

**LYDIA LAO, WILLIAM CHUA LIAN, JEFFREY ONG AND HENRY SY,
PETITIONERS, VS. PHILIP KING, RESPONDENT.***G.R. NO. 160358. August 31, 2006*Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-160358/>**GARCIA, J.:**

In this petition for review on certiorari under Rule 45 of the Rules of Court, herein petitioners Lydia Lao, William Chua Lian, Jeffrey Ong and Henry Sy assail and seek to set aside the Decision[1] dated April 30, 2003 of the Court of Appeals (CA) in CA-G.R. SP No. 74948, as reiterated in its Resolution[2] of October 13, 2003, which held that Judge Apolinario D. Bruselas, Jr., presiding judge, Regional Trial Court (RTC) of Quezon City, Branch 93, did not abuse his discretion in granting the respondent's motion for execution in Civil Case No. Q-01-42972.

The facts:

Petitioners and respondent Philip King are stockholders of the Philadelphia School, Inc., an educational institution with principal office in Quezon City. The school was organized in 1970 with an authorized capital stock of P2,000,000.00, of which 4,600 shares have been subscribed and paid-up.

Respondent's father, Ong Seng, had the most number of the subscribed shares totaling 1,200. Before his death in 1994, Ong Seng requested for the transfer of his shares of stock to his eldest son, Felimon Ong, who was later known as Philip King, the herein respondent. Ong Seng's request was duly approved by the board of directors of the corporation in its meeting on December 17, 1993. Since then, the respondent had been consistently elected as a member of the board since 1994.

On May 23, 1998, a special meeting of the stockholders was held, resulting in the election of a new set of directors and officers. Respondent was elected as vice-president while petitioners Lydia Lao and William Chua Lian were elected as school administrator and assistant treasurer, respectively. Following the election, the new board passed a resolution designating the signatories of the corporation for its bank accounts, namely, Yao Bio Lim who was elected as president, Betty Lao who was elected as treasurer, petitioner Chua Lian, and the herein respondent. Thereafter, Yao Bio Lim and the respondent, duly introduced to the school community as the newly-elected president and vice-president, respectively, acted as such.

Barely four months after the May 23, 1998 special stockholders' meeting, petitioner Lydia Lao wrote a letter to the corporate president Yao Bio Lim questioning the validity of said meeting and the elections resulting therefrom on the ground that the respondent was allowed to vote his 1,200 shares despite the fact that 700 of which remained unpaid. In the same letter, petitioner Lydia Lao insisted that the old board, of which she was the president, should continue to govern the corporation.

Further, on August 15, 1998, petitioner Lao issued a Secretary's Certificate to the effect that the board held a meeting on that same date and passed a resolution declaring null and void the transfer to the respondent of his father's shares in the corporation. Thereafter, petitioner Lao continued to represent herself as the corporation's president with authority to withdraw funds from its bank accounts.

Then, in April 1999, the respondent learned that petitioner Lao had filed with the Securities and Exchange Commission (SEC) a General Information Sheet (GIS) showing that a stockholders' meeting was held on March 19, 1999 during which Lao herself and the other petitioners herein, namely, Chua Lian, Jeffrey Ong and Henry Sy, were allegedly elected as new members of the board. In the same GIS, it is also indicated that the respondent's shares were only 500 instead of 1,200.

On account of the petitioners' failure to notify the respondent of the alleged stockholders' meetings on August 15, 1998 and on March 19, 1999, coupled with their refusal to recognize his ownership of the 1,200 corporate shares of stock, the respondent filed with the SEC a petition to enjoin the herein petitioners from representing themselves as officers and members of the board of directors of the Philadelphia School, Inc. and to nullify all acts done and resolutions passed by them. The petition was docketed as SEC Case No. 05-99-6297.

While the case was pending with the SEC, Republic Act No. 8799, otherwise known as the Securities Regulation Code, took effect.[3] The statute transferred the jurisdiction over intra-corporate disputes from the SEC to the RTCs.[4]

Consequent thereto, SEC Case No. 05-99-6297 was transferred to the RTC of Quezon City, whereat it was docketed as Civil Case No. Q-01-42972 and raffled to Branch 93 thereof presided by Judge Apolinario D. Bruselas, Jr.

