

BANGKO SENTRAL NG PILIPINAS, PETITIONER, VS. VICENTE JOSE CAMPA, JR., MIRIAM M. CAMPA, MARIA ANTONIA C. ORTIGAS, MARIA TERESA C. AREVALO, MARIA NIEVES C. ALVAREZ, MARIAN M. CAMP...

G.R. No. 185979. March 16, 2016

Ponente: PEREZ, J.

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PEREZ, J.:

This petition for review assails the 9 January 2009 Resolution[1] of the Court of Appeals in CA-G.R. SP No. 99099. The Court of Appeals denied petitioner Bangko Sentral ng Pilipinas' (BSP) motion to reconsider the 15 July 2008 Decision[2] which affirmed the Order[3] dated 24 April 2007 of the Regional Trial Court (RTC) of Manila, Branch 36 in Commercial Case No. 06-114866 allowing the intervention in said case by respondents Vicente Jose Campa, Jr., et al.

The case stemmed from the following facts:

Bankwise applied for a Special Liquidity Facility (SLF) loan from BSP sometime in 2000. BSP advised Bankwise to submit mortgages of properties owned by third parties to secure its outstanding obligation to BSP. In compliance with the requirement, Bankwise mortgaged some real properties belonging to third-party mortgagors, as follows:

THIRD-PARTY MORTGAGORS

TITLES

LOCATION

Eduardo Aliño and co-owners

TCT Nos. T-4685 and T- 4686

Barrio Masiga, Gasan, Marinduque

Haru Gen Beach Resort and Hotel Corporation

TCT Nos. 11849 and 11850

Barrio Igang, Virac, Catanduanes

Vicente Jose Campa, Miriam Campa, Maria Antonia Ortigas, Maria Teresa Arevalo, Maria Nieves Alvarez, Marian Campa, and Balbino Jose Campa

TCT Nos. 25849, 25850, 25851 and 9087

Mandaluyong City[4]

When Bankwise failed to pay its obligations to BSP, the latter applied for extra-judicial foreclosure of the third-party mortgages. All mortgaged properties were sold at public auction to BSP being the highest bidder and corresponding certificates of sale were registered.

On 18 April 2006, Eduardo Aliño (Aliño) filed a Complaint[5] for specific performance, novation of contracts and damages with application for Temporary Restraining Order (TRO)/writ of preliminary injunction against BSP and Bankwise. The case was docketed as Commercial Case No. 06-114866. Aliño alleged that he is a stockholder of VR Holdings, owning 10% of the outstanding shares of stock therein. Aliño averred that he allowed his properties to be used by Bankwise as collateral for the SLF loan because Bankwise and VR Holdings[6] assured him that the properties will be returned to him and that he will not be exposed to the risk of foreclosure.[7] According to Aliño, BSP reassured him that it would allow Bankwise to settle its outstanding obligation by way of dacion en pago, the details of which are outlined in a portion of the Complaint below:

2.8 Relying on BSP's assurance of a dacion en pago settlement of Bankwise's obligations, therefore -

2.8.1 The former owners of Bankwise agreed to the takeover of Bankwise by PVB;

2.8.2 The former owners of Bankwise agreed to assume the liability for the segregated obligation which at the time had ballooned to 1.027 Billion, inclusive of interest and penalties;

2.8.3 Pursuant to the dacion en pago arrangement for the settlement of Bankwise's outstanding obligation, the former owners started submitting no less than thirty-five (35) titles over several real estate properties located in different parts of the country beginning the second quarter of 2005. Roughly, the total value of the properties already offered by the former owners of Bankwise for dacion is in the vicinity of P2 Billion, more or less.

2.9 Proofs that BSP had agreed on a dacion en pago mode of settlement of Bankwise's obligation are:

2.9.1. BSP's letter dated 13 October 2004 [. . . addressed to PVB] explicitly stating that:

The Monetary Board, in its Resolution No. 1450 dated 07 October 2004, decided to allow Bankwise, Inc. to execute Dacion en Pago to settle its outstanding loan with Banko Sentral ng Pilipinas (BSP), which settlement shall not be conditioned to the submission of an acceptable rehabilitation plan for Bankwise, Inc.

