

**VALLEY GOLF AND COUNTRY CLUB, INC., PETITIONER, VS. DR. VICTOR REYES (DECEASED), SUBSTITUTED BY EDNA H. REYES, MELISSA H.R. GERVACIO, NORMAN DAVID H. REYES, ELIZABETH VICTORIA H...**

*G.R. No. 190641. November 10, 2015*

Ponente: PEREZ, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-190641/>

---

**PEREZ, J.:**

This is a Petition for Review on Certiorari[1] filed pursuant to Rule 45 of the Revised Rules of Court, assailing the 5 August 2008 Decision[2] and the 25 November 2009 Resolution[3] respectively rendered by the Third Division and the Special Former Third Division of the Court of Appeals in CA-G.R. CV No. 80378, the decretal portion of which states:

"WHEREFORE, the appeal is GRANTED. The Judgment, dated July 31, 2003, of the Regional Trial Court of Makati City, Branch 138, in Civil Case No. 01-528, is hereby REVERSED and SET ASIDE. Accordingly, Plaintiff-Appellant is hereby declared entitled to the reinstatement of his playing rights and/or the re-issuance of a new share of stock from Valley Golf Club, Inc."

In a Resolution[4] dated 25 November 2009, the Court of Appeals refused to reconsider its earlier Decision.

**The Facts**

Petitioner Valley Golf and Country Club (Valley Golf) is a duly constituted non-stock, non-profit corporation which operates a golf course. The members and their guests are entitled to play golf on the said course and avail themselves of the facilities and privileges provided by the golf club. The shareholders are likewise assessed monthly membership dues.

Respondents Edna H. Reyes, Melissa H.R. Gervacio, Norman David H. Reyes, Elizabeth Victoria H. Reyes, Noelle Simone R. Schifferer and Victor Alec H. Reyes (Heirs of Reyes) are the children of the original complainant, Dr. Victor H. Reyes, who is now deceased.

In 1960, the late Victor Reyes (Reyes) subscribed and purchased one share in the capital stock of Valley Golf as evidenced by Stock Certificate No. 368. The purchase entitled him to an exclusive membership to the golf club including playing rights in the latter's golf course.[5]

From 1979-1986, Reyes' playing privileges to the club were successively assigned to Jose Y. Bondoc, James B. Wheelan and Roberto Povido in accordance with the terms and conditions of the country club's by-laws. During this period, the designated assignee each took upon themselves the obligation to pay the monthly membership fees for and on behalf of Reyes.[6] When the latest assignment of playing rights ended in 1986, however, the payment of membership dues was likewise discontinued and the account of Reyes became delinquent.

Desirous to transfer the ownership of his share in the golf club to his son, Reyes, in 1994, inquired with the club

on the status of his membership. To his surprise, however, he learned that his share was already sold by Valley Golf at the public auction conducted on 10 December 1986 due to delinquency in the payment of monthly membership fees.[7]

Aggrieved by the turn of events, Reyes initiated an action for Reinstatement of Playing Rights and Re-issuance of New Certificate of Share of Stocks against Valley Golf before the Securities and Exchange Commission (SEC). Claiming that he was not notified of the delinquency of his account nor the subsequent public sale of his share, Reyes prayed in his Complaint docketed as SEC Case No. 01-97-5526 for the reinstatement of his playing rights, if possible, or the issuance of a new certificate of shares, in the event that his previous share was already sold to third person.[8]

In refuting the allegations of the complainant, Valley Golf insisted that a Notice of Due Account was sent to Reyes on 11 June 1986 which was received by the latter on 18 June 1986 as shown in Registry Receipt No. 3384. Despite receipt of such notice, however, Reyes failed or refused to settle his obligation with the corporation prompting the latter to cause the sale of his share at the public auction in accordance with the terms and conditions of the by-laws. It further alleged that prior to the scheduled date' of public sale, the corporation likewise caused the publication of the Notice of Auction Sale in the 6 December 1986 issue of Philippine Daily Express as evidenced by the Publisher's Affidavit. Valley Golf thus argued that Reyes has no right to claim that he was not duly notified of the delinquency and the subsequent sale of his share and prayed that his complaint be dismissed for evident lack of cause of action.[9]

It may be noted in this connection that pursuant to Section 5.2 of R.A. No. 8799 or the Securities Regulation Code,[10] which took effect on August 8, 2000, the jurisdiction of the SEC to decide cases involving intra-corporate dispute was transferred to courts of general jurisdiction "or the appropriate Regional Trial Court (RTC)" and, in accordance therewith, all cases of this nature, with the exception only of those submitted for decision, were transferred to the regular courts concerned.[11]

Accordingly, SEC Case No. 01-97-5526 was transferred to the RTC of Makati City, Branch 138 and was docketed as Civil Case No. 01-528.