On September 25, 2002, Judge Bruselas, Jr. rendered his decision in the case, the decretal portion of which reads:

WHEREFORE, the foregoing premises considered, the court finds for the [respondent] and as prayed for, hereby orders as follows:

1)

The meetings held by the [petitioners] on 15 August 1998 and all acts performed by them as the alleged officers and Board of Directors of the corporation are declared null and void;

2)

The alleged election of [petitioner] Lydia Lao as president and other [petitioners] as members of the Board of Directors of the corporation during the aforementioned meeting, declared null and void;

3)

The reduction in the shareholdings of [the respondent] from 1,200 shares to only 500 shares, declared null and void; the shares of the [respondent] should be restored to 1,200 and which number he is entitled to vote;

4)

The increase in the number of the shares of Mr. Sy Tian Ting and Dy Siok Bee, declared null and void;

5)

The [petitioners] to account for the funds of the corporation disbursed by them during the period they took control;

6)

The new elections of the corporate directors and officers should be based on the shareholdings reflected in the Articles of Incorporation modified only by such transfers as may be shown to be valid and legitimate.

SO ORDERED. (Words in brackets supplied.)

On October 14, 2002, the petitioners filed a Notice of Appeal. Four days later, or on October 18, 2002, the respondent filed with the same court a Motion for Execution, invoking Section 4, Rule 39, of the Rules of Court.[5]

On December 26, 2002, Judge Bruselas, Jr. issued an Order granting the respondent's motion for execution. In full, the Order runs:

Section 4, Rule 1 of the Interim Rules of Procedure Governing Intra-Corporate Controversies Under Republic Act No. 8799 provides as follows:

"Section 4. Executory nature of decisions and orders. – All decisions and orders issued under these Rules shall immediately be executory. No appeal or petition taken therefrom shall stay the enforcement or implementation of the decision or order, unless restrained by an appellate court. Interlocutory orders shall not be subject to appeal."

In its judgment, the court ruled in favor of the [respondent] who now invokes the aforecited provisions in enforcing said judgment.

Given the clear provision of the interim rules, the court cannot give credence to the [petitioners'] "Notice of Appeal."

ACCORDINGLY, the court resolves to grant [respondent's] "motion for execution" as it hereby GRANTS the same.

LET therefore a writ of execution be issued in accordance with the disposition of the issues as contained in the judgment of the court.

SO ORDERED. (Words in brackets supplied.)

From the aforequoted Order, the petitioners went on certiorari to the CA whereat their recourse was docketed as CA-G.R. SP No. 74948, imputing grave abuse of discretion on the part of Judge Bruselas, Jr. in issuing said Order. To the petitioners, the Order issued by the judge varied the terms of the judgment in Civil Case No. Q-01-42972 sought to be executed in the respondent's motion for execution.

In a decision[6] dated April 30, 2003, the CA rejected the imputation of grave abuse of discretion against the judge and accordingly dismissed the petitioners' certiorari recourse. Partly says the appellate court in its decision:

A cursory reading of the questioned motion reveals that what was sought for therein was really the execution of the Judgment of 25 September 2002. Hence, in paragraph 2 thereof, King cited Section 4, Rule 39 of the Rules of Court to emphasize that the nature of the aforesaid judgment was that, it was enforceable upon rendition.

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The public respondent categorically stated that the writ to be issued must be in accordance with the disposition of the issues as contained in the judgment of 25 September 2002. Clearly, the public respondent minced no words in mandating that the writ to be issued must conform substantially to every essential particular of the judgment promulgated. In short, the writ must be issued in accordance with the grant. xxx. It must conform, more particularly, to that ordained or decreed in the dispositive portion of the decision.

Thus, when respondent court issued the order dated 26 December 2002 it did not do so with grave abuse of discretion amounting to excess or lack of jurisdiction.

With their motion for reconsideration having been denied by the CA in its reiteratory resolution of October 13, 2003, the petitioners are now with this Court via this petition for review submitting for our consideration the

following issues:

- (a) Whether an order of execution which granted a motion for execution praying for reliefs not included in the decretal portion of the judgment as well as for reliefs prayed for in another case is valid.
- (b) Whether a motion for execution which prays for reliefs not included in the decretal portion of the judgment as well as for reliefs prayed for in another case is legally defective and should be denied.

We DENY.

Prescinding from the premise that the trial judge's Order of December 26, 2002, granting the respondent's motion for execution in Civil Case No. Q-01-42972, varied the terms of the judgment rendered in that case, the petitioners contend that the Order in question is a nullity. To them, the respondent's motion for execution which was granted under the questioned Order prayed for reliefs not included in the decretal portion of the decision rendered in the main case.

