

BITMICRO NETWORKS, INC., BITMICRO NETWORKS INTERNATIONAL, INC., ZOPHAR SANTE, ERWIN SALAZAR AND MARIA CECILIA MARTORILLAS, PETITIONERS, VS. GILBERTO CUNANAN AND JERMYN ONG, RESP...

G.R. No. 224189. December 06, 2021

Ponente: CARANDANG, J.

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CARANDANG, J.:

Before this Court is a Petition for Review on Certiorari[1] under Rule 45 of the Rules of Court (Rules), assailing the Decision[2] dated September 17, 2015 and the Resolution[3] dated April 15, 2016 of the Court of Appeals (CA) in CA-G.R. SP No. 138521 filed by petitioners Bitmicro Networks, Inc. (BNI-US), Bitmicro Networks International, Inc. (BNII-PH), Zophar Sante (Sante), Erwin Salazar (Salazar), and Maria Cecilia Martorillas (Martorillas).

Antecedents

On August 11, 2003, petitioner BNII-PH was incorporated by Rey H. Bruce (Bruce), Rodolfo H. Bruce, Ricardo H. Bruce, Wilbur Chan, Wilhelmina Chan, Roberto M. Bruce, Jr. and Giovanni Tan. BNII-PH is engaged in the business of developing flash disks, solid state disks (SSDs), network storages and file cache solid state storage solutions in 2.5" and 3.5" hard disk drive (HDD) footprint, 3U and 6U boards, and 19" rackmount configurations.[4] BNI-US owns 100% of the shares of stocks of BNII-PH with its officers/ directors only owning nominal shares.

BNII-PH and BNI-US entered into a Service Agreement[5] which provided, inter alia, that all proprietary information developed and produced by BNII-PH is exclusively owned by BNI-US.[6] The relevant provisions of the Service Agreement provide:

ARTICLE II: PROVISION OF SERVICES

2.1 Provision of Services. BN12 shall promptly provide Services[7] upon the request of BiTMICRO.

2.2 Compensation of BN12. As compensation for the Services provided under the terms of this Agreement, BN12 shall receive a fee equal to the sum of BN12's Costs plus 5 percent of such Costs as determined by market analyses and/ or mutually agreed to by the parties.

2.3 Report. BN12 shall provide a report to BiTMICRO listing the Costs that BN12 has incurred as a result of Services provided pursuant to this Agreement (the "Report") during each Reporting Period. Each Report shall be provided not later than thirty (30) days following the end of each Reporting Period and shall include a listing of the Direct Costs and Indirect Costs incurred by BN12.

2.4 Payment. BiTMICRO may, at its own discretion, make payment(s) to BN12 at any time during each Reporting Period. Upon BiTMICRO's receipt of a Report, BiTMICRO shall pay any amount still due under the Report at a time mutually agreed to by the parties.

2.5 Currency. All financial obligations originating from the terms and conditions of this Agreement shall be denominated in United States dollars.

2.6 Examination of Books and Records. BiTMICRO shall have the right at its expense to examine the books and records of BN12 upon giving reasonable notice to BN12.

ARTICLE III: GRANT AND OWNERSHIP OF RIGHTS

3.1 Grant by BiTMICRO. Subject to the terms and conditions of this Agreement, BiTMICRO hereby grants to BN12 a limited, nonexclusive, non-transferable license under BiTMICRO's Intellectual Property Rights in the BiTMICRO Technology to use, reproduce, and modify the BiTMICRO Technology. The parties agree that this license may be used by BN12 solely internally and solely for the purpose of utilizing the BiTMICRO Technology to perform the Services as provided herein.

3.2 No Further Transfer. BN12 shall not assign, license, sublicense, make available, or otherwise transfer or disclose any Developed Technology or BiTMICRO Technology to any Third Party or Affiliate without the express written consent of BiTMICRO.

3.3 Ownership of Existing Rights. All right, title, and interest, including but not limited to all Intellectual Property Rights, in and to the BiTMICRO Technology and the Developed Technology, and all data and information, including all copies of such data and information, that may be furnished to BN12 by BiTMICRO pursuant to this Agreement (collectively, the "Existing Rights") are, and shall remain, the sole property of BiTMICRO. BN12 shall not, and shall ensure that its Affiliates and Representatives do not, take any action that might impair any Existing Rights.

3.4 Ownership of Developed Technology. BN12 and BiTMICRO understand and agree that BN12 shall perform the Services solely and exclusively for BiTMICRO's account, and that, subject to the rights and/or privileges explicitly set forth in this Agreement, BN12 shall not acquire or retain any right, title, or interest in or to any Developed Technology, BiTMICRO Technology, or BiTMICRO Intellectual Property Rights.

