CEBU METRO PHARMACY, INC. PETITIONER, VS. EURO-MED LABORATORIES, PHILIPPINES, INC., RESPONDENT.

G.R. No. 164757. October 18, 2010

Ponente: DEL CASTILLO, J.

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DEL CASTILLO, J.:

Over time, this Court has been persistently confronted with issues involving the requirement of verification and certification against forum-shopping such as in the case at bar.

This Petition for Review on Certiorari assails the Resolutions dated May 6, 2004[1] and June 30, 2004[2] of the Court of Appeals (CA) in CA-G.R. SP No. 83669, which respectively dismissed the Petition for Review before it and denied the motion for reconsideration thereto.

Factual Antecedents

Respondent Euro-Med Laboratories Philippines, Inc. (Euro-Med) filed on February 19, 2001 a Complaint for Sum of Money[3] against petitioner Cebu Metro Pharmacy, Inc. (Cebu Metro) before the Municipal Trial Court in Cities (MTCC) of Cebu City. Euro-Med sought to recover from Cebu Metro the amount of P120,219.88 with interest as payment for the various intravenous fluids products which the latter purchased from the former on several occasions, as well as liquidated damages and attorney's fees.

Cebu Metro on the other hand, while admitting the obligation, raised in its Answer with Counterclaim[4] the following special and affirmative defenses: (1) that Euro-Med has no cause of action against it as it was Cebu Metro's former president and manager, Manolito Martinez (Martinez), who entered into a contract with Euro-Med without the approval of its Board of Directors; (2) that the complaint is already barred by laches considering that it was only after five years from the date of the last delivery that Euro-Med demanded payment from Cebu Metro; and, (3) that Euro-Med's branch in Cebu and its salesman committed fraud when they conspired with Martinez by dividing the commission obtained from the subject transaction among themselves. Cebu Metro claimed that said unauthorized and fraudulent transaction was prejudicial to it as same caused it to incur liability with mounting interests.

Rulings of the Municipal Trial Court in Cities and the Regional Trial Court (RTC)

Resolving the case in favor of Euro-Med in a Decision[5] dated May 6, 2003, the MTCC of Cebu City, Branch 5 ruled that aside from Cebu Metro's admission of its obligation, Euro-Med was able to prove by testimonial and documentary evidence the existence of said obligation. Unfortunately for Cebu Metro, all that it was able to put forward for its defense were mere allegations. Hence, the MTCC rendered judgment ordering Cebu Metro to pay Euro-Med the amount of P117,219.88 plus interest, attorney's fees and litigation expenses. Cebu Metro appealed to the RTC.

On April 1, 2004, the RTC, Branch 20 of Cebu City rendered its Decision[6] dismissing Cebu Metro's appeal and affirming in toto the appealed MTCC Decision.

Unfazed, Cebu Metro went to the CA by way of Petition for Review.

Ruling of the Court of Appeals

The CA refused to give due course to the petition on the ground that the verification and certification of non-forum shopping attached thereto was signed by one Carmel T. Albao (Albao), Manager of Cebu Metro, without any accompanying Secretary's Certificate/Board Resolution authorizing her to execute said verification and certification and to represent Cebu Metro in the petition. The CA thus dismissed the petition pursuant to Section 5, Rule 45 of the Rules of Court[7] in a Resolution[8] dated May 6, 2004.

Cebu Metro filed a Motion for Reconsideration attaching therewith a Secretary's Certificate[9] attesting to the approval of Board Resolution No. 2001-06, the pertinent portions of which read as follows:

> Resolution No. 2001-06
>
> RESOLUTION AUTHORIZING CARMEL T. ALBAO, NEWLY ELECTED PRESIDENT AND MANAGER OF CEBU METRO PHARMACY, INC. TO REPLACE RODOLFO P. MACACHOR WHO IS GRAVELY SICK AND CONSIDERED RESIGNED, TO REPRESENT FOR AND BEHALF [sic] OF THE CORPORATION
>
> WHEREAS, in a Resolution No. 2001-03 unanimously approved by the Board in its Regular Meeting held on September 22, 2001 x x x the appointment of Rodolfo P. Macachor who was then the President and Manager of Cebu Metro Pharmacy, Inc., to represent for and behalf [sic] of the Corporation in Civil Case for Sum of Money filed by Euro-Med Laboratories Phil., Inc. before the Municipal Trial Court in Cities, Branch 5, Cebu City docketed as Civil Case No. R-44430;
>
> WHEREAS, Rodolfo P. Macachor suffered an Asthma Attack on October 17, 2001 and has been in a comatose condition. He was previously confined at Chong Hua Hospital and later transferred to Danao District Hospital;
>
> WHEREAS, Rodolfo P. Macachor being gravely sick should be considered resigned from the service;
>
> WHEREAS, CARMEL T. ALBAO, who is equally competent to handle the job as President and Manager of the Corporation has sufficient knowledge to run the affairs of the corporation and to defend the corporation in the abovementioned civil case.
>
> Now, therefore, on motion by Teresito Gulfan and unanimously seconded by all other members of the Board present,
>
> Resolve to authorize CARMEL T. ALBAO, newly elected President and Manager of Cebu Metro Pharmacy, Inc. to replace Rodolfo P. Macachor to represent for and behalf [sic] of the corporation in the court hearings in Civil Case No. R-44430 For: Sum of Money before the Municipal Trial Court in Cities, Branch 5, Cebu City. (Emphasis ours)
>
> x x x x

