

ALDERSGATE COLLEGE, INC., ARSENIO L. MENDOZA, IGNACIO A. GALINDEZ, WILSON E. SAGADRACA, AND FILIPINAS MENZEN, PETITIONERS, VS. JUNIFEN F. GAUUAN, ARTEMIO M. VILLALUZ, SR., TERES...

G.R. No. 192951. November 14, 2012

Ponente: PERLAS-BERNABE, J.

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PERLAS-BERNABE, J.:

This petition for review assails the March 30, 2010 Resolution[1] and June 29, 2010 Order[2] of the Regional Trial Court (RTC), Branch 28, Nueva Vizcaya in SEC Case No. 3972 which granted the Motion to Withdraw and/or to Dismiss Case filed by the respondents-intervenors composed of the incumbent members of the Board of Trustees of petitioner Aldersgate College, Inc.

The Factual Antecedents

Sometime in March 1991, petitioners Aldersgate College, Inc., Arsenio L. Mendoza, Ignacio A. Galindez, Wilson E. Sagadraca, and Filipinas Menzen, together with now deceased Justino R. Vigilia, Castulo Villanueva, Samuel F. Erana and Socorro Cabanilla, filed a case against the respondents before the Securities and Exchange Commission (SEC).[3] When the SEC was reorganized pursuant to Republic Act 8799,[4] the case was transferred to the RTC of Nueva Vizcaya for further proceedings.[5] Pre-trial thereafter ensued and a Pre-Trial Order was issued enumerating the following issues:

- [a] which of the contending trustees and officers are legally elected in accordance with the 1970 By-Laws;
- [b] whether the withdrawals and disbursements are in accordance with the By-Laws;
- [c] whether there was a complete, audited report and accounting of all the corporate funds;
- [d] whether respondents Gauuan, Villaluz, Arreola and the banks, are jointly and severally liable to indemnify the school for all sums of money withdrawn, disbursed, paid, diverted and unaccounted for without the approval and counter-signature of the chairman;
- [e] whether there was a demand of a right of inspection and a refusal to allow inspection, and
- [f] whether respondents are liable for damages.[6]

In a motion[7] dated August 10, 2003, respondents sought the dismissal of the complaint or the issuance of a summary judgment dismissing the case. On February 16, 2004, the RTC denied[8] the motion on the ground that “there are several issues raised which would still need the presentation of evidence to determine the rights of the parties.” A few years later, respondents-intervenors also sought the dismissal of the complaint in their Answer-in-Intervention with Motion to Dismiss[9] dated February 27, 2008 raising the lack of capacity, personality or authority to sue the individual petitioners in behalf of Aldersgate College, Inc. The RTC, in its February 6, 2009 Order, once more brushed aside the attempt to have the case dismissed.[10] Unfazed, the respondents-intervenors again filed in February 2010 a Motion to Withdraw and/or to Dismiss Case,[11] alleging that the case was instituted without any board resolution authorizing its filing and that the incumbent members of

the Board of Trustees of petitioner Aldersgate College, Inc. had recently passed a resolution which sought the dismissal and/or withdrawal of the case.

The RTC's Ruling

On March 30, 2010, the RTC granted[12] the motion despite the opposition of the petitioners, and dismissed the case on the basis of the Resolution passed by the members of the Board of Trustees of petitioner Aldersgate College dated December 14, 2009 recommending the dismissal of the case.

Petitioners' motion for reconsideration was denied in the RTC's June 29, 2010 Order.[13]

Hence the instant petition.

Issue Before The Court

Petitioners raise the issue of whether or not the RTC erred in dismissing the case.

The Court's Ruling

The petition is meritorious.

In an ordinary civil action, a motion to dismiss must generally be filed “within the time for but before filing the answer to the complaint”[14] and on the grounds enumerated in Section 1, Rule 16 of the Rules of Court, to wit:

(a)

That the court has no jurisdiction over the person of the defending party;

(b)

That the court has no jurisdiction over the subject matter of the claim;

(c)

That venue is improperly laid;

(d)

That the plaintiff has no legal capacity to sue;

(e)

That there is another action pending between the same parties for the same cause;

(f)

That the cause of action is barred by a prior judgment or by the statute of limitations;

(g)

That the pleading asserting the claim states no cause of action;

(h)

That the claim or demand set forth in the plaintiff's pleading has been paid, waived, abandoned, or otherwise extinguished;

(i)

That the claim on which the action is founded is unenforceable under the provisions of the statute of frauds;

and

(j)

That a condition precedent for filing the claim has not been complied with.[15]

The rule is, however, different with respect to intra-corporate controversies. Under Section 8, Rule 1 of the Interim Rules of Procedure for Intra-Corporate Controversies,[16] a motion to dismiss is a prohibited pleading.

As this case involves an intra-corporate dispute, the motion to dismiss is undeniably a prohibited pleading. Moreover, the Court finds no justification for the dismissal of the case based on the mere issuance of a board resolution by the incumbent members of the Board of Trustees of petitioner corporation recommending its dismissal, especially considering the various issues raised by the parties before the court a quo. Hence, the RTC should not have entertained, let alone have granted the subject motion to dismiss.

WHEREFORE, the petition is GRANTED. The assailed March 30, 2010 Resolution and June 29, 2010 Order of the Regional Trial Court, Branch 28, Nueva Vizcaya in SEC Case No. 3972 are REVERSED and SET ASIDE. The RTC is DIRECTED to proceed with the trial and to decide the case with dispatch.

SO ORDERED.

Carpio, (Chairperson), Brion, Del Castillo, and Perez, JJ., concur.

[1] Penned by Judge Fernando F. Flor, Jr., rollo, p. 29.

[2] Id. at 30.

[3] Id. at 72.

[4] Sec. 5.2. 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. (Emphasis supplied)

[5] Id.

[6] Rollo, pp. 41-42. See also the February 16, 2004 Order which mentions the issues raised in the Pre-Trial Order; Id. at 47.

[7] Id. at 31-35.

[8] Id. at 46-47.

[9] Id. at 48-50.

[10] Id. at 52.

[11] Id. at 57-64.

[12] Id. at 29

[13] Id. at 30.

[14] RULES OF COURT, RULE 16, Sec. 1.

[15] Id.

[16] Sec. 8. Prohibited Pleadings. – The following pleadings are prohibited:

(1) Motion to dismiss;

(2) x x x

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