FRUEHAUF ELECTRONICS, PHILS., INC., PETITIONER, VS. COURT OF APPEALS (SIXTH DIVISION) AND PHILIPS SEMICONDUCTORS, PHILIPPINES, INC., RESPONDENTS,

G.R. No. 161162. September 08, 2010

Ponente: PERALTA, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-161162/

PERALTA, J.:

Before this Court are two consolidated[1] cases. In G.R. No. 161162, petitioner Fruehauf Electronics, Phils., Inc. is seeking to annul and set aside the Resolution[2] dated December 19, 2003 issued by the Court of Appeals (CA) in CA-G.R. SP No. 71612. While in G.R. No. 166436, petitioner is assailing the Amended Decision,[3] dated October 7, 2004, rendered by the CA in the same case in favor of respondent Philips Semiconductors, Philippines, Inc. (PSPI) and against the petitioner.

The procedural and factual antecedents are as follows:

G.R. No 166436

Signetics Corporation, U.S.A. (SIGCOR), was organized under the laws of the United States of America with Signetics Filipinas Corporation (SIGFIL) as its wholly-owned local subsidiary here in the Philippines. Sometime in 1978, SIGCOR entered into a contract of lease over a piece of land consisting of 12,727 square meters, situated along the corner of Dimasalang and Laong-Laan Streets, Pasig, Metro Manila, with petitioner, through its president, Antonio Litonjua.[4]

On March 15, 1990, petitioner filed a Complaint[5] against SIGCOR for damages, accounting or return of certain machineries, equipment and accessories, including the transfer of title and surrender of possession of the buildings, installations and improvements on the leased land, before the Regional Trial Court (RTC) of Pasig, Metro Manila, which was raffled to Branch 156 and docketed as Civil Case No. 59264.

In its Complaint, petitioner alleged, among other things, that SIGCOR transferred all its shares of stocks from SIGFIL to TEAM Holdings Limited (TEAM Holdings), a foreign corporation organized under the laws of the British Virgin Island. The new owner then dropped the name SIGFIL and changed its corporate name to Technology Electronics Assembly and Management Pacific Corporation (TEAM Pacific). Consequently, service of summons was made on SIGCOR through TEAM Pacific.

On October 31, 1996, the court rendered default judgment against SIGCOR, the decretal portion of which reads:

> WHEREFORE, premises considered, judgment is hereby rendered ordering the defendant and/or its local subsidiary:
>
> - To account for and return the machineries, equipment and accessories removed by defendant and/or its local subsidiary from the leased premises;
>
> - To formally transfer title to and surrender the possession of the lot subject of the lease contract to the plaintiff

> together with the buildings, machineries, installations and improvements on it;
>
> - To pay plaintiff the amount of Five Hundred Thousand Pesos (P500,000.00) as moral damages for the injury to plaintiff's business standing and commercial credit; One Million Pesos (P1,000,000.00) as exemplary damages; Two Hundred Thousand Pesos (P200,000.00) as and for attorney's fees and to pay the costs of the suit.
>
> Let a copy of this Decision be furnished the defendant at c/o Sycip, Salazar, Hernandez & Gatmaitan, 4[th] Floor Sycip Law - All Asia Center, 105 Paseo de Roxas, Makati City; at Philips Electrical Lamps, Inc., Las Piñas, Metro Manila and at Technology Electronics Assembly and Management (TEAM) Pacific Corporation, Electronics Avenue, FTI Complex, Taguig, Metro Manila.
>
> SO ORDERED.[6]

On motion for partial reconsideration, the trial court amended its decision to include an order for the return of the corresponding value of the machineries, equipments and accessories removed by SIGCOR, and likewise canceling the annotation of the Contract of Lease on petitioner's property covered by TCT Nos. 11548, 11549, 11550, 11551, 11552, 11553, 11554, 11555 and 11937.[7]

Again, on motion of petitioner, the trial court issued an Order dated April 27, 1997 clarifying its previous decision by ordering the Register of Deeds to cancel the annotation of the lease contracts over the titles above-mentioned.[8]