2.9.2 BSP wrote another letter to PVB dated 05 November 2004 confirming the dacion en pago arrangement. It reads:--

It will be recalled that the Bangko Sentral ng Pilipinas (BSP) agreed to provide additional credit facilities to Bankwise, Inc. and to accept its dacion en pago proposal to pay outstanding obligations with BSP only because of the assurance from PVB that it will take over management and control of the operations of the bank. Such commitment was made to us verbally by the President of PVB in several meetings with us as well as in writing.

2.9.3 On various dates, BSP already implemented the dacion en pago arrangement by accepting no less than fifteen (15) properties of Bankwise in partial settlement of its outstanding obligation, x x x[8] (Emphasis omitted)

Aliño claimed that BSP foreclosed his properties, among others, in callous disregard of the fact that to date, it has in its hands no less than 11 original duplicate certificates of title over various real properties offered by Bankwise for dacion. Aliño asserted that the value of the lots offered for dacion would be more than sufficient to answer for the obligation of Bankwise. Aliño also claimed that Bankwise refused to honor its commitment to him; and that Bankwise and BSP have allied together to deny the return to the third-party mortgagors of the foreclosed properties.

Haru Gen Beach Resort filed a Motion for Leave of Court to Admit Complaint in Intervention alleging that it is a third-party mortgagor over properties covered by TCT Nos. 11849 and 11850 in favor of BSP without any

consideration; that BSP extrajudicially foreclosed its properties and the titles were already consolidated in the name of BSP; that the real estate mortgage is null and void on the ground that the intervenor did not receive any consideration therefrom and that the signatory in the said real estate mortgage was not properly authorized by the board of directors of the corporation in a meeting held for said purpose; and that it is entitled to the declaration of nullity of real estate mortgage and the return in its name of the said TCTs.

BSP opposed the motion. On 23 October 2003,[9] the RTC through Judge Antonio M. Eugenio denied the motion on the ground that Haru Gen's cause of action, if any, is properly the subject of a separate proceeding.

On 3 January 2007, respondents Vicente Jose Campa, Jr., Miriam M. Campa, Maria Antonia C. Ortigas, Maria Teresa C. Arevalo, Maria Nieves C. Alvarez, Marian M. Campa and Balbino Jose Campa filed a Motion for Leave to Intervene and Admit their Complaint-in-Intervention. Respondents asserted that they have a legal interest in the matter of litigation being the registered owners of certain real properties subject of the mortgage and in accommodation of the request of Bankwise who assured them that there is no risk of foreclosure. They allowed their properties to be used as security for Bankwise's SLF with BSP. Respondents pleaded the causes of action submitted by Aliño in his Complaint.

BSP opposed the motion. But on 24 April 2007,[10] the RTC through Judge Emma S. Young granted the motion and admitted the Complaint-in-Intervention filed by respondents.

BSP appealed said Order to the Court of Appeals via petition for certiorari alleging grave abuse of discretion on the part of the trial court on the following reasons: 1) the requirements for intervention were not met by respondents; 2) respondents' complaint-in-intervention and its supplement are dismissible for lack of cause of action; 3) respondents' cause of action, if any, is properly the subject of a separate proceeding; 4) considering the previous final denial of the intervention sought by Haru Gen, there is no reason to allow any other third-party mortgagor to intervene in Commercial Case No. 06-114866; 5) the intervention of respondents is a scheme to delay consolidation of title in the name of BSP and BSP's taking possession of the foreclosed properties; and 6) respondents' allegations are patently devoid of merit.[11]

On 15 July 2008,[12] the Court of Appeals ruled in favor of respondents and found no grave abuse of discretion on the part of the trial court in allowing the motion for leave to intervene and admission of a Complaint-in-Intervention. BSP moved for reconsideration insisting that respondents, not being stockholders of VR Holdings, do not have any legal interest in the subject matter of Commercial Case No. 06-114866 the same being a derivative suit initiated by Aliño as a stockholder of VR Holdings. Said motion was denied on 9 January 2009.

In the instant petition, BSP re-asserted the following grounds for review:

- Private respondents failed to satisfy the requisites for intervention.
- There is no legal basis to treat Private Respondents differently from Ham Gen, a third-party mortgagor similarly situated with Private Respondents, whose intervention had been denied with finality.[13]

BSP insists that since Commercial Case No. 06-114866 is a derivative suit filed by Aliño as a stockholder of VR Holdings, respondents cannot have an actual legal interest in the matter of litigation because they are not stockholders in VR Holdings. BSP maintains that respondents' intervention was being sought to delay consolidation of title in the name of BSP and BSP's taking possession of the subject properties which are necessary consequences of foreclosure. BSP urges this Court to apply the trial court's denial of a similar intervention in this case sought by Haru Gen.