Also attached to said Motion for Reconsideration is a Secretary's Certificate[10] likewise confirming the approval of Board Resolution No. 2001-03 which authorized Rodolfo P. Macachor, then President and Manager of Cebu Metro, to represent Cebu Metro in the aforementioned Civil Case.

The CA, however, denied the Motion for Reconsideration in a Resolution dated June 30, 2004,[11] the pertinent portions of which read:

> x x x x

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> A perusal of the attached certification shows that Carmel Albao's authority is only to represent petitioner corporation in the court hearings in Civil Case No. R-44430 before the Municipal Trial Court in Cities, Branch 5, Cebu City and not to represent petitioner corporation in the present petition.
>
> WHEREFORE, the motion for reconsideration is hereby DENIED and our resolution dismissing the petition STANDS.

Still undeterred, Cebu Metro comes before this Court through this Petition for Review on Certiorari.

Issues

Cebu Metro raises the following issues:

> - WHETHER THE RESOLUTION OF THE BOARD OF DIRECTORS OF PETITIONER CEBU METRO PHARMACY, INC. AUTHORIZING CARMEL T. ALBAO TO REPRESENT PETITIONER CORPORATION IN THE COURT HEARINGS IN CIVIL CASE NO. R-44430 BEFORE THE MUNICIPAL TRIAL COURT IN CITIES, BRANCH 5, CEBU CITY ALSO INCLUDES THE AUTHORITY TO REPRESENT PETITIONER CORPORATION IN ALL OTHER COURT PROCEEDINGS INCLUDING THE AUTHORITY TO VERIFY AND TO ISSUE A CERTIFICATE OF NON-FORUM SHOPPING UNTIL THE CASE IS FINALLY TERMINATED; AND,
>
> - IF, IN THE NEGATIVE, CAN THE DEFICIENCY BE CURED BY A SUBSEQUENT BOARD RESOLUTION OF THE PETITIONER-CORPORATION AFFIRMING AND CONFIRMING THE ACTS DONE BY CARMEL T. ALBAO WHO IS ITS PRESIDENT AND MANAGER IN FILING AN APPEAL BEFORE THE REGIONAL TRIAL COURT AND THE PETITION FOR REVIEW BEFORE THE COURT OF APPEALS.[12]

The Parties' Arguments

Cebu Metro claims that its Board of Directors did not pass another resolution authorizing Albao to file an appeal before the RTC and the CA because it felt that the authority it granted her is already sufficient. Besides, even without such resolution, Cebu Metro insists that the CA should have considered the fact that Albao is both the President and Manager of Cebu Metro. As President, Albao has the power of general supervision and control of the business and all acts done by her as president is presumed to be duly authorized unless the contrary appears. As Manager, she likewise has the implied authority to make any contract or do any other act which is necessary or appropriate to the conduct of the ordinary business of the corporation. It also alleges that Article V, Section 3(h) of its By-Laws provides that its President has the power to represent the corporation in all functions and proceedings. Hence, there was no need for a board resolution conferring authority upon Albao to sign the certification and verification against forum shopping attached to the Petition for Review filed before the CA.

Moreover, Cebu Metro begs for leniency and asks this Court to set aside rules of technicalities, praying that the main case be resolved on the merits in the interest of substantial justice. Further, in an attempt to substantially comply with the requirements, Cebu Metro attaches to the present petition a Secretary's Certificate showing the approval of Resolution No. 2004-05 which authorizes Albao to represent the corporation in appealing the MTCC Decision in Civil Case No. R-44430 to the RTC, the CA and this Court.

