DEE PING WEE, ARACELI WEE AND MARINA U. TAN, PETITIONERS, VS. LEE HIONG WEE AND ROSALIND WEE, RESPONDENTS.

G.R. No. 169345. August 25, 2010

Ponente: LEONARDO-DE CASTRO, J.

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LEONARDO-DE CASTRO, J.:

The case before this Court is a Petition for Review on Certiorari[1] under Rule 45 of the Rules of Court, which seeks to reverse the Resolutions dated June 29, 2005[2] and August 18, 2005[3] of the Court of Appeals (First Division) in CA-G.R. SP No. 90024. In the Resolution dated June 29, 2005, the appellate court denied due course to the Petition for Certiorari and Prohibition with prayer for issuance of a Writ of Preliminary Injunction and/or a Temporary Restraining Order (TRO)[4] filed by herein petitioners, which assailed the Order[5] dated April 21, 2005 of the Regional Trial Court (RTC) of Quezon City, Branch 93, in Civil Case No. Q-04-091, denying petitioners' Omnibus Motion (to Quash Writ of Execution and/or Suspend Execution).[6] The petitioners' Motion for Reconsideration[7] of the Resolution dated June 29, 2005 was denied by the Court of Appeals in the Resolution dated August 18, 2005.

The factual and procedural antecedents of the case are as follows:

Petitioners Dee Ping Wee and Marina U. Tan are the brother and sister of respondent Lee Hiong Wee. Petitioner Araceli Wee is the spouse of Dee Ping Wee, while respondent Rosalind Wee is the spouse of Lee Hiong Wee.

At the commencement of the controversy, petitioners Dee Ping Wee, Araceli Wee and Marina U. Tan were the majority stockholders of: (1) Marcel Trading Corporation, a domestic corporation that is primarily engaged in the business of cultivating, buying, selling at wholesale, exporting and manufacturing of seaweeds;[8] (2) Marine Resources Development Corporation, a domestic corporation that is primarily engaged in the business of cultivating, buying, selling and exporting on a wholesale basis seaweeds, seashells and other marine products;[9] and (3) First Marcel Properties, Inc., a domestic corporation that is primarily engaged in the business of acquisition, development and disposition of real estate and other kinds of structures.[10] On the other hand, respondents Lee Hiong Wee and Rosalind Wee were minority stockholders in the said corporations.

On April 16, 2004, respondents, through their counsel, sent a letter to petitioner Dee Ping Wee, demanding the inspection of the corporate records of the above corporations. The letter stated thus:

> April 16, 2004
>
> Mr. Dee Ping Wee
> Marcel Tower
> Araneta Avenue, Quezon City
>
> Metro Manila
>
> Re: Demand for Inspection and Reproduction of Corporate records and to be Furnished Financial Statements of [Marine Resources Development Corporation, First Marcel Properties, Inc. and Marcel Trading

Corporation]

Dear Mr. Wee:

We write in behalf of our clients, Lee Hiong Wee and Rosalind L. Wee who as per records on file with the Securities and Exchange Commission are stockholders of Marine Resources and Development Corporation, First Marcel Properties Inc. and Marcel Trading Corporation.

Since all of these records are in the same premises which are located in Marcel Tower, our clients request that the same be made available for their (or their representatives') inspection and reproduction at the fifth floor of the said building on April 26, 2004 at 10:00 am.

Likewise, we request you to furnish our clients with financial statements of said companies for the years ending 2002 and 2003.

We shall appreciate receiving a reply from you on this matter before the said date. Otherwise, we shall take the same to mean as your refusal to comply with this request. In which case, we shall be constrained to file the necessary legal suits to enforce the rights of our clients.

Thank you,

Very truly yours,
For the Firm

(Signed)
PONCEVIC M. CEBALLOS[11]

On April 22, 2004, petitioner Dee Ping Wee replied to the above letter in the following manner, viz:

April 22, 2004

Atty. Poncevic Ceballos
Unit 3-E AGCOR Bldg., 335 Katipunan Ave.
Loyola Heights, Quezon City

Atty. Ceballos,

In connection with you[r] letter dated April 16, 2004, I wish to inform you that the Board of Directors of Marcel Trading Corporation and Marine Resources Development Corporation will only accede to the demand of your clients if the following conditions are fully satisfied:

- Wee Lee Hiong and Rosalind Wee will furnish complete and true financial reports of Rico Philippines Industrial Corporation to include:

1.1

Balance Sheet, Income Statement and Cash Flow Statements for the year 2003;

1.2

Detailed Statement on how he disbursed the deposits he withdrew from the PBCOM, METROBANK and other depositary banks;

- Pay back to Marcel Trading Corporation, the cash advances he obtained in 2003. Documents reveal that Marcel Trading Corporation availed of bank loan the proceeds of which was obtained by Wee Lee Hiong for the operation of Rico Philippines Industrial Corporation, aside from the own funds of Marcel Trading Corporation that was likewise loaned to RPIC. Marcel Trading Corporation had paid substantial sum of interest

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> for the Loan and greatly affected the operations of Marcel Trading Corporation.
>
> - Account for the export sales made by Wee Lee Hiong of all RPIC's finished products but foreign customers were instructed/directed to make payments/remittances to his company's bank account/deposit in Hongkong.
>
> The directors of [Marcel Trading Corporation and Marine Resources Development Corporation] have equal or even better rights to make such demands from your clients.
>
> Once your client is ready to fulfill the foregoing conditions, please inform us.
>
> Very truly,
>
> (Signed)
> DEE PING WEE[12]

As their demand letter met an unfavorable reply, respondents filed before the RTC of Quezon City, on May 12, 2004, three separate Complaints against petitioners for the inspection of the corporate books of the above-mentioned corporations. The complaint involving Marcel Trading Corporation was docketed as Civil Case No. Q-04-091,[13] while those pertaining to Marine Resources Development Corporation and First Marcel Properties, Inc. were docketed, respectively, as Civil Case No. Q-04-092[14] and Civil Case No. Q-04-093.[15]

Invoking similar causes of action in each of the complaints, respondents claimed that petitioners violated their rights to gain access to and inspect the corporate books, records and financial statements of the above corporations, which rights are guaranteed by Sections 74 and 75 of the Corporation Code.[16] In view of the allegedly illegal and baseless acts of the petitioners, respondents sought payment for moral and exemplary damages, as well as attorney's fees and costs of suit.