While the primary issue relates to the propriety of an intervention, BSP's opposition is anchored on the nature of a

derivative suit which, according to it, effectively disallows intervention by a non-stockholder.

A derivative action is a suit by a shareholder to enforce a corporate cause of action. Under the Corporation Code, where a corporation is an injured party, its power to sue is lodged with its board of directors or trustees. But an individual stockholder may be permitted to institute a derivative suit on behalf of the corporation in order to protect or vindicate corporate rights whenever the officials of the corporation refuse to sue, or are the ones to be sued, or hold control of the corporation. In such actions, the corporation is the real party-in-interest while the suing stockholder, on behalf of the corporation, is only a nominal party.[14]

A stockholder's right to institute a derivative suit is not based on any express provision of the Corporation Code, or even the Securities Regulation Code, but is impliedly recognized when the said laws make corporate directors or officers liable for damages suffered by the corporation and its stockholders for violation of their fiduciary duties.[15]

Prior to the promulgation of the Interim Rules of Procedure Governing Intra-Corporate Controversies, the requirements for derivative suits were encapsulated in *San Miguel Corporation v. Kahn*,[16] to wit:

- the party bringing suit should be a shareholder as of the time of the act or transaction complained of, the number of his shares not being material;
- he has tried to exhaust intra-corporate remedies, i.e., has made a demand on the board of directors for the appropriate relief but the latter has failed or refused to heed his plea; and
- the cause of action actually devolves on the corporation, the wrongdoing or harm having been, or being caused to the corporation and not to the particular stockholder bringing the suit.[17]

These jurisprudential requirements were incorporated in Section 1, Rule 8 of A.M. No. 01-2-04-SC, otherwise known as the Interim Rules of Procedure Governing Intra-Corporate Controversies under Republic Act No. 8799. Section 1 reads:

- (1) The person filing the suit must be a stockholder or member at the time the acts or transactions subject of the action occurred and the time the action was filed;
- (2) He must have exerted all reasonable efforts, and alleges the same with particularity in the complaint, to exhaust all remedies available under the articles of incorporation, by-laws, laws or rules governing the corporation or partnership to obtain the relief he desires;
- (3) No appraisal rights are available for the act or acts complained of; and
- (4) The suit is not a nuisance or harassment suit.

Even then, not every suit filed on behalf of the corporation is a derivative suit. For a derivative suit to prosper, the minority stockholder suing for and on behalf of the corporation must allege in his complaint that he is suing on a derivative cause of action on behalf of the corporation and all other stockholders similarly situated who may wish to join him in the suit.[18]

It is a condition sine qua non that the corporation be impleaded as party in a derivative suit. The Court explained in *Asset Privatization Trust v. Court of Appeals*[19] the rationale:

Not only is the corporation an indispensable party, but it is also the present rule that it must be served with process. The reason given is that the judgment must be made binding upon the corporation in order that the corporation may get the benefit of the suit and may not bring a subsequent suit against the same defendants for the same cause of action. In other words the corporation must be joined as party because it is its cause of action that is being litigated and because judgment must be a res judicata against it.[20]

At the outset, the rule on derivative suits presupposes that the corporation is the injured party and the individual stockholder may file a derivative suit on behalf of the corporation to protect or vindicate corporate rights whenever the officials of the corporation refuse to sue, or are the ones to be sued, or hold control of the corporation.[21]

The damage in this case does not really devolve on the corporation. The harm or injury that Aliño sought to be prevented pertains to properties registered under Aliño and other third-party mortgagors.

The following quoted portions of the Complaint show that the allegations pertain to injury caused to Aliño alone and not to the corporation:

2.22 Aside from his personal interest in having his Third-Party Mortgage released, plaintiff, as 10% stockholder of VR Holdings, which is 50.44% stockholder of Bankwise and 66% owner of Wise Holdings, stands to be adversely affected by the looming actions by Third-party Mortgagors.

x x x x

3.4 While making plaintiff and the other Third-Party Mortgagors and Bankwise believe that it was in the process of evaluating and considering the properties offered for dacion, BSP's simultaneous act of rapidly foreclosing on the Third-Party Mortgages, including plaintiffs is treacherous and confiscatory. x x x.

x x x x

3.6 Under these circumstances, plaintiff, acting as derivative suitor for VR Holdings, which is 50.44% owner of Bankwise and 66% owner of Wise Holdings, has the right, under Article 1191 of the Civil Code to:

x x x x

3.6.2 Compel defendant Bankwise to immediately return the properties covered by the Third-Party REMs to their rightful owners upon acceptance by BSP of the dacion properties.

x x x x

4.8. Thus, the agreement and execution of the dacion en pago between BSP and Bankwise in 2005, without the knowledge of plaintiff, effectively released plaintiff from any further obligations under his Third-Party REMs which he executed in the years 2000 to 2004, together with his co-owners of the properties.