Euro-Med, on the other hand, points out that Cebu Metro's Board Resolution No. 2001-06 is categorical in stating that Albao, as newly elected President and Manager of Cebu Metro, is authorized by the board to replace Rodolfo P. Macachor in representing the corporation only in the court hearings in Civil Case No. R-44430 for Sum of Money before the MTCC. It being clear from the wordings of said board resolution that Albao's authority is limited as such, Euro-Med insists that there can be no room for speculation that the same also includes the authority to execute the verification and certification of non-forum shopping should the case be brought on

appeal. It is Euro-Med's position, therefore, that the CA correctly dismissed Cebu Metro's petition for review.

Our Ruling

We grant the petition.

In Hutama-RSEA/Super Max Phils., J.V. v. KCD Builders Corporation,[13] Hutama as petitioner therein questioned the verification and certification on non-forum shopping of respondent KCD which the latter attached to its Complaint for Sum of Money filed before the RTC. According to Hutama, KCD's president did not present any proof that he is authorized by the corporation to sign the verification and certification of non-forum shopping. In explaining the requirement of verification and certification against forum-shopping and upholding the authority of the president of the corporation to execute the same sans proof of authority, this Court has this to say:

> A pleading is verified by an affidavit that an affiant has read the pleading and that the allegations therein are true and correct as to his personal knowledge or based on authentic records. The party does not need to sign the verification. A party's representative, lawyer, or any person who personally knows the truth of the facts alleged in the pleading may sign the verification.
>
> On the other hand, a certification of non-forum shopping is a certification under oath by the plaintiff or principal party in the complaint or other initiatory pleading, asserting a claim for relief, or in a sworn certification annexed thereto and simultaneously filed therewith, that (a) he has not theretofore commenced any action or filed any claim involving the same issues in any court, tribunal or quasi-judicial agency and, to the best of his knowledge, no such other action or claim is pending therein; (b) if there is such other pending action or claim, a complete statement of the present status thereof; and (c) if he should thereafter learn that the same or similar action or claim has been filed or is pending, he shall report that fact within five days therefrom to the court wherein his aforesaid complaint or initiatory pleading has been filed.
>
> It is true that the power of a corporation to sue and be sued is lodged in the board of directors that exercises its corporate powers. However, it is settled - and we have so declared in numerous decisions - that the president of a corporation may sign the verification and the certification of non-forum shopping.
>
> In Ateneo de Naga University v. Manalo, we held that the lone signature of the University President was sufficient to fulfill the verification requirement, because such officer had sufficient knowledge to swear to the truth of the allegations in the petition.
>
> In People's Aircargo and Warehousing Co., Inc. v. CA, we held that in the absence of a charter or by-law provision to the contrary, the president of a corporation is presumed to have the authority to act within the domain of the general objectives of its business and within the scope of his or her usual duties. Moreover, even if a certain contract or undertaking is outside the usual powers of the president, the corporation's ratification of the contract or undertaking and the acceptance of benefits therefrom make the corporate president's actions binding on the corporation. (Citations omitted.)

Moreover, this Court's pronouncement in Cagayan Valley Drug Corporation v. Commissioner of Internal Revenue,[14] reiterated in PNCC Skyway Traffic Management and Security Division Workers Organization v. PNCC Skyway Corporation[15] and Mid-Pasig Land Development Corporation v. Tablante,[16] on the authority of certain officers and employees of the corporation to sign the verification and certification of non-forum shopping is likewise significant, to wit:

> It must be borne in mind that Sec. 23, in relation to Sec. 25 of the Corporation Code, clearly enunciates that all corporate powers are exercised, all business conducted, and all properties controlled by the board of directors. A corporation has a separate and distinct personality from its directors and officers and can only exercise its corporate powers through the board of directors. Thus, it is clear that an individual corporate officer cannot solely exercise any corporate power pertaining to the corporation without authority from the board of directors.

> This has been our constant holding in cases instituted by a corporation.
>
> In a slew of cases, however, we have recognized the authority of some corporate officers to sign the verification and certification against forum shopping. In Mactan-Cebu International Airport Authority v. CA, we recognized the authority of a general manager or acting general manager to sign the verification and certificate against forum shopping; in Pfizer v. Galan, we upheld the validity of a verification signed by an "employment specialist" who had not even presented any proof of her authority to represent the company; in Novelty Philippines Inc., v. CA, we ruled that a personnel officer who signed the petition but did not attach the authority from the company is authorized to sign the verification and non-forum shopping certificate; and in Lepanto Consolidated Mining Company v. WMC Resources International Pty. Ltd. (Lepanto), we ruled that the Chairperson of the Board and President of the Company can sign the verification and certificate against non-forum shopping even without the submission of the board's authorization.
>
> In sum, we have held that the following officials or employees of the company can sign the verification and certification without need of a board resolution: (1) the Chairperson of the Board of Directors, (2) the President of a corporation, (3) the General Manager or Acting General Manager, (4) Personnel Officer, and (5) an Employment Specialist in a labor case.
>
> While the above cases do not provide a complete listing of authorized signatories to the verification and certification required by the rules, the determination of the sufficiency of the authority was done on a case to case basis. The rationale applied in the foregoing cases is to justify the authority of corporate officers or representatives of the corporation to sign the verification or certificate against forum shopping, being `in a position to verify the truthfulness and correctness of the allegations in the petition'. (Citations omitted.)