Copies of the decision, including the amendments dated January 27 and April 27, 1997, respectively, were both served on TEAM Pacific at its office in Pamplona, Las Piñas City, and on its retained counsel, the Sycip Salazar Hernandez & Gatmaitan Law Office (Sycip Law Office).[9]

On May 21, 2001, petitioner filed a Motion for Execution[10] of the RTC decision. In said motion, petitioner sought to enforce the judgment of the RTC against SIGCOR through the respondent. Petitioner alleged that SIGFIL was the alter ego of SIGCOR; that SIGFIL became TEAM Pacific; and that, SIGCOR was, subsequently, renamed as Philips Semiconductors.

On August 9, 2001, petitioner filed an Urgent Ex-parte Motion[11] to serve notice of hearing of its motion for execution to SIGCOR or its predecessor and its counsel through special service. The motion was grounded on the fact that SIGCOR had transferred its principal place of business from Philips Electric Lamps, Inc. in Las Piñas, Metro Manila to Philips Semiconductors Philippines, Inc. at Philips Avenue, SEPZ, LISP, Cabuyao, Laguna.[12]

On October 17, 2001, respondent PSPI filed a Manifestation[13] denying that SIGCOR holds office in the said address. It contended further that at no time was respondent ever known as Signetics Corporation, and its original corporate name was Philips Components (Philippines), Inc. before it changed its name to PSPI. Hence, it returned the copy of the court's September 27, 2001 order as well as petitioner's motion for execution.[14] Respondent also specified that it was engaging the services of its counsel only for the limited purpose of making the said manifestation.

On December 14, 2001, respondent filed another Manifestation reiterating that respondent and SIGCOR or its predecessors are not one and the same entity, and that SIGCOR or its predecessors have assets that are in the possession of respondent.[15]

On January 21, 2002, the RTC issued an Order[16] denying the motion for execution quoted as follows:

> WHEREFORE, under the circumstances herein obtaining, absent showing that the judgment rendered in this case has become final and executory, the Motion for Execution filed by plaintiff, thru counsel, would have to

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

be, as it is hereby DENIED for having been prematurely filed.

SO ORDERED.[17]

The court anchored its Order on the lack of proof that SIGCOR or its alleged subsidiary was notified and/or served with a copy of the Decision sought to be executed. Hence, the definite reckoning period for purposes of computing when the judgment became final is yet to be determined. As such, the motion was prematurely filed.[18]

On February 13, 2002, petitioner filed a Motion for Reconsideration and Clarification.[19] Petitioner argued that granting that SIGCOR was not properly served with a copy of the Decision, nonetheless, prior to the hearing of the motion for execution, certified copies of the Decision, as well as of the Orders amending it, were duly served on the respondent, the latter being SIGCOR's local subsidiary. It went on to say that while respondent was not named in the caption of the case, yet, in the body of the Decision, there was a factual finding to the effect that it is the present local subsidiary of SIGCOR. As such, the Decision can be properly enforced against it, considering the clear wording of the dispositive portion of the decision that it may be enforced through SIGCOR's "local subsidiary."[20]

On May 21, 2002, the RTC issued an Order[21] denying the motion.

On July 12, 2002, petitioner filed before the CA a Petition for Certiorari and Mandamus[22] assailing the Order of the RTC, denying its motion for reconsideration and clarification. The case was docketed as CA-G.R. SP No. 71612.