3.5 Ownership of Future Rights

3.5.1 The parties agree that all right, title, and interest, including but not limited to all Intellectual Property Rights in and to: (i) the Developed Technology and Improvements and (ii) all work in progress related to the Developed Technology and the BiTMICRO Technology (collectively, the "Future Rights"). Shall be owned exclusively by BiTMICRO, whether designed or developed by BN12 alone or in conjunction with any of BN12's Affiliates or Representatives.

3.5.2 BN12 shall have an agreement in place with all of its Representatives who perform Services pursuant to this Agreement to enable BN12 to satisfy and fulfill its obligations under Sections 3.5 ("Ownership of Future Rights") and 3.6 ("Assignment of Rights") and Article 4 ("Exchange of Information, Confidentiality and Proprietary Rights") of this Agreement.

3.5.3 BN12 shall not, and shall ensure that its Affiliates and Representatives do not, apply for or obtain registration of any Intellectual Property Rights related to the Future Rights, unless specifically requested to do so in writing by BiTMICRO.

3.5.4 BN12 shall promptly and fully disclose to BiTMICRO any Improvements in BiTMICRO Technology or Developed Technology made, conceived, or obtained by BN12, in whole or in part, during the term of this Agreement.

3.6 Assignment of Rights

3.6.1 BN12 hereby assigns to BiTMICRO all right, title, and interest in and to any and all Future Rights. To

the extent any of the rights, title, and interest in and to the Future Rights cannot be assigned by BN12 to BiTMICRO, BN12 hereby grants to BiTMICRO an exclusive, royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to practice such non-assignable rights, title, and interest. To the extent any of the rights, title, and interest in and to the Future Rights can be neither assigned nor licensed by BN12 to BiTMICRO, BN12 hereby irrevocably waives and agrees never to assert such non-assignable and non-licensable rights, title, and interest against BiTMICRO or any of BiTMICRO's successors in interest to such non-assignable and non-licensable rights.

3.6.2 Promptly after execution of any assignment or license, BN12 shall file such assignment or license with the appropriate government authorities, if required, and deliver copies of all such assignments and/or license to BiTMICRO. At BiTMICRO's expense, BN12 shall take, and if necessary, ensure that its Affiliates and Representatives take, all further actions to execute all documents and instruments requested by BiTMICRO in order to protect and perfect BiTMICRO's right, title, and interest in and to all Future Rights in the United States and throughout the world.[8]

Bruce and other individuals (the Bruce Group) were appointed as BNII-PH's directors.[9]

On June 10, 2013, the Board of Directors of BNI-US purportedly authorized the removal of the entire Board of Directors and executive officers of BNII-PH.[10]

On July 30, 2013, Bruce, who was then BNII-PH's President, sent a memorandum to its employees directing them not to disclose any proprietary information to outsiders under pain of possible criminal prosecution, and monetary damages.[11]

On August 2, 2013, Bruce appointed respondent Gilberto Cunanan (Cunanan) as Officer-in-Charge of BNII-PH.[12]

On August 15, 2013, respondent Jermyn Ong (Ong), who served as Information Technology (IT) Director of BNII-PH, tendered his resignation from BNII-PH which became effective on August 31, 2013.[13] On August 22, 2013, Ong commenced with his new employment.

On August 16, 2013, BNI-US allegedly removed the members of the Bruce Group as directors and officers of BNII-PH.

On August 19, 2013, BNII-PH allegedly held a Special Shareholders' Meeting[14] wherein the following were elected as members of BNII-PH's Board of Directors:

Stephen R. Uriarte - Chairman, President and Chief Executive Officer
Zophar Sante - Director, Treasurer, and Chief Operating Officer
Theresa Granados - Director and Corporate Secretary
Jesus Frederick Dayo - Director
Ferdinand Ledesma - Director[15]

On August 22, 2013, BNI-US allegedly informed Cunanan of its decision to send Uriarte and Sante as the new officers of BNII-PH to the latter's premises in order to discharge their duties. However, Uriarte and Sante were not allowed to enter BNII-PH's office. The next day, Uriarte and Sante returned to the office of BNII-PH but were given access only to the conference room. On the same day, Ong dropped by the premises of BNII-PH. Uriarte and Sante asked Ong about the account names and passwords and other technical information of the IT system of BNII-PH. Since Ong had already resigned from the company, he contacted Bruce to verify the requests of Uriarte and Sante. After Bruce explained to him that the election of Uriarte and Sante were invalid, Ong immediately left the premises to avoid being dragged into their conflicting claims. Uriarte and Sante also informed Armadillo Protective Security Agency (Armadillo), through its President and General Manager, Col. Manuel P. Espejo

(Ret.), about the change in the composition of Board of Directors and corporate officers.[16]

Cunanan demanded the Board of Directors of BNI-US to comply with its contractual obligations to pay direct and indirect costs pursuant to their Service Agreement.[17] BNI-US eventually remitted money but Bruce claimed that it was only sufficient for the net payroll of the employees which means that it did not cover taxes, SSS, healthcare, and other employee benefits.[18]

On September 3, 2013, BNII-PH (led by Bruce) instituted a complaint against the Sante Group to nullify the Joint Special Meeting of Shareholders and Board of Directors purportedly conducted on August 19, 2013 docketed as Commercial Case No. 13-198 (intra-corporate case) in the RTC of Taguig City, Branch 271.[19] On the same day, BNII-PH's finance manager and Cunanan sent BNI-US a billing letter reminding the latter of its balance of US\$ 2,937,088.00 as of July 31, 2013.