On May 31, 2004, petitioners filed separate Answers,[17] praying for the dismissal of the complaints for lack of merit. Petitioners asserted, among others, that the letter dated April 16, 2004 of respondents' counsel failed to specify the particular records or documents they wished to inspect and the purpose for such inspection. Petitioners countered that respondents' complaints for inspection of corporate records were ill-motivated, merely contrived to harass petitioners and the controlling stockholders, sought for vexatious purposes and, therefore, not germane to respondents' rights as stockholders. The obvious purpose of respondents in demanding inspection of the corporate records was, allegedly, to fish for evidence that they could use against petitioners to regain management control of the aforementioned corporations or to find technical defects in the corporate transactions so that they can file harassment suits against petitioners.[18]

On June 23, 2004, the RTC of Quezon City, Branch 93, sitting as a special commercial court, rendered three separate, but similarly worded, Decisions in Civil Case Nos. Q-04-091,[19] Q-04-092[20] and Q-04-093.[21] Except for the names of the corporations involved, the decisions of the trial court uniformly read:

> Based on the pleadings submitted and the pieces of documentary evidence attached thereto, the court is satisfied that the [respondents] Lee Hiong Wee and Rosalind L. Wee are stockholders of the corporation [Marcel Trading Corporation/Marine Resources Development Corporation/First Marcel Properties, Inc.]. Upon the other hand, the [petitioners] have not advanced any valid ground to warrant a denial of the stockholders' right to inspect corporate books and records as well as to copies of financial statements of the corporation.
>
> The rights of inspection and to copies of financial statements under Sections 74 and 75 are inherent in the ownership of shares of a corporation. These rights enable stockholders to know how the corporation is being managed.
>
> The stockholders' right of inspection of the corporation's books and records is based upon their ownership of the assets and property of the corporation. It is therefore, an incident of ownership of the corporate property

whether this ownership or interest be termed an equitable ownership, a beneficial ownership or a quasi-ownership. This right is predicated upon the necessity of self-protection.

The exercise of these rights may be denied, however, if it is shown that the stockholders have improperly used any information secured through a previous examination or that the demand is purely speculative or merely to satisfy curiosity. These grounds have not been shown to be present in this case.

WHEREFORE, the foregoing premises considered, the court rules in favor of the [respondents]. The [petitioners] are accordingly directed to allow the [respondents] to exercise their right to inspect corporate books and records during business hours of any working day subject to the following conditions:

1. Written notice of when the right is to be exercised be given the [petitioners]/other appropriate officers of the corporation to allow for facility; the deployment of necessary manpower and ready availability of records to be inspected/copied and, insofar as the instant action is concerned, the following corporate records/documents spanning the period from January 2003 up to the present are to be made available:

- Check vouchers and checks;

- Debit and credit memoranda;

- Monthly bank statements from Metrobank, BPI, Banco de Oro, China Bank, Philippine Bank of Communications and other banks where the corporation currently maintains accounts;

- Records of accounts receivables and payables;

- Monthly inventory list;

- Purchase and sales books;

- Sales invoices;

- General ledgers;

- Worksheet;

- Monthly cash flow statements;

- Financial statements both internal and external

2. Payment of the reasonable costs of inspection and photocopying be deposited with the treasurer of the corporation which is fixed, for the purpose of the inspection herein allowed, at P10,000.00 initially, subject to liquidation;

3. If there be other books and records to be inspected, a schedule of these items, the desired date of inspection which must be during business hours of any working day, and the purpose thereof, be communicated seasonably to the [petitioners]/appropriate officers of the corporation together with the payment of reasonable cost of inspection/photocopying;

4. All inspection and photocopying activities shall be carried out at the principal office and/or premises of the corporation where the corporate books, records and documents are kept.

The court fails to find any sufficient basis to award damages to the [respondents].

Costs against [petitioners]. (Citations omitted, emphasis ours.)

The records of the cases reveal that petitioners received copies of the RTC Decisions on July 7, 2004, while respondents received the same on July 8, 2004.[22]

On August 23, 2004, petitioners filed before the Court of Appeals three separate Petitions for Certiorari under Rule 65 of the Rules of Court, which contained the same arguments in impugning the judgments of the RTC. The petition challenging the decision in Civil Case No. Q-04-091 was docketed as CA-G.R. SP No. 85878,[23] while the petitions contesting the judgments in Civil Case Nos. Q-04-092 and Q-04-093 were docketed as CA-G.R. SP Nos. 85880[24] and 85879,[25] respectively.

Petitioners argued that they resorted to the extraordinary remedy of certiorari given that there was no plain, speedy and adequate remedy in the ordinary course of law and that a decision rendered in an intra-corporate controversy was immediately executory. Petitioners likewise claimed that the RTC erred when it adjudged that "the exercise of [a stockholder's right to inspect and to receive copies of financial statements] may be denied x x x if it is shown that the stockholders have improperly used any information secured through a previous examination or that the demand is purely speculative or merely to satisfy curiosity" and that said grounds "have not been shown to be present in this case." Petitioners submitted that, other than the aforementioned grounds, a stockholder's right to inspect corporate records may also be denied (1) if the stockholder is not acting in good faith and (2) the inspection is not for a legitimate purpose. Said grounds were allegedly the very defenses relied upon by petitioners in their Answers, but the trial court ignored the same. In so doing, petitioners concluded that the RTC acted capriciously, whimsically, arbitrarily and in a despotic manner, thus committing grave abuse of discretion amounting to lack of jurisdiction. Petitioners prayed that a preliminary injunction and/or a TRO be issued, enjoining the enforcement or implementation of the Decisions of the RTC dated June 23, 2004, to prevent grave and irreparable damage to petitioners.

On August 31, 2004, petitioners filed a Motion for Consolidation[26] of the three petitions with CA-G.R. SP No. 85878, in the interest of "judicial economy and coherence and the fact that the three (3) cases involve the same parties and affecting closely related subject matters and thus involving common questions of law or facts."

