

**EUSTAQUIO CANDARI, JR., RENE ESPULGAR, EDITHA DACIA,
GONZALO PALMA, JR., ANDRES DE LEON, ARNOLD BAJAR, PETER
BAYBAYAN, EUGENIO TABURNO, MATEO ALOJADO, ANSELMO
LIGTAS, FLORITA BU...**

G.R. No. 185053. February 15, 2012

Ponente: SERENO, J.

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SERENO, J.:

Respondents were members of the board of directors of Dolefil Agrarian Reform Beneficiaries Cooperative, Incorporated (DARBCI). They were elected into office on 12 July 1998 and their terms should have ended on 12 July 2000. However, they continued to occupy their positions in a holdover capacity until the controversy in this case arose.

On 23 November 2005, respondents instituted Civil Case No. 471-05 at Branch 39 of the Regional Trial Court (RTC) of Polomolok, South Cotabato to enjoin petitioners from holding a special general assembly (GA) and an election of officers. Respondents alleged that the process by which the GA had been called was not in accordance with Sec. 35 of Republic Act No. 6938, otherwise known as the Cooperative Code of the Philippines.

On 24 November 2005, the RTC issued a 72-hour Temporary Restraining Order (TRO) to restrain petitioners from holding the GA.[1]

Despite the TRO, but without the participation of petitioners, 5,910 members – or 78.68% of the total membership of the cooperative – went through with the GA on 26 November 2005 and elected petitioners in absentia as new members of the board.

On 1 December 2005, the TRO was extended to its full term of twenty (20) days from issuance.[2]

The trial court considered the evidence adduced during the hearing on the application for a writ of preliminary injunction. In addition, it considered the supervening events that occurred since the issuance of the TRO. These events were the holding of the GA on 26 November 2005 and the election of new officers. Thus, on 8 December 2005, the RTC, finding the provisional remedy of preliminary injunction to be moot, issued a Resolution[3] denying respondents' prayer for the issuance of a writ of preliminary injunction and quashing the TRO previously issued.

Thereafter, respondents filed an Amended Complaint[4] seeking to enjoin petitioners from assuming office and exercising the powers conferred on directors of DARBCI.

On 29 November 2006, the RTC issued an Omnibus Order[5] dismissing the Amended Complaint, ruling as follows:

Gauging from these allegations that plaintiffs were incumbent BOD members of DARBCI and did not consent or sanctioned (sic) the 26 November 2005 BOD election, which was conducted despite the existing TRO, do

not confer a right unto them that ought to be respected by defendants (sic); neither the Tripartite Agreement among Board I, II, and III help their cause. The supervening factors, i.e. the General Assembly Meeting and the Election of Officers by the overriding majority members of DARBCI then occurring (sic) rendered these averments insignificant. Resultantly, no delict or wrong can be imputed to the latter owing to said factors which were duly established during the hearings and found by the Honorable Court.

xxx xxx xxx

In sum, the Amended Complaint and the evidence thus far adduced disclose that plaintiffs have neither legal right nor the requisite personality to file an action for nullification of the assailed DARBCI General Assembly and Election. Hence, their aforesaid Complaint is doomed for dismissal for failing to state a cause of action. The Court must hold, as it holds now, that the present action cannot pass muster on sheer dictates of law and equity. (Emphasis supplied.)

Respondents thereafter filed a Petition for Certiorari[6] with the Court of Appeals (CA) docketed as CA-G.R. SP No. 01851. They contended that the trial court committed grave abuse of discretion when it considered the evidence adduced in the hearing for the issuance of a writ of preliminary injunction. They further alleged that the Amended Complaint clearly stated a cause of action based on their rights as the then incumbent officers of DARBCI.

The CA rendered the assailed Decision,[7] which remanded the case to the RTC for further proceedings. In allowing the Petition, the appellate court stated that the “lingering organization and leadership crisis in the DARBCI undermines the cooperative’s viability to pursue its objectives.” It considered the case to be one that might become an impediment to the State’s land reform program in Polomolok. Thus, it took cognizance of the case in the interest of public welfare and the advancement of public policy.

The CA found that respondents’ Amended Complaint contained sufficient allegations that constituted a cause of action against herein petitioners. Thus, it held that the RTC gravely abused its discretion when the latter dismissed the case for lack of cause of action.

Petitioners moved for reconsideration, but this motion was subsequently denied.[8]

Petitioners now come before this Court, alleging that the CA erred in allowing respondents’ Petition for Certiorari despite being the wrong remedy. They also insist that the CA erred in ruling that a cause of action existed despite the fact that the issue had become moot. They allege that the trial court was not limited to the allegations of the Complaint, but it may also consider the evidence presented during the hearing for the issuance of the writ of preliminary injunction. Finally, they contend that the CA misappreciated the facts of the case in stating that the issue was with regard to the implementation of the agrarian reform program, when it was merely the legality of the elections of the new board of directors.

Respondents, in their Comment,[9] assert that their Amended Complaint stated a cause of action, and that the trial court should have conducted a trial on the merits instead of dismissing the Amended Complaint, especially when petitioners failed to present proof that a GA and an election of officers were held on 26 November 2005. Finally, respondents contend that the RTC’s act of dismissing the case was in grave abuse of discretion, reviewable via their Petition for Certiorari.

On 8 July 2009, petitioners filed a Reply to respondents’ Comment.[10] They informed this Court that two more GA meetings had been held.