4.9 Consequently, all the foreclosures undertaken by BSP of the REMs over the properties enumerated in paragraph 2.12 hereof are null and void because when the dacion en pago arrangement arose, the REMs over these properties ceased to exist.

4.10 Specifically in the case of plaintiff, Bankwise paid BSP P42 Million in cash in order to cause the release of plaintiff's TCT Nos. 4685 and 4686. But as BSP accepted said P42 Million payment, it held on to the properties of plaintiff and proceeded to foreclose on the same.

4.11 Under the premises, BSP has the duty to immediately cause the cancelling of all the remaining REMs in its custody, if any, and to release to the Third-Party Mortgagors, including plaintiff, the titles to their properties.

x x x x

5.2 Defendant Bankwise's failure to return plaintiff and the other Third-Party Mortgagor's properties as promised, and BSP's refusal to cause the release of the foreclosed properties as a result of the novation of the REMs, have caused the plaintiff to suffer serious anxiety, sleepless nights and wounded feelings for which reason BSP should be held liable to plaintiff for moral damages in the amount of ONE MILLION PESOS (PHP 1,000,000.00).[22]

Furthermore, the prayer in the complaint seeks for recovery of the properties, belonging to Aliño and other third-party mortgagors, some of whom are not stockholders of VR Holdings, who mortgaged their properties to BSP:

WHEREFORE, plaintiff respectfully prays that -

1. Immediately upon the filing of this Complaint, this Honorable Court conduct an ex-parte hearing on plaintiffs application for the issuance of a TRO effective for seventy-two (72) hours prohibiting and enjoining BSP from consolidating in itself titles to plaintiff and the other Third-Party Mortgagor's foreclosed properties;

2. After due notice and summary hearing, this honourable court extend the 72-hour TRO to its full term of twenty (20) days;

3. Before the lapse of the 20-day TRO, and upon due notice and evidentiary hearing, this honorable court issue a writ of preliminary injunction -

3.1 Prohibiting and enjoining BSP from consolidating in itself titles to plaintiff and the other Third-Party Mortgagor's foreclosed properties; and

3.2. Suspending the redemption period for the properties foreclosed by BSP, registered in the names of plaintiff Alifto, et al., while the merits of this complaint are being heard, conditioned upon the plaintiffs posting of a bond in an amount as may be determined by this court to answer for damages that defendant may suffer as a result of the preliminary injunction should it be finally decided that plaintiff was not entitled thereto.

4. After trial of the issues, this court render judgment -

4.1 Making the preliminary injunction permanent;

4.2 Declaring that the Third-Party Real Estate Mortgages had been released/discharged/extinguished by novation resulting from the subsequent dacion en pago arrangement between BSP and Bank Wise;

4.3 Compelling BSP to honor its commitment to allow BankWise to settle the segregate obligation by way of dacion en pago, and to accept so much of the titles/properties that have been submitted to it in payment of said entire segregated obligation, in substitution of the Third-Party Mortgages.

4.4 Compelling BankWise to make good its promise to return the titles that they borrowed from the Third-Party Mortgagors.

5. Finding defendants to pay plaintiff, as follows:

5.1 PHP1,000,000.00, as moral damages;

5.2 PHP1,000,000.00, as attorney's fees;

5.3 PHP200,000.00, as exemplary damages, and,

5.4 Costs of suit.

Plaintiff likewise respectfully prays for such other or further or reliefs as may be deemed just or equitable.[23]

The suit clearly is not for the benefit of the corporation for a judgment in favor of the complainant would mean recovery of his personal property. There is no actual or threatened injury alleged to have been done to the corporation due to the foreclosure of the properties belonging to third-party mortgagors.

A reading of the Interim Rules further demonstrates that the complaint could not be considered a derivative suit.