CA-G.R. SP No. 85878

In a Resolution[27] dated September 2, 2004, the Court of Appeals (12[th] Division) dismissed the petition in CA-G.R. SP No. 85878, ratiocinating in this wise:

> While petitioners admit that appeal was an available remedy, they claim that it is not adequate, speedy and sufficient. However, other than said bare allegation, petitioners have not explained why appeal is not an adequate remedy.
>
> Admittedly, petitioners received a copy of the assailed Decision on July 7, 2004, hence, they had fifteen (15) days therefrom, or until July 22, 2004, within which to appeal the same. However, it was only on August 23, 2004 that petitioners filed the instant petition for certiorari with this Court. The fact that the assailed Decision is immediately executory, pursuant to Section 4 of the Interim Rules of Procedure Governing Intra-Corporate Controversies under Republic Act No. 8799, does not necessarily mean that appeal is not an adequate remedy. Under Section 10, Rule 41 of the 1997 Rules of Civil Procedure, the clerk of court of the Regional Trial Court is required to transmit to this Court the records of the appealed case within thirty (30) days after the perfection of the appeal. Likewise, Section 3, Rule 44 of the same Rules provides that if the original record is not transmitted to this Court within thirty (30) days after the perfection of the appeal, either party may file a motion with the trial court, with notice to the other, for the transmittal of such record or record on appeal. Thus, had petitioners immediately filed a notice of appeal with respondent court, the records of Civil Case No. Q-04-091 could have been transmitted to this Court within thirty (30) days from said filing, i.e., even before the instant petition was filed on August 23, 2004, and petitioners could have sought a temporary restraining order in the appealed case to stay the enforcement of the assailed Decision.
>
> As pointed out in Manila Electric Company vs. Court of Appeals, 187 SCRA 200, 205:

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> "While the special civil action of certiorari may be availed of in the alternative situation where an appeal would not constitute a plain, speedy and adequate remedy, this is on the theoretical assumption that the right to appeal is still available in the case. If, however, the remedy by appeal had already been lost and the loss was occasioned by petitioner's own neglect or error in the choice of remedies, certiorari cannot lie as a substitute or a tool to shield the petitioner from the adverse consequences of such neglect or error. The two remedies are mutually exclusive and not alternative or successive."

WHEREFORE, the instant petition is DISMISSED. (Emphases ours.)

Subsequently, on September 22, 2004, the Court of Appeals (12[th] Division) issued a Resolution,[28] which merely noted the petitioners' Motion for Consolidation, inasmuch as the petition in CA-G.R. SP No. 85878 was already dismissed.

Petitioners filed a Motion for Reconsideration[29] of the Resolution dated September 2, 2004, but the same was denied in a Resolution[30] dated November 17, 2004.

Afterward, petitioners no longer challenged before this Court the Resolutions of the Court of Appeals (12[th] Division) in CA-G.R. SP No. 85878.

CA-G.R. SP No. 85880

On March 11, 2005, the Court of Appeals (Fourth Division) promulgated its Decision[31] in CA-G.R. SP No. 85880, annulling the RTC Decision dated June 23, 2004 in Civil Case No. Q-04-092. The appellate court explained thus:

> As [respondents] failed to allege their motive, purpose or reason for the inspection, the trial court, in its assailed decision, did not make any finding that the inspection sought was for a legitimate purpose. Neither can we discern, on the basis of the records of this case, that indeed the [respondents] were properly motivated in seeking an inspection of the records and books of Marine Resources Development Corporation.
>
> Consequently, in the absence of any showing of proper motive on the part of the [respondents] in seeking an inspection of the books and records of Marine Resources Development Corporation, in line with the ruling of the Supreme Court in the aforecited case of Gonzales vs. Philippine National Bank, we hold that the trial court patently erred and as a result thereof, gravely abused its discretion when, in its assailed decision, it ruled in favor of the [respondents], allowing them to inspect the records and books of Marine Resources Development Corporation.
>
> WHEREFORE, the instant petition for certiorari is hereby GRANTED. The assailed decision of the Regional Trial Court, National Capital Judicial Region, Branch 93, Quezon City, in Civil Case No. Q-04-092 is ANNULLED and SET ASIDE. Judgment is hereby rendered dismissing [respondents'] complaint for lack of merit.[32]

Respondents sought the reconsideration[33] of the above decision, but the Court of Appeals (Fourth Division) denied the same in a Resolution[34] dated February 7, 2006. Thereafter, the Decision dated March 11, 2005 in CA-G.R. SP No. 85880 became final and executory on March 2, 2006.[35]

CA-G.R. SP No. 85879

On April 28, 2005, the Court of Appeals (Eighth Division) rendered a Decision[36] in CA-G.R. SP No. 85879, adopting the Decision dated March 11, 2005 in CA-G.R. SP No. 85880. After quoting the relevant portions of the latter decision, the Court of Appeals (Eighth Division) adjudged that:

> This Division agrees with the x x x findings of the Fourth Division, the same having been reached after a thorough discussion of the merits of the case. The only difference between CA-G.R. SP No. 85880 and the

> present case is that the said case involves Marine Resources Development Corporation while this case concerns First Marcel Properties, Inc.
>
> WHEREFORE, the Decision dated March 11, 2005 rendered in CA-G.R. SP No. 85880 is hereby adopted by this Division.[37]

Respondents filed a Motion for Reconsideration[38] of the above Decision, but the same was denied in a Resolution[39] dated May 19, 2006. Subsequently, the Decision dated April 28, 2005 in CA-G.R. SP No. 85879 became final and executory on June 27, 2006.[40]

Motion for Execution

In the interregnum, after the RTC of Quezon City promulgated the Decisions dated June 23, 2004 in Civil Case Nos. Q-04-091, Q-04-092 and Q-04-093, respondents filed a Motion for Execution[41] of the said decisions on September 15, 2004. Respondents averred that said motion was consistent with Rule 1, Section 4 of the Interim Rules of Procedure Governing Intra-Corporate Controversies:

> SEC. 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.

As there was no restraining order issued by an appellate court, enjoining the execution of the RTC decisions, respondents argued that the said execution should proceed as a matter of course.

