cannot prevail over the decisions of the Hearing Officer, the SEC and the CA. The respondent was proscribed from attacking the said decision either directly or collaterally in the RTC.

It may not be amiss to observe that the erroneous amended decision of the CA was precipitated in part by the petitioners, when they adduced testimonial and documentary evidence that Santos was a member of the respondent, but that he failed to pay his monthly dues from March 1984. The evidence on record showing that Santos paid the membership fee and his monthly dues up to March 1984 and was certified as a member by Lino Buhain is not sufficient to qualify him as such member under the By-laws of respondent MFBAI.

The Court also agrees with the petitioners' contention that as respondent Santos was not a legitimate MFBAI member, he had no standing to file a derivative suit for and in its behalf. One of the requisites of a derivative suit is that the party bringing the suit should be a stockholder/member at the time of the action or transaction complained of.[33] The right to sue derivatively is an attribute of corporate ownership which, to be exercised, requires that the injury alleged be indirect as far as the stockholders/members are concerned, and direct only insofar as the corporation is concerned. The whole purpose of the law authorizing a derivative suit is to allow the stockholder/member to enforce rights which are derivative (secondary) in nature.[34] A derivative action is a suit by a shareholder/member to enforce a corporate cause of action.[35]

The Court notes that several MFBAI members, like Brigida Baustista, Jose Cruz, Constantino Lopez, Eduardo del Rosario, Rogelio Vicente, Araceli Banaag and Rosalinda Reyes, intervened as plaintiffs. However, they failed to file their Brief in the CA, which impelled the appellate court to dismiss their appeal. The resolution of the court, likewise, became final and executory.

The Court also agrees with the petitioners' contention that the CA erred in ordering that all the original members of the MFBAI should be impleaded as parties in respondent Santos' complaint. Contrary to the CA ruling, all the MFBAI members are not indispensable parties in a derivative suit. It is enough that a member or a minority of such members file a derivative suit for and in behalf of the corporation. After all, the members/stockholders who filed a derivative suit are merely nominal parties, the real party-in-interest being the corporation itself for and in whose behalf the suit is filed.[36] Any monetary benefits under the decision of the court shall pertain to the corporation.[37]

In light of the foregoing, there is no longer a need for the Court to still resolve the other issues that were raised in the petition.

WHEREFORE, PREMISES CONSIDERED, the petition is GRANTED. The Amended Decision of the Court of Appeals in CA-G.R. CV No. 43425 dated February 21, 2000 is REVERSED AND SET ASIDE. The Decision of the Regional Trial Court of Manila, Branch 51 in Civil Case No. 90-54960, as affirmed by the CA in its Resolution dated March 20, 1998, is AFFIRMED. No costs.

SO ORDERED.

Puno, (Chairman), Austria-Martinez, Tinga, and Chico-Nazario, JJ., concur.

[1] Exhibit "A."

[2] Exhibit "1"- Guison.

[3] Exhibit "5"- Symaco.

[4] Records, pp. 211-223.

[5] Exhibit "5"; Ibid.

[6] Exhibit "6"; Id. at 224-229.

[7] Id. at 9.

[8] Records, pp. 9-11.

[9] Id. at 366.

[10] Id. at 39-44.

[11] Id. at 230-234.

[12] Records, p. 5.

[13] TSN, 19 March 1990, pp. 9-10.

[14] TSN, 1 March 1991, p. 18; Exhibits "1" to "1-C"- Symaco.

[15] Records, pp. 348-353.

[16] Exhibits "5," "6," & "7"-Symaco.

[17] Exhibits "4," "5" and "10"-Symaco; Exhibits "2," "3," "4," "4-B," ""5," & "6"-Guison.

[18] Exhibit "2"-Symaco.

- [19] Exhibits "3" and "4"-Symaco.
- [20] Records, p. 518.
- [21] CA Rollo, p. 22.
- [22] Id. at 111.
- [23] CA Rollo, p. 118.
- [24] Id. at 140.
- [25] CA Rollo, pp. 147-148.
- [26] Id. at 194-200.
- [27] Rollo, p. 125.
- [28] Records, pp. 219-221. (Emphasis supplied)
- [29] Id. at 220.
- [30] Id. at 222.
- [31] Rollo, p. 68.
- [32] The petitioners in this case.
- [33] *San Miguel Corporation v. Khan*, G.R. No. 85339, 11 August 1989, 176 SCRA 447.
- [34] *General Electric Co. v. Bucyrus-Erie Co.*, 563 F.Supp. 970 (1983).
- [35] *Chua v. Court of Appeals*, G.R. No. 150793, 19 November 2004, 443 SCRA 259.
- [36] *Chua v. Court of Appeals*, *supra*.
- [37] *Ibid*.

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