First, Aliño failed to exhaust all remedies available to him as a stockholder of VR Holdings. Alifio made the

following allegations in his Complaint which we find lacking in particulars:

2.19 Plaintiff called the attention of VR Holdings, as 50.44 % owner of BankWise and defendant BankWise itself, to honor their commitments mentioned in their assurance letters - that plaintiffs and the Third-Party Mortgagors' properties will be returned to them in no time and that they will not be exposed to the risk of foreclosure. All his supplications - oral or written - were both ignored by both corporations. VR Holdings and defendant BankWise were also uncooperative as regards BSP's requirements on plaintiff as contained in the letter of BSP's counsel. Copies of plaintiffs demand letters on VR Holdings and BankWise are attached and made integral parts hereof as Annexes "M" and "N".[24]

The "supplications" referred to in the complaint are in the form of one demand letter sent to each company, which does not suffice. Moreover, the letter was addressed to the President of Bankwise and VR Holdings, and not to the Board of Directors. In *Lopez Realty v. Spouses Tanjangco*,[25] a demand made on the board of directors for the appropriate relief is considered compliance with the requirement of exhaustion of corporate remedies. Aliño failed to show that he exerted all reasonable efforts to exhaust all remedies available under the articles of incorporation, by-laws, and laws or rules governing the corporation to obtain the relief he desired.

Second, the unavailability of appraisal right as a requirement for derivative suits does not apply in this case. A stockholder who dissents from certain corporate actions has the right to demand payment of the fair value, of his or her shares. This right, known as the right of appraisal, is expressly recognized in Section 81 of the Corporation Code, to wit:

Section 81. Instances of appraisal right.- Any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code; and
3. In case of merger or consolidation.[26]

The appraisal right does not obtain in this case because the subject of the act complained of is the private properties of a stockholder and not that of the corporation.

Third, the instant case is a harassment suit. In determining whether a complaint is considered a harassment suit, the following guidelines are provided in Section 1 (b), Rule I of the Interim Rules of Procedure for Intra-Corporate Controversies, thus:

(b) Prohibition against nuisance and harassment suits. - Nuisance and harassment suits are prohibited. In determining whether a suit is a nuisance or harassment suit, the court shall consider, among others, the following:

- (1) The extent of the shareholding or interest of the initiating stockholder or member;
- (2) Subject matter of the suit;
- (3) Legal and factual basis of the complaint;
- (4) Availability of appraisal rights for the act or acts complained of; and
- (5) Prejudice or damage to the corporation, partnership, or association in relation to the relief sought.

The guidelines basically summed up the three previous requisites of a derivative suit and more importantly, it is highlighted that the damage must be caused to the corporation.

When Republic Act No. 8799 took effect, the Securities and Exchange Commission's (SEC) exclusive and original jurisdiction over cases enumerated in Section 5 of Presidential Decree No. 902-A[27] was transferred to the RTC designated as a special commercial court.[28] As long as the nature of the controversy is intra-corporate, the designated RTCs have the authority to exercise jurisdiction over such cases. The Court reproduced the above jurisdiction in Rule I of the Interim Rules of Procedure Governing Intra-corporate Controversies under Republic Act No. 8799:

SECTION 1. (a) Cases Covered - These Rules shall govern the procedure to be observed in civil cases involving the following:

- (1) Devices or schemes employed by, or any act of, the board of directors, business associates, officers or partners, amounting to fraud or misrepresentation which may be detrimental to the interest of the public and/or of the stockholders, partners, or members of any corporation, partnership, or association;
- (2) Controversies arising out of intra-corporate, partnership, or association relations, between and among stockholders, members, or associates; and between, any or all of them and the corporation, partnership, or association of which they are stockholders, members, or associates, respectively;
- (3) Controversies in the election or appointment of directors, trustees, officers, or managers of corporations, partnerships, or associations;
- (4) Derivative suits; and
- (5) Inspection of corporate books.[29] (Emphasis ours).