In an Order[42] dated February 21, 2005, the RTC denied the Motion for Execution of the decisions in Civil Case Nos. Q-04-092 and Q-04-093, stating that "the `Motion for Writ of Execution' cannot be granted at this time in view of the pendency of incidents with the appellate court [CA-G.R. SP No. 85879 and CA-G.R. SP No. 85880], which incidents stand to be affected by a precipitate execution of the judgments in these cases. To rule otherwise may render moot the proceedings that are pending with the higher court."

On the other hand, the RTC granted the Motion for Execution of the decision in Civil Case No. Q-04-091 in an Order[43] likewise dated February 21, 2005. The trial court based its ruling on the fact that the petition in CA-G.R. SP No. 85878, which assailed the decision in Civil Case No. Q-04-091, had already been dismissed and the Motion for Reconsideration thereof was also denied.

On March 9, 2005, the Branch Clerk of Court of the RTC of Quezon City issued the Writ of Execution[44] in Civil Case No. Q-04-091.

On March 22, 2005, petitioners filed an Omnibus Motion (To Quash Writ of Execution and/or Suspend Execution)[45] in Civil Case No. Q-04-091. Petitioners observed that the Motion for Execution was based on the Court of Appeals (12[th] Division) Resolution dated September 2, 2004 in CA-G.R. SP No. 85878, which dismissed the petition assailing the RTC Decision dated June 23, 2004 in Civil Case No. Q-04-091. Petitioners pointed out that they subsequently received a copy of the Decision dated March 11, 2005 in CA-G.R. SP No. 85880, wherein the Court of Appeals (Fourth Division) set aside the ruling of the RTC in Civil Case No. Q-04-092 and thereby disallowed the respondents from inspecting the corporate records of Marine Resources Development Corporation. Petitioners also noted that the dismissal of the petition for certiorari in CA-G.R. SP No. 85878 was merely based on a technicality, i.e., that petitioners should have instead filed an appeal, and that the Resolution of the Court of Appeals (12[th] Division) did not delve on the merits of the case. Except for the identity of the corporations concerned, petitioners posited that the Decision dated March 11, 2005 in CA-G.R. SP No. 85880 supplemented what was lacking in the Resolution dated September 2, 2004 in CA-G.R. SP No. 85878

by resolving the issue of the propriety of the intended inspection of corporate records. Thus, petitioners asserted that the Decision dated March 11, 2005 in CA-G.R. SP No. 85880 was a supervening event, which warranted the suspension of the execution of the RTC Decision dated June 23, 2004 in Civil Case No. Q-04-091.

In an Order[46] dated April 21, 2005, the RTC denied the petitioners' Omnibus Motion (To Quash Writ of Execution and/or Suspend Execution), elucidating thus:

> On [petitioners'] "Omnibus Motion (to Quash Writ of Execution and/or Suspend Execution)" and subsequent related pleadings, the court resolves to deny the motion as the arguments raised therein do not sufficiently persuade the court that legal basis exists to justify the quashal of the Writ of Execution and/or suspension of its execution.
>
> It bears to note that the Resolution of the Court of Appeals [in CA-G.R. SP No. 85880], granting [petitioners'] Petition for [Certiorari] with the Court of Appeals in a similar case (Q-04-092) and the setting aside of the order of inspection which was ordered by this court, has no relevance to this case. Worthy of emphasis is that the corporation involved herein is Marcel Trading Corporation which is separate from Marine Resources Development Corporation, the corporation involved in Q-04-092.
>
> The Omnibus Motion is accordingly denied.

CA-G.R. SP No. 90024

Discontented with the above order, petitioners filed with the Court of Appeals a Petition for Certiorari and Prohibition with prayer for issuance of a Writ of Preliminary Injunction and/or a Temporary Restraining Order,[47] which petition was docketed as CA-G.R. SP No. 90024 and raffled to the First Division. Petitioners imputed grave abuse of discretion amounting to lack or excess of jurisdiction on the part of the RTC when the latter denied the petitioners' Omnibus Motion (To Quash Writ of Execution and/or Suspend Execution) and failed to consider as a supervening event the Court of Appeals (Fourth Division) Decision dated March 11, 2005 in CA-G.R. SP No. 85880, which should have warranted the suspension of the execution of the RTC Decision dated June 23, 2004 in Civil Case No. Q-04-091.

In the assailed Resolution[48] dated June 29, 2005, the Court of Appeals (First Division) denied due course to the petition, thus:

> After a study of the petitions and its annexes, the Court perceived no grave abuse of discretion committed by the [RTC]. The decision was rendered on the basis of the existing law and prevailing jurisprudence. As to its execution, there is no subsequent event justifying a quashal of the writ of execution or suspension of its implementation. The [RTC] was correct when [it] stated that the corporation involved, Marcel Trading Corporation, is different, or separate from, Marine Resources Development Corporation, the corporation involved in Q-04-092.
>
> x x x x
>
> The burden of proof in this regard lies with the corporation who refuses a stockholder from exercising his right. It is not the other way around. A stockholder need not prove that he is in good faith and his request or demand is for a legitimate purpose. The right is there. The burden is on the corporation to show that he really has other motives not legitimate.
>
> This issue is not novel. In the case of Republic (PCGG) v. Sandiganbayan and Cojuangco, G.R. No. 88809, July 10, 1991, it was ruled that the corporation has the burden "to show that private respondent's action in seeking examination of the corporate records was moved by unlawful or ill-motivated designs which could appropriately call for a judicial protection against the exercise of such right." x x x

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> x x x x
>
> WHEREFORE, there being no prima facie showing of a grave abuse of discretion, the petition is DENIED due course.

Petitioners filed a Motion for Reconsideration[49] of the above Resolution, but the Court of Appeals (First Division) likewise denied the same in the Resolution[50] dated August 18, 2005.

Thus, petitioners came to this Court via the instant petition, praying for the issuance of a writ of preliminary injunction and/or a TRO to enjoin the enforcement of the Writ of Execution dated March 9, 2005, pending the consideration of the petition and, ultimately, the permanent suspension of the implementation of the said Writ of Execution in view of the finality of the Court of Appeals (Fourth Division) Decision dated March 11, 2005 in CA-G.R. SP No. 85880.

On October 17, 2005, the Court issued a TRO,[51] which enjoined the RTC from enforcing or implementing the Writ of Execution dated March 9, 2005 in Civil Case No. Q-04-091.