On 29 July 2003, the RTC issued a Judgment[12] in favor of the Valley Golf and dismissed the complaint of Reyes after finding that no infirmity attended the conduct of the complainant's share.

On appeal, the Court of Appeals reversed the findings of the RTC and held that there is no factual or legal basis for the conduct of public auction and the corporation is devoid of authority to sell the share of Reyes. In belying the claim of the golf club that a notice of delinquency was duly served to Reyes, the appellate court held that the registry return receipt is not a sufficient proof that the demand letter was duly sent to the addressee, moreso, when such receipt is barely readable and does not bear the name of the recipient.[13] By failing to receive notice, the appellate court ruled that Reyes was deprived of the opportunity to make good his obligation before his share was sold at the public auction.[14]

In a Resolution[15] dated 25 November 2009, the Court of Appeals denied the Motion for Reconsideration filed by Golf Valley.

Dissatisfied with the foregoing disquisition, Valley Golf impugned the adverse Court of Appeals Decision before the Court and raised the following issues:

The Issues

I.

WHETHER OR NOT THE COURT OF APPEALS ERRED IN INVALIDATING THE AUCTION SALE OF THE SHARE ON THE GROUND OF LACK OF NOTICE TO [REYES] DESPITE EVIDENCE TO THE CONTRARY AND IN NOT APPLYING THE LEGAL PRESUMPTIONS THAT A LETTER DULY [REGISTERED] AND MAILED WAS RECEIVED IN THE REGULAR COURSE OF MAIL.

II.

WHETHER OR NOT THE COURT OF APPEALS ERRED IN APPLYING THE STANDARD OF EVIDENCE IN CRIMINAL LAW AS TO RECEIPT OF NOTICES WHICH IS PROOF BEYOND REASONABLE DOUBT INSTEAD OF PREPONDERANCE OF EVIDENCE APPLICABLE TO A CIVIL CASE SUCH AS THIS CASE.

III.

WHETHER OR NOT THE COURT OF APPEALS ERRED IN CONCLUDING THAT PUBLICATION OF THE AUCTION SALE IN A NEWSPAPER OF GENERAL CIRCULATION IS NOT SUFFICIENT NOTICE TO [REYES] ON THE GROUND THAT THE INSTANT PROCEEDINGS ARE IN PERSONAM AND NOT IN REM.

IV.

WHETHER OR NOT THE [COURT OF APPEALS] ERRED IN CONCLUDING THAT THE LATE [REYES] WAS NOT LIABLE TO PAY MONTHLY DUES ON THE GROUND THAT DURING THE BILLING PERIOD CONCERNED, THE PLAYING RIGHTS OF HIS SHARE WAS ASSIGNED TO [HIS] PLAYING GUEST.[16]

#### The Court's Ruling

The resolution of this petition rests on the issue of whether or not the letter of demand dated 11 June 1986 was duly served to Reyes.

Contesting the ruling of the appellate court, Valley Golf insists that Reyes was duly notified of his arrears on membership dues as evidenced by the registry receipt. Such sufficient notification notwithstanding, Reyes failed to settle his obligation which gave rise to the sale of his share at the public auction.

For their part, the Heirs of Reyes maintain that Valley Golf failed to satisfy the required proof of receipt of letters because the registry return card which supposedly evinced the delivery of 11 June 1986 Notice of Delinquency was not properly authenticated.

We resolve to deny the petition.

Membership in a non-stock corporation is a property right and as such, public policy demands that its termination must be done in accordance with substantial justice. In *Valley Golf and Country Club v. Vda de Caram*,<sup>[17]</sup> a case involving the same corporate entity, the Court had the occasion to set the standards in terminating membership in a non-stock corporation, viz:

"It may be conceded that the actions of Valley Golf were, technically speaking, in accord with the provisions of its by-laws on termination of membership, vaguely defined as these are. Yet especially since the termination of membership in Valley Golf is inextricably linked to the deprivation of property rights over the Golf Share, the emergence of such adverse consequences make legal and equitable standards come to fore.

xxx

It is unmistakably wise public policy to require that the termination of membership in a non-stock corporation be done in accordance with substantial justice. No matter how one may precisely define such term, it is evident

in this case that the termination of Caram's membership betrayed the dictates of substantial justice." (Emphasis supplied)

Proceeding from applicable precedent that termination of membership in a non-stock corporation constitutes an infringement of property rights which one should not be deprived of without conforming with the demands of substantial justice, there is a clear reason to agree with the findings that notice of delinquency in question was not duly delivered to Reyes.