On September 10, 2003, the CA rendered a Decision[23] setting aside the assailed Order of the trial court and directing the execution of the October 31, 1996 Decision of the trial court against respondent as SIGCOR's local subsidiary. The writ was issued on October 17, 2003.[24]

Corollarilly, also on October 9, 2003, respondent filed a Motion for Reconsideration[25] of the CA decision. On October 17, 2003, respondent filed a Supplement to Motion for Reconsideration.[26] Respondent argued that:

I

PSPI IS NOT BOUND BY THE DECISION IN CIVIL CASE NO. 59264 AGAINST SIGNETICS USA AS IT HAS NOTHING TO DO WITH SIGNETICS USA OR THE TRANSACTION UPON WHICH IT WAS SUED BY FRUEHAUF

(a)

PSPI WAS NEVER A PARTY TO CIVIL CASE NO. 59264 IN THE LOWER COURT

(b)

PSPI IS NOT SIGNETICS, USA, PHILIPS USA OR SIGFIL. NEITHER IS IT A SUBSIDIARY OR CONDUIT OF ANY OF THEM

II

THE SEPARATE CORPORATE PERSONALITY OF PSPI WAS NEVER PIERCED DURING THE TRIAL OF THE CASE BEFORE THE LOWER COURT, OR BEFORE THIS COURT

III

PSPI'S PROPERTIES ARE ITS OWN AND CANNOT BE LEVIED TO ANSWER FOR THE LIABILITY OF SIGNETICS USA, WHICH DOES NOT OWN OR HAVE ANY RIGHT OR INTEREST IN PSPI'S

PROPERTIES[27]

On October 20, 2003, respondent filed an Urgent Motion for the Issuance of a Temporary Restraining Order and/or Writ of Injunction[28] to restrain the execution of the adverse Decision against it pending the resolution of respondent's motion for reconsideration and to set the case for oral arguments.[29] On October 21, 2003, the CA issued a Resolution[30] granting respondent's prayer for the issuance of a temporary restraining order.

On December 19, 2003, the CA issued a Resolution[31] granting, among other things, the motion for the issuance of a writ of preliminary injunction conditioned upon the filing of an injunction bond in the amount of P1,000,000.00 and, at the same time, set the case for oral argument on January 28, 2004.

On October 7, 2004, the CA rendered an Amended Decision[32] reversing and setting aside its earlier decision, the dispositive portion of which reads:

> WHEREFORE, the motion for reconsideration, dated October 9, 2003, of respondent Philips Semiconductors, Philippines, Inc. (PSPI) is hereby GRANTED. Our September 10, 2003 decision in CA-G.R. SP No. 71612 is hereby REVERSED AND SET ASIDE, and the earlier Orders dated May 21, 2002 and June 7, 2002, respectively of the Regional Trial Court of Pasig City, Branch 156 in Civil Case No. 59264, REINSTATED.
>
> SO ORDERED.[33]

In ruling in favor of the respondent, the CA opined, among other things, that SIGCOR and TEAM Pacific are not one and the same corporation, reasoning that corporations have a personality separate and distinct from its stockholders and even its subsidiary. Moreover, the mention in its articles of incorporation that TEAM Pacific was formerly SIGFIL is not by itself sufficient reason for disregarding the fiction of separate corporate personality. Consequently, the service of the decision of the RTC upon TEAM pacific could not be treated as binding upon SIGCOR.

More importantly, the CA ratiocinated that respondent PSPI cannot be made liable on the basis of the trial court's decision against SIGCOR in Civil Case No. 52964. The CA pronounced that respondent was not a party to the original case before the trial court, nor was it impleaded at any stage of the proceedings in Civil Case No. 52964. Thus, the decision of the trial court cannot bind the respondent.

Hence, the present petition docketed as G.R. No. 166436.

G.R. No 161162

During the course of the proceedings in CA-G.R. SP No. 71612, respondent's counsel of record, the Sycip Law Office, filed a Notice of Withdrawal of Appearance.[34] As a result thereof, on October 30, 2003, the law office of Angara Abello Concepcion Regala & Cruz (ACCRA) entered its appearance as the new counsel for the respondent.[35]

However, petitioner opposed ACCRA's entry of appearance, contending that the said law firm has in the past represented the petitioner in two civil cases before the trial courts in Quezon City.[36] On November 17, 2003, petitioner filed a Motion to Strike Out Appearance[37] praying that the CA strike out the appearance of ACCRA as respondent's counsel. In addition, on December 9, 2003, petitioner filed a Motion to Expunge[38] praying that all pleadings and papers filed by ACCRA should also be striken out.