The sole issue put forward for our consideration is:

> WHETHER OR NOT THE DECISIONS IN SP NO. 85880 AND 85879 RENDERED BY SEPARATE DIVISIONS OF THE COURT OF APPEALS[,] DECLARING AS IMPROPER THE INTENDED INSPECTION OF CORPORATE RECORDS OF MARINE RESOURCE DEVELOPMENT CORPORATION AND FIRST MARCEL PROPERTIES CORPORATION, CONSTITUTE A SUPERVENING EVENT WHICH WOULD WARRANT THE SUSPENSION OF EXECUTION OF THE DECISION OF THE REGIONAL TRIAL COURT GRANTING INSPECTION OF CORPORATE RECORDS OF MARCEL TRADING CORPORATION?

Petitioners reiterate their position that the Decision dated March 11, 2005 of the Court of Appeals (Fourth Division) in CA-G.R. SP No. 85880, which set aside the ruling of the RTC in Civil Case No. Q-04-092 should have been considered as a supervening event that justified the suspension of the execution of the RTC Decision dated June 23, 2004 in Civil Case No. Q-04-091. Notwithstanding the lack of identity of the corporations involved, petitioners aver that Civil Case No. Q-04-091 was factually similar to Civil Case No. Q-04-092. Thus, they claim that the RTC should have taken judicial notice of the Decision dated March 11, 2005 of the Court of Appeals (Fourth Division) in CA-G.R. SP No. 85880. Once more, petitioners highlight the fact that the dismissal of the petition in CA-G.R. SP No. 85878 was allegedly based on a mere technicality sans a discussion on the merits of the case. As such, the Decision in CA-G.R. SP No. 85880 only supplemented what was lacking in the Decision in CA-G.R. SP No. 85878. To the mind of petitioners, the RTC should have at least awaited the finality of the judgments in CA-G.R. SP Nos. 85880 and 85879 before it ordered the execution of the Decision dated June 23, 2004 in Civil Case No. Q-04-091.

The instant petition is devoid of merit.

After a careful review of the facts and arguments in this case, the Court finds that petitioners have already lost their right to question the RTC Decision dated June 23, 2004 in Civil Case No. Q-04-091, much less to seek the suspension of the execution thereof.

In Natalia Realty, Inc. v. Court of Appeals,[52] the Court had the occasion to discuss the nature of supervening events, thus:

> One of the exceptions to the principle of immutability of final judgments is the existence of supervening events. Supervening events refer to facts which transpire after judgment has become final and executory or to new circumstances which developed after the judgment has acquired finality, including matters which the

> parties were not aware of prior to or during the trial as they were not yet in existence at that time.

A supervening event affects or changes the substance of the judgment and renders the execution thereof inequitable.[53] Should such an event occur after a judgment becomes final and executory, which event may render the execution of the judgment impossible or unjust, Ramirez v. Court of Appeals[54] dictates that a stay or preclusion of execution may properly be sought.

Doubtless, the RTC Decisions dated June 23, 2004 in Civil Case Nos. Q-04-091, Q-04-092 and Q-04-093 have since become final and executory.

Civil cases involving the inspection of corporate books are governed by the rules of procedure set forth in A.M. No. 01-2-04-SC,[55] otherwise known as the Interim Rules of Procedure for Intra-Corporate Controversies under Republic Act No. 8799[56] (Interim Rules). Section 4, Rule 1[57] of the Interim Rules defines the nature of the judgments rendered thereunder as follows:

> SEC. 4. Executory nature of decisions and orders. - All decisions and orders issued under these Rules shall immediately be executory, except the awards for moral damages, exemplary damages and attorney's fees, if any. 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. (Emphases ours.)

Verily, the first part of Section 4, Rule 1 of the Interim Rules is categorical. Save for the exceptions clearly stated therein, the provision enunciates that a decision and order issued under the Interim Rules shall be enforceable immediately after the rendition thereof. In order to assail the decision or order, however, the second part of the provision speaks of an appeal or petition that needs to be filed by the party concerned. In this appeal or petition, a restraining order must be sought from the appellate court to enjoin the enforcement or implementation of the decision or order. Unless a restraining order is so issued, the decision or order rendered under the Interim Rules shall remain to be immediately executory.

On September 14, 2004, the Court issued a Resolution in A.M. No. 04-9-07-SC[58] to rectify the situation wherein "lawyers and litigants are in a quandary on how to prevent under appropriate circumstances the execution of decisions and orders in cases involving corporate rehabilitation and intra-corporate controversies."[59] To address the "need to clarify the proper mode of appeal in [cases involving corporate rehabilitation and intra-corporate controversies] in order to prevent cluttering the dockets of the courts with appeals and/or petitions for certiorari,"[60] the Court thereby resolved that:

> - All decisions and final orders in cases falling under the Interim Rules of Corporate Rehabilitation and the Interim Rules of Procedure Governing Intra-Corporate Controversies under Republic Act No. 8799 shall be appealable to the Court of Appeals through a petition for review under Rule 43 of the Rules of Court.
>
> - The petition for review shall be taken within fifteen (15) days from notice of the decision or final order of the Regional Trial Court. Upon proper motion and the payment of the full amount of the legal fee prescribed in Rule 141 as amended before the expiration of the reglementary period, the Court of Appeals may grant an additional period of fifteen (15) days within which to file the petition for review. No further extension shall be granted except for the most compelling reasons and in no case to exceed fifteen (15) days. (Emphases ours.)

In the instant case, petitioners received the RTC Decisions dated June 23, 2004 in Civil Case Nos. Q-04-091, Q-04-092 and Q-04-093 on July 7, 2004. Thereafter, petitioners filed with the Court of Appeals three separate petitions for certiorari on August 23, 2004. On September 2, 2004, the Court of Appeals (12[th] Division) resolved to dismiss the petition for certiorari in CA-G.R. SP No. 85878, holding that the same was a mere substitute for the lost remedy of appeal. Petitioners then filed a Motion for Reconsideration on the said resolution.

Thereafter, during the pendency of the Motion for Reconsideration in CA-G.R. SP No. 85878, as well as the petitions for certiorari in CA-G.R. SP Nos. 85880 and 85879, the Resolution in A.M. No. 04-9-07-SC took effect on October 15, 2004.