First, it is beyond question that the registry return card presented by Valley Golf was unauthenticated and does not bear the name of the person who received it. There is no dispute that Valley Golf, in its reliance on registered service of the demand letter dated 11 June 1986, failed to authenticate the registry return receipt. Neither the affidavit of the person mailing nor a certified sworn copy of the notice given by the postmaster to the addressee was submitted to the court as proof of receipt.

Second, it is erroneous for Valley Golf to postulate that the requirement that registry return card must be authenticated is solely confined in criminal cases where the required quantum of evidence to satisfy conviction is proof beyond reasonable doubt. Even in civil cases where the quantum of proof to warrant a favorable judgment is one notch lower than the exacting standards set in criminal cases, the required authentication of the registry return card is not dispensed with. In civil cases, service made through registered mail is proved by the registry receipt issued by the mailing office and an affidavit of the person mailing.[18] Absent one or the other, or worse both, there is no proof of service.[19] In *Petition for Habeas Corpus of Benjamin Vergara v. Gedorio, Jr.*,[20] the Court had the occasion to rule that registry receipt per se does not constitute proof of receipt, to wit:

"When service of notice is an issue, the rule is that the person alleging that the notice was served must prove the fact of service. The burden of proving notice rests upon the party asserting its existence. In civil cases, service made through registered mail is proved by the registry receipt issued by the mailing office and an affidavit of the person mailing of facts showing compliance with Section 7 of Rule 13. In the present case, as proof that petitioners were served with copies of the omnibus motion submitting an inventory of the estate of deceased Allers, respondent Bolano presented photocopies of the motion with a certification by counsel that service was made by registered mail, together with the registry receipts. While the affidavit and the registry receipts proved that petitioners were served with copies of the motion, it does not follow, however, that petitioners in fact received the motion. Respondent Bolano failed to present the registry return cards showing that petitioners actually received the motion. Receipts for registered letters and return receipts do not prove themselves, they must be properly authenticated in order to serve as proof of receipt of the letters. Respondent also failed to present a certification of the postmaster that notice was duly issued and delivered to petitioners such that service by registered mail may be deemed completed." (Emphasis supplied)

Even in labor cases where the standard of proof required is substantial evidence or such relevant evidence as a reasonable mind might accept as adequate to support a conclusion,[21] the Court never failed to scrupulously scour the records for an affidavit of service and after failing to find one, the claim of the employer that a notice of termination was served to the employee was dismissed thereby holding it liable for the payment of nominal damages as penalty for denying the dismissed employee the opportunity to be heard, thus:

"We cannot give credence to respondent's allegation that the petitioner refused to receive the third letter dated 21 August 2001 which served as the notice of termination. There is nothing on record that would indicate that respondent even attempted to serve or tender the notice of termination to petitioner. No affidavit of service was appended to the said notice attesting to the reason for failure of service upon its intended recipient. Neither was there any note to that effect by the server written on the notice itself.

The law mandates that it is incumbent upon the employer to prove the validity of the termination of employment. Failure to discharge this evidentiary burden would necessarily mean that the dismissal was not

justified and, therefore, illegal. Unsubstantiated claims as to alleged compliance with the mandatory provisions of law cannot be favored by this Court. In case of doubt, such cases should be resolved in favor of labor, pursuant to the social justice policy of our labor laws and Constitution.

The burden therefore is on respondent to present clear and unmistakable proof that petitioner was duly served a copy of the notice of termination but he refused receipt. Bare and vague allegations as to the manner of service and the circumstances surrounding the same would not suffice. A mere copy of the notice of termination allegedly sent by respondent to petitioner, without proof of receipt, or in the very least, actual service thereof upon petitioner, does not constitute substantial evidence. It was unilaterally prepared by the petitioner and, thus, evidently self-serving and insufficient to convince even an unreasonable mind." [22] (Emphasis supplied)

Third, Valley Golf, as the party asserting receipt of notice bears the burden of proof to prove notice. When the service of notice is an issue, the rule is that the person alleging that the notice was served must prove the fact of service.[23] The burden of proving notice rests upon the party asserting its existence.[24] Failure to discharge this evidentiary burden would necessarily mean that the notice of delinquency was not duly received by the shareholder. While it assiduously claims that Reyes was served a notice of delinquency, the golf club, however, miserably failed to meet the standard set by law to prove receipt of notice. To be sure, the mere presentation of the registry return card with an unauthenticated signature, without more, does not satisfy the required proof. The law mandates that there is a need to present both the registry receipt issued by the mailing office and the affidavit of the person mailing.[25]

What further tramples upon the Valley Golfs position is the fact that the registry receipt bears no name of the person who received it, and the date of receipt stamped on the face thereof is barely readable. The unverified signature appearing on the face of the registry receipt could be that of the addressee himself or his agent or could be that of any person, and, the courts have no way to ascertain the veracity of the sender's claim since the mail record that will supposedly serve as proof of receipt was not duly accomplished upon delivery.