In fine, the issues raised essentially boil down to the question of whether or not the subject Order and the respondent's motion for execution are at variance with the decretal portion of the judgment dated September 25, 2002.

Concededly, it is a fundamental legal axiom that an order of execution must substantially conform to the dispositive portion of the decision sought to be executed. The order of execution may not vary, or go beyond, the terms of the judgment it seeks to enforce. If it does, the order is null and void.[7]

But did the Order herein involved really vary the terms of the judgment it seeks to execute? It did not.

For emphasis, we restate the dispositive portion of the trial court's decision of September 25, 2002 in Civil Case No. Q-01-42972:

WHEREFORE, the foregoing premises considered, the court finds for the [respondent] and as prayed for, hereby orders as follows:

1)

The meetings held by the [petitioners] on 15 August 1998 and all acts performed by them as the alleged officers and Board of Directors of the corporation are declared null and void;

2)

The alleged election of [petitioner] Lydia Lao as president and other [petitioners] as members of the Board Of Directors of the corporation during the aforementioned meeting, declared null and void;

3)

The reduction in the shareholdings of [respondent] from 1,200 shares to only 500 shares, declared null and void; the shares of the [respondent] should be restored to 1,200 and which number he is entitled to vote;

4)

The increase in the number of the shares of Mr. Sy Tian Ting and Dy Siok Bee, declared null and void;

5)

The [petitioners] to account for the funds of the corporation disbursed by them during the period they took control;

6)

The new elections of the corporate directors and officers should be based on the shareholdings reflected in the Articles of Incorporation modified only by such transfers as may be shown to be valid and legitimate.

SO ORDERED. (Words on brackets supplied.)

On the other hand, the Order[8] in question reads in part:

ACCORDINGLY, the court resolves to grant plaintiff's "motion for execution" as it hereby GRANTS the same.

LET therefore a writ of execution be issued in accordance with the disposition of the issues as contained in the judgment of the court.

SO ORDERED. (Emphasis supplied.)

The Court does not find any inconsistency between the trial court's September 25, 2002 judgment and its Order of December 26, 2002. Quite the contrary, a careful perusal of the two readily discloses the erroneous assumption of the petitioners that the latter varies the former. As it is, the Order stresses that the writ of execution to be issued pursuant thereto must be "in accordance with the disposition of the issues as contained in the judgment of the court." In short, the Order directs in no uncertain terms that the writ must conform with the judgment of September 25, 2002 as embodied in the dispositive portion of its decision. The Order is categorical and unequivocal in its language. It is in harmony with the judgment it seeks to enforce. The alleged variance is a mere imagination of the petitioners. Hence, it is futile for them to lay stress on established jurisprudence that an order of execution cannot vary nor go beyond the terms of the judgment sought to be executed. As it were, the petitioners' basic premise in this case is simply faulty. It follows that the jurisprudence relied upon by them finds no application herein.

Petitioners insist, however, that the respondent's motion for execution is at variance with the September 25, 2002 judgment because the motion prayed for reliefs not included in the dispositive portion of the decision. To prove their point, the petitioners cite the respondent's prayers in his motion for execution, to wit:

WHEREFORE, premises considered, it is respectfully prayed that, to give immediate effect to the judgment dated 25 September 2002 of the Honorable Court, an order be issued:

- Enjoining respondents [herein petitioners] from continuing to act as the President and members of the Board of Directors of Philadelphia School, Inc.
- Directing the immediate holding of a new election under the supervision of representatives of the Honorable Court wherein petitioner [herein respondent] will be allowed to vote his 1,200 shares and Sy Tian Tin and Dy Siok Bee prevented from voting more than 300 and 50 shares respectively.
- Declaring illegal the declaration by [petitioners] of 300 percent stock dividends and enjoining them from allowing the supposed stock dividends from being voted.
- Directing the newly elected officers and members of the Board of Directors of Philadelphia School, Inc. to pay [respondent] his 100 percent cash dividends.
- Directing [petitioners] to immediately render an accounting of the finances of the corporation and allowing [respondent] to examine the corporate and financial records of the corporation.

Other reliefs which are just and equitable under the premises are likewise prayed for.[9] (Words in brackets supplied.)

We are far from convinced.