As regards the applicability of the Resolution to pending appeals or petitions, the same pertinently provided that:

> - This Resolution shall apply to all pending appeals filed within the reglementary period from decisions and final orders in cases falling under the Interim Rules of Corporate Rehabilitation and the Interim Rules of Procedure Governing Intra-Corporate Controversies under Republic Act No. 8799, regardless of the mode of appeal or petition resorted to by the appellant or petitioner.
>
> - These pending appeals or petitions shall be treated in the following manner:
>
> x x x x
>
> c. In case a petition appealing or assailing the decision and/or final order is filed directly with the Court of Appeals within the reglementary period, such petition shall be considered a petition for review under Rule 43.

The issue that needs to be resolved at this point is whether or not petitioners pursued the correct remedy in questioning the RTC Decisions in Civil Case Nos. Q-04-091, Q-04-092 and Q-04-093. Corollary to this is whether or not the petitions for certiorari filed by petitioners could have been treated as petitions for review under Rule 43 of the Rules of Court, in accordance with the provisions of the Resolution in A.M. No. 04-9-07-SC, such that petitioners can be considered to have availed themselves of the proper remedy in assailing the rulings of the RTC.

We answer in the negative.

The term "petition" in the third and fourth paragraphs of A.M. No. 04-9-07-SC, cannot be construed as to include a petition for certiorari under Rule 65 of the Rules of Court. The rationale for this lies in the essential difference between a petition for review under Rule 43 and a petition for certiorari under Rule 65 of the Rules of Court. In Sebastian v. Morales,[61] the Court underscored, thus:

> That a petition for certiorari under Rule 65 should pro forma satisfy the requirements for the contents of a petition for review under Rule 43 does not necessarily mean that one is the same as the other. Or that one may be treated as the other, for that matter. A petition for review is a mode of appeal, while a special civil action for certiorari is an extraordinary process for the correction of errors of jurisdiction. It is basic remedial law that the two remedies are distinct, mutually exclusive, and antithetical. The extraordinary remedy of certiorari is proper if the tribunal, board, or officer exercising judicial or quasi-judicial functions acted without or in grave abuse of discretion amounting to lack or excess of jurisdiction and there is no appeal or any plain, speedy, and adequate remedy in law. A petition for review, on the other hand, seeks to correct errors of judgment committed by the court, tribunal, or officer. x x x When a court, tribunal, or officer has jurisdiction over the person and the subject matter of the dispute, the decision on all other questions arising in the case is an exercise of that jurisdiction. Consequently, all errors committed in the exercise of said jurisdiction are merely errors of judgment. Under prevailing procedural rules and jurisprudence, errors of judgment are not proper subjects of a special civil action for certiorari. For if every error committed by the trial court or quasi-judicial agency were to be the proper subject of review by certiorari, then trial would never end and the dockets of appellate courts would be clogged beyond measure. x x x.

The RTC Decisions in Civil Case Nos. Q-04-091, Q-04-092 and Q-04-093 are final orders that disposed of the whole subject matter or terminated the particular proceedings or action, leaving nothing to be done but to enforce by execution what has been determined.[62] As the RTC was unquestionably acting within its jurisdiction, all errors that it might have committed in the exercise of such jurisdiction are errors of judgment, which are

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reviewable by a timely appeal.

The petitioners' erroneous choice of remedy was further aggravated by the fact that the same was apparently resorted to after they lost the remedy of appeal. In their petitions for certiorari before the Court of Appeals, petitioners pointedly stated that "while it may be true that appeal was an available remedy, the same is not adequate or equally beneficial, speedy and sufficient."[63] This is plainly inaccurate. As previously discussed, petitioners received the RTC Decisions in Civil Case Nos. Q-04-091, Q-04-092 and Q-04-093 on July 7, 2004. From then on, petitioners filed the three separate petitions for certiorari with the Court of Appeals on August 23, 2004, or forty-seven (47) days after receipt of the RTC Decisions. In Federation of Free Workers v. Inciong,[64] we reiterated the basic remedial law principle that:

> While the special civil action of certiorari may be availed of in the alternative situation where an appeal would not constitute a plain, speedy, and adequate remedy, this is on the theoretical assumption that the right to appeal is still available in the case. If, however, the remedy by appeal had already been lost and the loss was occasioned by petitioner's own neglect or error in the choice of remedies, certiorari cannot lie as a substitute or a tool to shield the petitioner from the adverse consequences of such neglect or error. The two remedies are mutually exclusive and not alternative or successive.

Although the above doctrine admits of certain exceptions,[65] none of them was sufficiently proven to apply in the instant case.

The Court of Appeals (12[th] Division) was, therefore, correct in dismissing the petition for certiorari in CA-G.R. SP No. 85878, which assailed the RTC Decision in Civil Case No. Q-04-091. Contrariwise, the Fourth and Eighth Divisions of the Court of Appeals should not have assumed jurisdiction over the petitions for certiorari in CA-G.R. SP Nos. 85880 and 85879, respectively. The Court likewise notes that after taking cognizance of the petitions filed before them on August 23, 2004, the latter two divisions of the Court of Appeals even failed to issue a preliminary injunction and/or a TRO, enjoining the enforcement or implementation of the RTC Decisions in Civil Case Nos. Q-04-092 and Q-04-093. Thus, in view of the foregoing, the RTC Decisions dated June 23, 2004 in Civil Case Nos. Q-04-091, Q-04-092 and Q-04-093 remained to be immediately executory.

Nevertheless, it did not escape our attention that the RTC granted only the respondents' motion for execution in Civil Case No. Q-04-091 and denied the similar motions in Civil Case Nos. Q-04-092 and Q-04-093. Significantly, respondents no longer questioned the RTC Order denying the motions for execution in the latter two cases. The ultimate issue that petitioners elevated to this Court pertained to the propriety of the issuance of the writ of execution of the RTC Decision in Civil Case No. Q-04-091. Thus, we accordingly limit our discussion thereto.

Petitioners contend that the supervening event which developed after the finality of the judgment in Civil Case No. Q-04-091 is the Decision dated March 11, 2005 of the Court of Appeals (Fourth Division) in CA-G.R. SP No. 85880.