When the property right of a person is at stake and he stands to lose his share to the corporation due to non-payment of dues, receipt of notice of delinquency cannot be lightly inferred from an incomplete, unreadable and unverified copy of the registry receipt without impinging the rule on non-deprivation of property rights without the benefit substantial justice enunciated in *Valley Golf and Country Club v. Vda de Caram*. [26] "It may be conceded that that the actions of Valley golf were, technically speaking, in accord with the provisions of its by-laws on termination of membership vaguely defined as these are. Yet, especially since the termination of membership in Valley Golf is inextricably linked to the deprivation of the property rights over the Golf Share, the emergence of such adverse consequences make legal and equitable standards come to fore."

The public policy which mandates that termination of membership in a golf club should be subservient to the demands of substantial justice is rooted into the very essence of due process. A person's share in a golf club is a property right which he cannot be deprived of without affording him the benefit of due process. Hence, a delinquent member should first be afforded the opportunity to settle his unpaid obligation by notifying him of the delinquency before the penalty of termination of membership thru the sale of share in a public auction can be meted out. In other words, no sale on public auction involving the share of unduly notified shareholder can be validly conducted.

Unmistakeably, the termination of Reyes' membership effected by Valley Golf without sufficient proof of notice clearly spoke of a violation of his property rights without due process of law, and, must be therefore invalidated.

WHEREFORE, premises considered, the petition is hereby DENIED. The assailed Decision and Resolution of the Court of Appeals are hereby AFFIRMED.

**SO ORDERED.**

Sereno, C. J., (Chairperson), Leonardo-De Castro, Bersamin, and Perlas-Bernabe, JJ., concur.

---

[1] Rollo, pp. 3-38.

[2] Id. at 40-55; penned by Associate Justice Noel G. Tijam with Associate Justices Martin S. Villarama, Jr. and Arturo G. Tayag, concurring.

[3] Id. at 57-60.

[4] Id.

[5] RTC records, p. 137.

[6] Id. at 138-141.

[7] Id. at 144-145.

[8] Id. at 1-4.

[9] Rollo, pp. 13-15.

[10] The Commission's jurisdiction over all cases enumerated under Section 5 of Presidential Decree No. 902-A is hereby transferred to the Courts of general jurisdiction or the appropriate Regional Trial Court: Provided, that the Supreme Court in the exercise of its authority may designate the Regional Trial Court branches that shall exercise jurisdiction over these cases. The Commission shall retain jurisdiction over pending cases involving intra-corporate disputes submitted for final resolution which should be resolved within one (1) year from the enactment of this Code. The Commission shall retain jurisdiction over pending suspension of payments/rehabilitation cases filed as of 30 June 2000 until finally disposed.

[11] Pascual v. Court of Appeals, 393 Phil. 497, 508 (2000).

[12] RTC records, pp. 286-287.

[13] Rollo, pp. 48-49.

[14] Id. at 50-54.

[15] Id. at 57-60.

[16] Id. at 12-13.

[17] G.R. No. 158805, 603 Phil. 219, 238 (2009).

[18] The Government of the Philippines v. Aballe, 520 Phil. 181, 190 (2006).

[19] Id. at 190.

[20] G.R. No. 154037, 450 Phil. 623, 634 (2003) as cited in The Government of the Philippines v. Aballe, *supra* note 18 at 190.

[21] Sps. Joson v. Mendoza, 505 Phil. 208, 217 (2005).

[22] Bughaw, Jr. v. Treasure Island Industrial Corp., 573 Phil. 435, 447-448 (2008).

[23] Republic v. Resins, Incorporated, 654 Phil. 369, 379 (2011).

[24] Id.

[25] Id. at 381.

[26] Supra note 17.

**ABOUT BATAS.ORG**

# Study smarter at BATAS.org

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

**The complete Philippine law library - free for everyone.**

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

**Audio case-brief lectures.**

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

**Bar review built on the science of memory.**

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

**The full law-school curriculum.**

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

**Mock exams that tell you where you stand.**

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

**A study planner that keeps you on pace.**

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

**Start free at <https://batas.org>**

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

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

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