To our mind, there is no significant point of variance between the judgment and the respondent's motion for execution. For sure, the reliefs prayed for by the respondent in his motion are intertwined with the disposition of issues in the trial court's decision of September 25, 2002, as contained in its dispositive portion.

First, the respondent's prayer to enjoin the herein petitioners from continuing to act as officers and members of the board of directors is obviously consistent with the first item in the decretal portion of the decision which states that all acts performed by the herein petitioners as the alleged officers and members of the board are null and void. Inasmuch as the trial court declared all acts done by the petitioners as null and void, it is only appropriate for the respondent to ask that the petitioners be prohibited from continuing to act as officers and members of the board.

Second, the respondent's prayer to hold a new election of officers to allow him to vote his 1,200 shares and to prevent Sy Tian Tin and Dy Siok Bee from voting more than 300 and 50 shares, respectively, is indubitably in consonance with the following pronouncements in the dispositive portion of the trial court's decision: (1) the election of the petitioners as officers and members of the board is null and void, (2) the shareholdings of the respondent should be restored to 1,200 which number he is entitled to vote, (3) the increase in the number of shares of Sy Tian Tin (from 300 to 400 shares) and that of Dy Siok Bee (from 50 to 100 shares) is null and void, and (4) the new elections of the corporate directors and officers should be based on the shareholdings of the stockholders.

Third, the respondent's prayer that the petitioners should immediately render an accounting of the finances of the corporation clearly conforms with the judgment ordering the petitioners to account for the funds which they disbursed during the time they took control of the corporation.

Thus, the alleged variance between the trial court's decision of September 25, 2002 and the respondent's Motion for Execution is mere figment of the petitioners' imagination. As we see it, the reliefs sought by the respondent in his said motion are merely the logical and necessary consequences of the judgment rendered by Judge Bruselas, Jr. in his decision in Civil Case No. Q-01-42972.

Besides, and as correctly pointed out by the CA, the respondent's motion prayed for the issuance of an order of execution so as "to give immediate effect to the judgment dated 25 September 2002." This only shows that the respondent merely intended to enforce the necessary implications of what was adjudged by the trial court in its decision.

Too, the petitioners might have lost sight of the fact that there was no order by the trial court which specifically granted the reliefs prayed for by the respondent. As it is, the questioned Order merely directed, in general terms, the issuance of a writ of execution in accordance with the court's resolution of the issues, as embodied in the dispositive portion of its decision. Clearly, the Order did not grant any relief not otherwise granted in the decision of September 25, 2002.

Finally, it bears stressing that under Section 4, Rule 1 of the Interim Rules of Procedure Governing Intra-Corporate Controversies under Republic Act No. 8799, the prevailing party has the right to file a motion for the immediate execution of a decision or judgment. The law explicitly provides:

Section 4. Executory nature of decisions and orders. – All decisions and orders issued under these Rules shall immediately be executory. No appeal or petition taken therefrom shall stay the enforcement or implementation of the decision or order, unless restrained by an appellate court. Interlocutory orders shall not be subject to appeal.

WHEREFORE, the petition is DENIED and the assailed decision of the CA is AFFIRMED.

Costs against the petitioners.

SO ORDERED.

Puno, (Chairperson), Sandoval-Gutierrez and Azcuna, JJ., concur. Corona, J., on leave.

[1] Penned by Associate Justice Bienvenido L. Reyes, with then Associate Justices Salvador J. Valdez, Jr. and Danilo B. Pine (both ret.), concurring; Rollo, pp. 32-42.

[2] Id. at 61-62.

[3] IBC v. Jalandoon, G.R. No. 148152, November 18, 2005, 475 SCRA 446.

[4] SEC. 5.2. The Commission's jurisdiction over all cases enumerated under Section 5 of Presidential Decree No. 902-A is hereby transferred to the Courts of general jurisdiction or the appropriate Regional Trial Court xxx.

[5] SEC. 4. Judgments not stayed by appeal. – Judgments in actions for injunction, receivership, accounting and support, and such other judgments as are now or may hereafter be declared to be immediately executory, shall be enforceable after their rendition and shall not be stayed by an appeal taken therefrom, unless otherwise ordered by the trial court. xxx.

[6] Rollo, pp. 39-41.

[7] Development Bank of the Philippines v. Union Bank of the Philippines, G.R. No. 155838, January 13, 2004, 419 SCRA 131.

[8] Rollo, p. 207.

[9] Id. at 193.

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