We disagree.

There is nothing in the Decision in CA-G.R. SP No. 85880 that affects or changes the substance of the judgment in Civil Case No. Q-04-091 and renders the execution of the same inequitable.

The petition for certiorari in CA-G.R. SP No. 85880 was filed in order to dispute the judgment in the RTC Decision in Civil Case No. Q-04-092. In the said case, respondents sought to gain access to and inspect the corporate books and records of Marine Resources Development Corporation. On the other hand, in Civil Case No. Q-04-091, respondents entreated that they be allowed to inspect the corporate books and records of Marcel

Trading Corporation. Despite the fact that the parties to this case are all stockholders in the said corporations and the respondents invoked the same provisions of law, the cases filed before the RTC were entirely distinct from and independent of each other. The two corporations involved are primarily engaged in different businesses and do not share exactly the same set of stockholders. The records of the case are also silent with respect to the consolidation of the cases before the trial court. Thus, any ruling on Civil Case No. Q-04-092 would not materially alter the substance of the judgment in Civil Case No. Q-04-091, which would render the execution of the latter case inequitable.

Additionally, the Court of Appeals (Fourth Division) in CA-G.R. SP No. 85880 adjudged that the RTC patently erred in deciding in favor of respondents since the latter failed to show that they were impelled by proper motives in seeking to inspect the corporate records of Marine Resources Development Corporation.

However, as correctly held by the Court of Appeals (First Division) in the assailed Resolution dated June 29, 2005 in CA-G.R. SP No. 90024, Republic v. Sandiganbayan[66] has already settled that the burden of proof lies with the corporation who refuses to grant to the stockholder the right to inspect corporate records. In said case, Eduardo Cojuangco, Jr. sought the inspection and examination of the corporate records of San Miguel Corporation (SMC) and United Coconut Planters Bank (UCPB). As the shares of Cojuangco in the aforementioned corporations had previously been sequestered by the Presidential Commission on Good Government (PCGG), the requests for inspection were coursed through the said government agency. The PCGG, thereafter, denied Cojuangco's requests, arguing that the purpose of the latter was merely to satisfy his curiosity regarding the performance of SMC and UCPB. In rejecting PCGG's line of reasoning, the Court ruled that:

> [T]he argument is devoid of merit. Records indicate that [Cojuangco] is the ostensible owner of a substantial number of shares and is a stockholder of record in SMC and UCPB. Being a stockholder beyond doubt, there is therefore no reason why [Cojuangco] may not exercise his statutory right of inspection in accordance with Sec. 74 of the Corporation Code, the only express limitation being that the right of inspection should be exercised at reasonable hours on business days; 2) the person demanding to examine and copy excerpts from the corporation's records and minutes has not improperly used any information secured through any previous examination of the records of such corporation; and 3) the demand is made in good faith or for a legitimate purpose. The latter two limitations, however, must be set up as a defense by the corporation if it is to merit judicial cognizance. As such, and in the absence of evidence, the PCGG cannot unilaterally deny a stockholder from exercising his statutory right of inspection based on an unsupported and naked assertion that private respondent's motive is improper or merely for curiosity or on the ground that the stockholder is not in friendly terms with the corporation's officers.
>
> x x x x
>
> In the case at bar, [PCGG] failed to discharge the burden of proof to show that [Cojuangco's] action in seeking examination of the corporate records was moved by unlawful or ill-motivated designs which could appropriately call for a judicial protection against the exercise of such right. Save for its unsubstantiated allegations, [PCGG] could offer no proof, nay, not even a scintilla of evidence that respondent Cojuangco, Jr., was motivated by bad faith; that the demand was for an illegitimate purpose or that the demand was impelled by speculation or idle curiosity. Surely, [Cojuangco's] substantial shareholdings in the SMC and UCPB cannot be an object of mere curiosity. (Emphasis ours.)

The Court is fully aware that the Decision dated March 11, 2005 of the Court of Appeals (Fourth Division) in CA-G.R. SP No. 85880 and the Decision dated April 28, 2005 of the Court of Appeals (Eighth Division) in CA-G.R. SP No. 85879, which adopted the ruling of the Fourth Division, had already become final and executory for failure of respondents to appeal therefrom. The Court may no longer disturb the same in these proceedings. In any event, the applicability of the said decisions of the Court of Appeals (Fourth and Eighth Divisions) is limited

to the letter-demand for the inspection of corporate records of Marine Resources Development Corporation (Civil Case No. Q-04-092) and First Marine Properties, Inc. (Civil Case No. Q-04-093) made by respondents on April 16, 2004.

In light of the foregoing, the Court declares that petitioners cannot rely on the Decision dated March 11, 2005 in CA-G.R. SP No. 85880 nor the Decision dated April 28, 2005 in CA-G.R. SP No. 85879 in order to pray for the permanent suspension of the writ of execution in Civil Case No. Q-04-091. The execution of the Decision dated June 23, 2004 in Civil Case No. Q-04-091 should now proceed as a matter of course.

WHEREFORE, the Court hereby:

(1) DENIES the instant Petition for Review on Certiorari under Rule 45 of the Rules of Court;

(2) AFFIRMS the Resolutions dated June 29, 2005 and August 18, 2005 of the Court of Appeals in CA-G.R. SP No. 90024;

(3) REMANDS the records of this case to the Regional Trial Court of Quezon City, Branch 93, for the immediate execution of the Decision dated June 23, 2004 in Civil Case No. Q-04-091; and

(4) LIFTS the Temporary Restraining Order issued on October 17, 2005.

Costs against petitioners.

SO ORDERED.

Corona, C.J., (Chairperson), Velasco, Jr., Nachura,[*]and Perez, JJ., concur.

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[*] Per Raffle dated August 2, 2010.

[1] Rollo, pp. 9-29.

[2] Penned by then Associate Justice Jose Catral Mendoza (now a member of this Court) with Associate Justices Romeo A. Brawner and Edgardo P. Cruz, concurring; rollo, pp. 33-41.

[3] Rollo, pp. 43-44.

[4] Id. at 228-245.

[5] Penned by then Presiding Judge Apolinario D. Bruselas, Jr. (now a Justice of the Court of Appeals); rollo, p. 222.