Considering that the Aliño complaint is not a derivative suit, it would have been proper to dismiss it the case for lack of jurisdiction. In *Reyes v. Hon. RTC of Manila*, Br. 142,[30] respondents filed a derivative suit with the SEC before it was turned over to Branch 142, RTC of Makati, a special commercial court. We dismissed the case by ruling that the allegations in the complaint do not amount to a derivative suit and that the RTC had no jurisdiction to hear the complaint which involves settlement of estate, the remedy of which is to institute a special proceeding. In *Home Guaranty Corporation v. R-II Builders, Inc.*[31] Branch 24, RTC of Manila ruled that the case does not involve an intra-corporate controversy but instead of dismissing the case, the trial court ordered the re-raffle of the case. In dismissing the case, we held that a re-raffle cannot cure a jurisdictional defect because a court without subject matter jurisdiction cannot transfer the case to another court. *Ching v. Subic Bay Golf and Country Club, Inc.*[32] relates to a case where in filing a derivative suit, petitioners failed to state with particularity in the Complaint that they had exerted all reasonable efforts to exhaust all remedies available under the articles of incorporation, by-laws, and laws or rules governing the corporation. Consequently, we dismissed the action. We also affirmed the appellate court's decision to dismiss the case in *Ang v. Ang*[33] when the complaint was found to be not a derivative suit.

It can be gleaned from the aforementioned cases that a ruling that a complaint is not a derivative suit results in the dismissal of the complaint. This doctrine is deemed abandoned by the recent case of *Gonzales v. GJH Land*[34] which now disallows the dismissal of the case. In said case, a complaint for injunction was filed by petitioners against GJH Land before the RTC of Muntinlupa. The case involved an intra-corporate dispute. The case was raffled to Branch 276, which is not a commercial court. Branch 276 dismissed the case for lack of jurisdiction. We reversed and ordered the re-raffling of the case to all the RTCs of the place where the complaint was filed. We explained the principle behind the new rule:

[T]he re-raffling of an ordinary civil case in this instance to all courts is permissible due to the fact that a particular branch which has been designated as a Special Commercial Court does not shed the RTCs general jurisdiction over ordinary civil cases under the imprimatur of statutory law, i.e., Batas Pambansa Bilang (BP) 129. To restate, the designation of Special Commercial Courts was merely intended as a procedural tool to expedite the resolution of commercial cases in line with the court's exercise of jurisdiction. This designation was not made by statute but only by an internal Supreme Court rule under its authority to promulgate rules governing matters of procedure and its constitutional mandate to supervise the administration of all courts and the personnel thereof. Certainly, an internal rule promulgated by the Court cannot go beyond the commanding statute. But as a more fundamental reason, the designation of Special Commercial Courts is, to stress, merely an incident related to the court's exercise of jurisdiction, which, as first discussed, is distinct from the concept of jurisdiction over the subject matter. The RTCs general jurisdiction over ordinary civil cases is therefore not abdicated by an internal rule streamlining court procedure.[35]

Following Gonzales, the instant case, which we find to be an ordinary civil case and the jurisdiction of which pertains to the RTC, should be re-raffled to all the RTCs of the place where the complaint was filed. Dismissal of the action is no longer the proper recourse.

Finally, we shall discuss the principal issue of whether the intervention is proper in this case. A Complaint-in-Intervention is merely an incident of the main action. In the case of *Asian Terminals Inc. v. Bautista-Ricafort*,[36] we expounded that "intervention is merely ancillary and supplemental to the existing litigation and never an independent action, the dismissal of the principal action necessarily results in the dismissal of the complaint-in-intervention. Likewise, a court which has no jurisdiction over the principal action has no jurisdiction over a complaint-in-intervention. Intervention presupposes the pendency of a suit in a court of competent jurisdiction. Jurisdiction of intervention is governed by jurisdiction of the main action." In this case, the RTC had already acquired jurisdiction upon filing of the complaint. The re-raffling of the case is more administrative than it is judicial. By directing the re-raffling of the case to all the RTCs, the Complaint-in-Intervention should be refiled in the court where the principal action is assigned.

WHEREFORE, the petition is PARTLY GRANTED. The Decision and Resolution dated 15 July 2008 and 9 January 2009, respectively of the Court of Appeals, are set aside. The Complaint in Commercial Case No. 06-114866 is REFERRED to the Executive Judge of the Regional Trial Court of Manila for re-docketing as a civil case. Thereafter, the Executive Judge shall RAFFLE the case to all branches of the Regional Trial Court of Manila. The assigned Branch is ORDERED to resolve the case with reasonable dispatch. The Clerk of Court of RTC Manila shall DETERMINE the appropriate amount of docket fees and, in so doing, ORDER the payment of any difference or, on the other hand, refund any excess.

SO ORDERED.

Velasco, Jr., (Chairperson), Peralta, Reyes, and Jardeleza, JJ., concur.