On December 19, 2003, the CA issued a Resolution[39] noting the appearance of ACCRA as counsel for the respondent.

On December 30, 2003, petitioner filed before this Court a Petition for Certiorari and Mandamus with Application

for a Writ of Preliminary Injunction[40] questioning the Resolution of the CA and praying that all papers and pleadings filed by the said Law Office for the respondent before the CA be expunged from the records. The case was docketed as G.R. No. 161162.

On May 21, 2004, however, ACCRA filed its Withdrawal of Appearance as counsel for respondent[41] and, on May 24, 2004, the Poblador Bautista and Reyes Law Offices entered its appearance as new counsel for respondent.

On May 31, 2004, respondent, through its new counsel, filed a Motion for Early Resolution with Leave to File Memorandum[42] alleging, among other things, that in view of ACCRA's withdrawal as counsel for the respondent, the reason for the suspension of the resolution of the case has become moot and academic. Petitioner filed its comment[43] thereon on June 8, 2004 stating that the petition for certiorari pending before this Court not only asked for the removal of ACCRA as respondent's counsel, but also prayed for the Court to expunge all papers and pleadings filed by it in connection with the present case.[44]

On August 2, 2004, the CA issued a Resolution[45] directing ACCRA to inform the court whether or not in withdrawing as counsel for the respondent, it is also deemed to have withdrawn all the papers and pleadings it filed on behalf its former client.

On August 12, 2004, in compliance with the resolution, ACCRA filed its Comment and Manifestation[46] signifying that by withdrawing as counsel for respondent, ACCRA is also withdrawing all the pleadings and papers it has filed on behalf of the latter.

On September 6, 2004, the CA issued a Resolution[47] resolving that in view of ACCRA's manifestation, all the pleadings and papers filed by the latter on behalf of respondent are considered withdrawn and expunged from the records. The CA also concluded that, based on the foregoing developments, there was no longer any reason for it to suspend the proceedings.

The Court's Ruling

G.R. No 166436

The proceedings that took place after the filing of the petition are significant.

On February 21, 2005, this Court issued a Resolution[48] resolving to deny the petition buttressed on the fact that the verification and certification against forum shopping was signed by the president of petitioner without proof of authority to sign for its behalf.

On March 30, 2005, petitioner filed a Manifestation and Motion[49] explaining that the authority of its president to sign the verification and certification against forum shopping for and in its behalf was filed with G.R. No. 161162, to which G.R. No. 166436 is currently consolidated, and which is pending determination before this Court. Petitioner posited that such prior authority allowed its president to sign the verification for all other subsequent related cases. Petitioner prayed that the Court reconsider its resolution denying the petition and instead order its reinstatement.

On April 27, 2005, this Court issued a Resolution[50] dated April 27, 2005, denying petitioner's motion with finality as no compelling reason exists to warrant a reconsideration of the earlier resolution.

On June 9, 2005, the denial became final and executory and recorded in the Book of Entries of Judgment.[51]

Consequently, only the pending issues in G.R. No. 161162 remain to be determined.

G.R. No 161162

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

In the present petition, petitioner argues, among other things, that even if it is true, as respondent claims, that the subject matter of the cases wherein ACCRA acted as counsel for petitioner are not related to the subject matter of the case before the CA, still the lawyer-client relationship that previously existed between petitioner and ACCRA made it possible for the latter to obtain confidential information regarding the business operations of the corporation. Petitioner posits that ACCRA violated the prohibition against representing conflicting interests.

Ultimately, petitioner prays that the CA strike out the appearance of ACCRA as counsel for respondent and that all papers and pleadings filed by ACCRA for respondent in the proceedings before the CA be expunged from the records.