[6] Rollo¸ pp. 199-202.

[7] Id. at 246-252.

[8] Id. at 48.

[9] Records, Vol. II (Civil Case No. Q-04-092), p. 2.

[10] Records, Vol. III (Civil Case No. Q-04-093), p. 2.

[11] Rollo, p. 45.

[12] Records, Vol. II (Civil Case No. Q-04-092), p. 13.

[13] Rollo, pp. 47-53.

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[14] Records, Vol. II (Civil Case No. Q-04-092), pp. 1-7.

[15] Records, Vol. III (Civil Case No. Q-04-093), pp. 1-7.

[16] Sections 74 and 75 of the Corporation Code state:

Sec. 74. Books to be kept; stock transfer agent. - x x x

The records of all business transactions of the corporation and the minutes of any meetings shall be open to inspection by any director, trustee, stockholder or member of the corporation at reasonable hours on business days and he may demand, writing, for a copy of excerpts from said records or minutes, at his expense.

Any officer or agent of the corporation who shall refuse to allow any director, trustee, stockholder or member of the corporation to examine and copy excerpts from its records or minutes, in accordance with the provisions of this Code, shall be liable to such director, trustee, stockholder or member for damages, and in addition, shall be guilty of an offense which shall be punishable under Section 144 of this Code: Provided, That if such refusal is made pursuant to a resolution or order of the board of directors or trustees, the liability under this section for such action shall be imposed upon the directors or trustees who voted for such refusal: and Provided, further, That it shall be a defense to any action under this section that the person demanding to examine and copy excerpts from the corporation's records and minutes has improperly used any information secured through any prior examination of the records or minutes of such corporation or of any other corporation, or was not acting in good faith or for a legitimate purpose in making his demand.

Sec. 75. Right to financial statements. - Within ten (10) days from receipt of a written request of any stockholder or member, the corporation shall furnish to him its most recent financial statement, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the result of its operations.

[17] Rollo, pp. 60-70; CA rollo (CA-G.R. SP No. 85880), pp. 42-51; CA rollo (CA-G.R. SP No. 85879), pp. 39-51.

[18] On May 13, 2004, respondents filed an Urgent Motion to Consolidate the three complaints [Records, Vol. I (Civil Case No. Q-04-091), pp. 14-15] but the records of the case are silent as to how the RTC resolved the same.

[19] Rollo, pp. 94-95.

[20] CA rollo (CA-G.R. SP No. 90024), pp. 75-76.

[21] Id. at 73-74.

[22] Records, Vol. I (Civil Case No. Q-04-091), back of p. 47; Records, Vol. II (Civil Case No. Q-04-092), back of p. 38; Records, Vol. III (Civil Case No. Q-04-093), back of p. 30.

[23] Rollo, pp. 100-118.

[24] CA rollo (CA-G.R. SP No. 90024), pp. 116-133.

[25] Id. at 98-115.

[26] Rollo, pp. 155-158.

[27] Penned by Associate Justice Marina L. Buzon with Associate Justices Mario L. Guariña III and Hakim S. Abdulwahid, concurring; rollo, pp. 160-162.

[28] CA rollo (CA-G.R. SP No. 85880), p. 139.

[29] CA rollo (CA-G.R. SP No. 85879), pp. 70-75.

[30] Id. at 153-154.

[31] Penned by Associate Justice Perlita J. Tria Tirona with Associate Justices Delilah Vidallon-Magtolis and Jose C. Reyes, Jr., concurring; rollo, pp. 185-198.

[32] Id. at 196-197.

[33] CA rollo (CA-G.R. SP No. 85880), pp. 93-127.

[34] Penned by Associate Justice Jose C. Reyes, Jr. with Associate Justices Elvi John S. Asuncion and Edgardo F. Sundiam, concurring; CA rollo (CA-G.R. SP No. 85880), p. 207.

[35] Rollo, p. 324.

[36] Penned by Associate Justice Magdangal M. De Leon with Associate Justices Mariano C. del Castillo (now a member of this Court) and Regalado E. Maambong, concurring; rollo, pp. 224-227.

[37] Id. at 226.

[38] CA rollo (CA-G.R. SP No. 85879), pp. 114-147.

[39] Rollo, pp. 326-327.

[40] CA rollo (CA-G.R. SP No. 85879), p. 232.

[41] Rollo, pp. 163-168.

[42] Id. at 179.

[43] Id. at 180.

[44] Id. at 181-183.

[45] Id. at 199-202.

[46] Id. at 222.

[47] Id. at 228-245.

[48] Id. at 33-41.

[49] Id. at 246-252.

[50] Id. at 43-44.

[51] Id. at 257-259.

[52] 440 Phil. 1, 23 (2002).

[53] Javier v. Court of Appeals, G.R. No. 96086, July 21, 1993, 224 SCRA 704, 712.

[54] G.R. No. 85469, March 18, 1992, 207 SCRA 287, 292.

[55] Took effect on April 1, 2001.

[56] The Securities Regulation Code, which took effect on August 8, 2000.

[57] As amended by the Resolution dated September 19, 2006 in A.M. No. 01-2-04-SC, which took effect on

October 16, 2006.

[58] Re: Mode of Appeal in Cases Formerly Cognizable by the Securities and Exchange Commission.

[59] Id.

[60] Id.

[61] 445 Phil. 595, 608 (2003).

[62] De Ocampo v. Republic, 118 Phil. 1276, 1280 (1963).

[63] CA rollo (CA-G.R. SP No. 85879), p. 4; CA rollo (CA-G.R. SP No. 85880), p. 4.

[64] G.R. No. 49983, April 20, 1992, 208 SCRA 157, 164.

[65] The exceptions are: (a) when public welfare and the advancement of public policy dictates; (b) when the broader interest of justice so requires; (c) when the writs issued are null and void; or (d) when the questioned order amounts to an oppressive exercise of judicial authority. (Hanjin Engineering and Construction Co. Ltd./Nam Hyum Kim v. Court of Appeals, G.R. No. 165910, April 10, 2006, 487 SCRA 78, 100.)

[66] G.R. No. 88809, July 10, 1991, 199 SCRA 39, 46-47.

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