April 11, 2016

NOTICE OF JUDGMENT

Sirs/Mesdames:

Please take notice that on ____ March 16, 2016____ a Decision, copy attached hereto, was rendered by the Supreme Court in the above-entitled case, the original of which was received by this Office on April 11, 2016 at 2:25 p.m.

Very truly yours,

(SGD)

WILFREDO V. LAPITAN

Division Clerk of Court

[1] Rollo, pp. 40-41; Penned by Associate Justice Arcangelita M. Romilla-Lontok with Associate Justices Mariano C. Del Castillo (now a member of this Court) and Romeo F. Barza concurring.

[2] CA rollo, pp. 540-550.

[3] Id. at 34-38; Presided by Judge Emma S. Young.

[4] Rollo, pp. 165-166; See Complaint.

[5] Id. at 161-178.

[6] Id. at 162; VR Holdings is a holding corporation which used to own 50.44% of the shares of stock of Bankwise before the latter was taken over by Philippine Veterans Bank. The other principal stockholder of Bankwise is Wise Holdings, owning 49.56% of the shares of stock thereof. See Complaint.

[7] Id. at 163.

[8] Id. at 164-165.

[9] Id. at 240-242.

[10] CA rollo, pp. 34-38.

[11] Id. at 12-13.

[12] Id. at 540-550.

[13] Rollo, pp. 27 & 29.

[14] Hi-Yield Realty v. Court of Appeals, 608 Phil. 350, 358 (2009) citing R.N. Symaco Trading Corporation v. Santos, 504 Phil. 573, 589 (2005) and Filipinos Port Services, Inc. v. Go, 547 Phil. 360, 377 (2007).

[16] Ching v. Subic Bay Golf and Country Club, G.R. No. 174353, 10 September 2014, 734 SCRA 569, 585.

[16] 257 Phil. 459 (1989).

[17] Id. at 473-474 citing Pascual v. Del Saz Orozco, 19 Phil. 82 (1911); Republic Bank v. Cuaderno, 125 Phil. 1076 (1967); Everett v. Asia banking Corporation, 49 Phil. 512 (1926); Angeles v. Santos, 64 Phil. 697 (1937); Evangelista v. Santos, 86 Phil. 387 (1950).

[18] Hi-Yield Realty v. Court of Appeals, supra note 14 at 359.

[19] 360 Phil. 768(1998).

[20] Id. at 805 citing Agabayani's Commercial law of the Philippines, Vol. III, p. 566, further citing Ballantine, pp. 366-367.

[21] Hi-Yield Realty v. Court of Appeals, supra note 14 at 3598.

[22] Rollo, pp. 169-173.

[23] Id. at 175-176.

[24] Id. at 168-169.

[25] G.R. No. 154291, 12 November 2014.

[26] *Turner v. Lorenzo Shipping Corp.*, 650 Phil. 372, 384 (2010).

[27] a) Devices or schemes employed by or any acts, of the board of directors, business associates, its officers or partners, amounting to fraud and misrepresentation which may be detrimental to the interest of the public and/or of the stockholder, partners, members of associations or organizations registered with the Commission;

b) Controversies arising out of intra-corporate or partnership relations, between and among stockholders, members, or associates; between any or all of them and the corporation, partnership or association of which they are stockholders, members or associates, respectively; and between such corporation, partnership or association and the state insofar as it concerns their individual franchise or right to exist as such entity;

c) Controversies in the election or appointments of directors, trustees, officers or managers of such corporations, partnerships or associations.

[28] *Reyes v. RTC of Makati, Br. 142, et al.*, 583 Phil. 591, 602 (2008).

[29] *Aguirre v. FQB+7, INC.*, G.R. "No. 170770, 9 January 2013, 688 SCRA 242, 258.

[30] 583 Phil. 591 (2008).

[31] 667 Phil. 781 (2011).

[32] *Supra* note 15.

[33] G.R. No. 201675, 19 June 2013, 699 SCRA 272.

[34] G.R. No. 202664, 10 November 2015.

[35] Id.

[36] 536 Phil. 614 614, 630 (2006) citing *Cariho v. Ofilada*, G.R. No. 102836, 18 January 1993, 217 SCRA 206, 215; 671 C.J.S. Parties, p. 806 and *Begg v. New York*, 262 U.S. 196, 67 L.ed. 946. 43 S.Ct. 513.

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