From the foregoing, it is clear that Albao, as President and Manager of Cebu Metro, has the authority to sign the verification and certification of non-forum shopping even without the submission of a written authority from the board. As the corporation's President and Manager, she is in a position to verify the truthfulness and correctness of the allegations in the petition. In addition, such an act is presumed to be included in the scope of her authority to act within the domain of the general objectives of the corporation's business and her usual duties in the absence of any contrary provision in the corporation's charter or by-laws. Having said this, there is therefore no more need to discuss whether the authority granted to Albao under Board Resolution No. 2001-06 is only limited to representing Cebu Metro in the court hearings before the MTCC or extends up to signing of the verification and certification of non-forum shopping on appeal. Again, even without such proof of authority, Albao, as Cebu Metro's President and Manager, is justified in signing said verification and certification. Thus, the CA should not have considered as fatal Cebu Metro's failure to attach a Secretary's Certificate attesting to Albao's authority to sign the verification and certification of non-forum shopping and dismissed the petition or should have reinstated the same after Cebu Metro's submission of the Secretary's Certificate showing that Board Resolution No. 2001-06 confirmed the election of Albao as the corporation's President and Manager.

Moreover, the fact that the Board of Directors of Cebu Metro ratified Albao's authority to represent the corporation in the appeal of the MTCC Decision in Civil Case No. R-44430 before the RTC, CA, and this Court, and consequently to sign the verification and certification on its behalf by the passage of Resolution No. 2004-05 confirming and affirming her authority only gives this Court more reason to uphold such authority.

As a final note, it is worthy to emphasize that the dismissal of an appeal on a purely technical ground is frowned upon especially if it will result in unfairness. The rules of procedure ought not to be applied in a very rigid, technical sense for they have been adopted to help secure, not override, substantial justice. For this reason, courts must proceed with caution so as not to deprive a party of statutory appeal; rather they must ensure that all litigants are granted the amplest opportunity for the proper and just ventilation of their causes, free from the constraint of technicalities.[17]

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WHEREFORE, the petition is GRANTED. The assailed Resolutions of the Court of Appeals dated May 6, 2004 and June 30, 2004 in CA-G.R. SP No. 83669 are REVERSED and SET ASIDE. Let the records of this case be REMANDED to the Court of Appeals which is hereby DIRECTED to take appropriate action thereon in light of the foregoing discussion with DISPATCH.

SO ORDERED.

Corona, C.J., (Chairperson), Velasco, Jr., Leonardo-De Castro, and Perez, JJ., concur.

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[1] Rollo, p. 23; penned by Associate Justice Estela M. Perlas-Bernabe and concurred in by Associate Justices Isaias P. Dicdican and Ramon M. Bato, Jr.

[2] Id. at 24-25.

[3] CA rollo, pp. 36-39.

[4] Id. at 49-58.

[5] Id. at 137-142; penned by Judge Oscar D. Andrino.

[6] Id. at 189-191; penned by Judge Bienvenido R. Saniel, Jr.

[7] The CA erroneously cited as ground for the dismissal of the petition Sec. 5, Rule 45 of the Rules of Court which is applicable only to Appeals by Certiorari to the Supreme Court. The petition should have been dismissed pursuant to Rule 42 which governs petitions for review from the RTC to the CA, specifically Sec. 3 thereof, to wit:

Effect of failure to comply with requirements. - The failure of the petitioner to comply with any of the foregoing requirements regarding the payment of the docket and other lawful fees, the deposit for costs, proof of service of the petition, and the contents of and the documents which should accompany the petition shall be sufficient ground for the dismissal thereof.

[8] Rollo, p. 23.

[9] CA rollo, p. 204.

[10] Id. at 205.

[11] Rollo, pp. 24-25.

[12] Id. at 9.

[13] G.R. No. 173181, March 3, 2010.

[14] G.R. No. 151413, February 13, 2008, 545 SCRA 10, 17-19.

[15] G.R. No. 171231, February 17, 2010.

[16] G.R. No. 162924, February 4, 2010, 611 SCRA 528.

[17] Mid-Pasig Land Development Corporation v. Tablante, supra note 15 at 534.

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