During the 20 December 2008 meeting, the GA ratified the Amended Articles of Cooperation and the Amended By-Laws of the cooperative. A Certificate of Registration to that effect was issued by Cooperative Development Authority (CDA) on 9 February 2009.[11]

Article X, Sec. 1 of the Amended By-Laws provides:

The incumbent members of the Board of Directors and various committees who were elected into office during the November 25, 2005 special elections shall continue to serve the cooperative until their successors have been elected and qualified into office. They shall be deemed to have served for one term only;

The Court notes that the 25 November 2005 GA meeting referred to by the by-laws was actually held on 26 November 2005. However, considering the clear language and intent of the provision, the Court deems the date contained in the Amended By-laws to be a mere typographical error.

On 29 March 2009, the second meeting was held whereby a new set of officers was elected by the GA.

In *Joya v. Presidential Commission on Good Government*,^[12] we said:

For a court to exercise its power of adjudication, there must be an actual case or controversy — one which involves a conflict of legal rights, an assertion of opposite legal claims susceptible of judicial resolution; the case must not be moot or academic or based on extra-legal or other similar considerations not cognizable by a court of justice. A case becomes moot and academic when its purpose has become stale, such as the case before us.

Sec. 34 of the Cooperative Code states that the highest policy-making body of the cooperative is the GA, to wit:

The general assembly shall be the highest policy-making body of the cooperative and shall exercise such powers as are stated in this Code, in the articles of cooperation and in the by-laws of the cooperative. The general assembly shall have the following exclusive powers which cannot be delegated:

- (1) To determine and approve amendments to the articles of cooperation and by-laws;
- (2) To elect or appoint the members of the board of directors, and to remove them for cause;
- (3) To approve developmental plans of the cooperative; and
- (4) Such other matters requiring a two-thirds (2/3) vote of all members of the general assembly, as provided in this Code.

In the present case, the GA has clearly expressed its intentions through the subsequent amendment of DARBCI's Articles of Cooperation and By-Laws and through the election of new officers.

In *Kilusang Bayan sa Paglilingkod ng mga Magtitinda ng Bagong Pamilihan Bayan ng Muntinlupa, Inc. (KBMBPM) v. Dominguez*,^[13] we denied the Petition on the ground that the issue had become moot and academic considering that the GA of KBMBPM already elected a new set of officers, even if it was found that the right to due process of petitioners therein were clearly violated, to wit:

In the instant case, there was no notice of a hearing on the alleged petition of the general membership of the KBMBPM; there was, as well, not even a semblance of a hearing. The Order was based solely on an alleged petition by the general membership of the KBMBPM. There was then a clear denial of due process. It is most unfortunate that it was done after democracy was restored through the peaceful people revolt at EDSA and the overwhelming ratification of a new Constitution thereafter, which preserves for the generations to come the gains of that historic struggle which earned for this Republic universal admiration.

If there were genuine grievances against petitioners, the affected members should have timely raise (sic) these issues in the annual general assembly or in a special general assembly. Or, if such a remedy would be futile for some reason or another, judicial recourse was available.

Be that as it may, petitioners cannot, however, be restored to their positions. Their terms expired in 1989,

thereby rendering their prayer for reinstatement moot and academic. Pursuant to Section 13 of the by-laws, during the election at the first annual general assembly after registration, one-half plus one (4) of the directors obtaining the highest number of votes shall serve for two years, and the remaining directors (3) for one year; thereafter, all shall be elected for a term of two years. Hence, in 1988, when the board was disbanded, there was a number of directors whose terms would have expired the next year (1989) and a number whose terms would have expired two years after (1990). Reversion to the status quo preceding October 1988 would not be feasible in view of this turn of events. Besides, elections were held in 1990 and 1991. The affairs of the cooperative are presently being managed by a new board of directors duly elected in accordance with the cooperative's by-laws.

In the present case, the replacement of respondents with other members of the board was willed by the GA. It is also important to note that respondents were only occupying their positions in a holdover capacity when they filed the case with the RTC, as their terms had ended on 12 July 2000. Undoubtedly, it would be a futile attempt and a waste of resources to remand the case to the trial court. There would be nothing left for the trial court to execute, should respondents be successful in their Petition.

It is clear from the Omnibus Order of the RTC that it dismissed the Amended Complaint because the supervening events had rendered the case moot through the voluntary act of the GA – as the highest policy-making body of the cooperative – to declare the contested positions vacant and to elect a new set of officers. As a consequence, respondents no longer had the personality or the cause of action to maintain the case against petitioners herein. Thus, the RTC committed no error when it dismissed the case.

WHEREFORE, in view of the foregoing, the Petition is hereby GRANTED. The assailed Court of Appeals Decision in CA-G.R. SP No. 01851 dated 6 August 2008 and the Resolution dated 14 October 2008 are hereby REVERSED and SET ASIDE. The Order dated 21 November 2006 issued by Branch 39 of the Regional Trial Court of Polomolok, South Cotabato is hereby AFFIRMED and REINSTATED.

SO ORDERED.

Carpio, (Chairperson), Villarama, [*] Perez, and Reyes, JJ., concur.

[*] Designated as Acting Member of the Second Division vice Associate Justice Arturo D. Brion per Special Order No. 1195 dated 15 February 2012.

[1] Rollo, pp. 116-121.

[2] Id. at 122-124.

[3] Id. at 125-129.

[4] Id. at 130-139.

[5] Id. at 207-212.

[6] Id. at 93-115.

[7] Penned by Associate Justice Jane Aurora C. Lantion, with Associate Justices Edgardo A. Camello and Edgardo T. Lloren concurring; id. at 51-61.

[8] Id. at 63-64.

[9] Id. at 607-619.

[10] Id. at 628-635.

[11] Id. at 636.

[12] G.R. No. 96541, 24 August 1993, 225 SCRA 568, 579.

[13] G.R. Nos. 85439 and 91927, 13 January 1992, 205 SCRA 92, 114-115.

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