At the outset, the events that transpired after the filing of the petition are worthy of note:

On May 25, 2004, the law offices of Poblador Bautista & Reyes entered its appearance as counsel for respondent substituting ACCRA.[52]

On August 2, 2004, the CA issued a Resolution[53] directing ACCRA to make a manifestation, within ten (10) days from notice, whether or not in withdrawing as counsel for respondent, it can also be deemed that it has withdrawn all the pleadings and papers it filed on behalf of the respondent.

On August 12, 2004, in its Comment and Manifestation,[54] ACCRA manifested that by withdrawing as counsel for the respondent, it is also withdrawing all pleadings and papers it had filed on behalf of the respondent.

On September 6, 2004, in line with ACCRA's manifestation, the CA issued a Resolution[55] concluding that there was no more reason for the suspension of the proceedings before it and the resolution of respondent's motion for reconsideration of the CA decision and petitioner's opposition thereto. More importantly, the CA categorically stated that, on the basis of ACCRA's withdrawal as counsel for the respondent and ACCRA's manifestation, all pleadings and papers filed by ACCRA on behalf of the respondent were considered withdrawn and expunged from the records.

Consequently, based on the foregoing series of events, the determination of the issues raised by petitioner in G.R. No. 161162 had already been rendered moot and academic.

WHEREFORE, premises considered, the petition in G.R. No. 161162 is DENIED for being MOOT and ACADEMIC.

SO ORDERED.

Carpio, (Chairperson), Bersamin,[*] Abad, and Mendoza, JJ., concur.

---

[*] Designated as an additional member in lieu of Associate Justice Antonio Eduardo B. Nachura per raffle dated August 25, 2010.

[1] Rollo (G.R. No. 166436), p. 772.

[2] Rollo (G.R. No. 161162), pp. 14-16.

[3] Penned by Associate Justice Jose L. Sabio, Jr., with Associate Justices Delilah Vidallon-Magtolis and Hakim S. Abdulwahid, concurring; rollo (G.R. No. 166436), pp. 20-47.

[4] Rollo (G.R. No. 166436), pp. 22-23.

[5] Id. at 142-158.

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

[6] Id. at 253-254.

[7] Id. at 26.

[8] Id.

[9] Id.

[10] Id. at 109-113.

[11] Id. at 116-117.

[12] Id. at 26-27.

[13] Id. at 124-126.

[14] Id. at 27-28.

[15] Id. at 127-128.

[16] Id. at 129.

[17] Id.

[18] Id. at 28.

[19] Id. at 130-134.

[20] Id. at 29.

[21] Id. at 86-88.

[22] CA rollo, Vol. I, pp. 2-21.

[23] Rollo (G.R. No. 166436), pp. 445-458.

[24] Id. at 30.

[25] Id. at 459-479.

[26] Id. at 538-542.

[27] CA rollo, Vol. II, pp. 928-930.

[28] Id. at 535-541.

[29] Rollo (G.R. No. 166436), p. 30.

[30] CA rollo, Vol. II, p. 616.

[31] Id. at 14-16.

[32] Rollo (G.R. No. 166436), pp. 20-47.

[33] Id. at 45-46.

[34] Id. at 31.

[35] Rollo (G.R. No. 161162), p. 17.

[36] Rollo (G.R. No. 166436), p. 31.

[37] Rollo (G.R. No. 161162), pp. 21-23.

[38] Id. at 24.

[39] Id. at 14-16.

[40] Id. at 3-11.

[41] CA rollo, Vol. II, pp. 872-876.

[42] Id. at 877-883.

[43] Id. at 890-893.

[44] Rollo (G.R. No. 166436), pp. 32-33.

[45] CA rollo, Vol. II, pp. 908-909.

[46] Id. at 1015-1016.

[47] Id. at 1026-1027.

[48] Id. at 773.

[49] Id. at 775-790.

[50] Rollo (G.R. No. 161162), p. 336.

[51] Rollo (G.R. No. 166436), p. 792.

[52] Id. at 884-887.

[53] Supra note 45.

[54] CA rollo, Vol. II, pp. 1015-1019.

[55] Supra note 47.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.