On September 4, 2013, BNII-PH (under Sante's Group) sent a notice to Cunanan, ordering him to explain why he should not be held administratively liable for his actions.[20] He was placed under preventive suspension which took effect immediately.[21]

On September 6, 2013, Cunanan intended to suspend the operations of BNII-PH on account of the alleged failure of BNI-US to comply with its contractual obligations under the Service Agreement. On the other hand, BNI-US claimed that they were not obligated to pay since they were setting--off the alleged debts of BNII-PH to BNI-US.[22]

On September 8, 2013, Bruce sent an e-mail to BNI-US to the effect that BNII-PH would be placed on a "company holiday" to stave off further losses.[23]

In a letter dated September 9, 2013, BNII-PH's finance manager and Cunanan sent a final demand letter to BNI-US for the latter to settle its obligations under the Service Agreement. The following day, Cunanan and Bruce locked the office of BNII-PH and caused the temporary stoppage of its operations.[24]

On September 11, 2013, petitioners filed a Complaint[25] for tortious interference and quasi-delict with prayer for injunctive relief against Bruce, Cunanan, Ong, and Armadillo Professional Security Agency (Armadillo) with the RTC of Taguig City, Branch 70. Sante is the Chief Operating Officer of BNII-PH while Salazar is the Advance Core Engineering Manager of BNII-PH. Martorillas is the Director of Marketing of BNII-PH. Petitioners contended that Bruce, Cunanan, Ong, and Armadillo have caused BNII-PH to violate its Service Agreement with BNI-US. They also alleged that they have been prevented from performing their functions. Petitioners prayed that the RTC:

1)

Immediately issue ex parte a 72-hour temporary restraining order directing Defendants Rey H. Bruce, Gilbert Cunanan, Jerymn Ong, and Armadillo Professional Security Agency Inc. to cease and desist from:

a.

Denying Zophar Sante, Erwin Salazar, and Maria Cecilia Martorillas from entering the premises and offices of BiTMICRO Networks International Inc. and carrying out their functions and duties.

b.

Denying the employees of BiTMICRO Networks International Inc. from entering its offices and premises and carrying out their functions and duties.

c.

Denying BiTMICRO Networks, Inc. access to the Information Technology system and database of BiTMICRO Networks International Inc.

d.

Interrupting BiTMICRO Networks, Inc. and BiTMICRO Networks International Inc. from carrying out their respective obligations and exercising their respective rights under the Service Agreement.

e.

Interrupting or tampering the SAP system of BiTMICRO Networks, Inc. and BiTMICRO Networks International Inc.

f.

Interrupting or tampering the email system of BiTMICRO Networks, Inc. and BiTMICRO Networks International Inc.

g.

Interrupting or tampering the Information Technology system of BiTMICRO Networks, Inc. and BiTMICRO Networks International Inc.

h.

Carrying out actions and issuing instructions in the purported exercise of their supposed authority.

i.

For Gilbert Cunanan and the security guards of Armadillo Professional Security Agency Inc., from going to and entering the premises of BiTMICRO Networks International Inc.

2)

After summary hearing, extend the temporary restraining order to 20 days and/ or issue a writ of preliminary injunction;

3)

After further hearing, making the abovementioned injunction permanent.[26]

Armadillo, Cunanan, and Ong filed their respective Motions to Dismiss premised on the grounds that the complaint failed to state a cause of action and for lack of jurisdiction over the complaint.

Cunanan alleged in his Motion to Dismiss[27] that an intra-corporate dispute is pending entitled Bitmicro Networks International Inc. v. Stephen Uriarte, et al. docketed as Commercial Case No. 13-198 in the RTC of Taguig City.[28] According to Cunanan, the issues raised in the complaint are matters properly within the exclusive jurisdiction of the commercial court.[29] Cunanan further averred that the TRO issued by the RTC on September 30, 2013 completely disregarded the primary and exclusive jurisdiction of the commercial court. For Cunanan, with the pendency of the earlier filed intra-corporate case, Sante cannot institute the complaint for BNII-PH.[30] Cunanan posited that Sante and Theresa Granados are without authority to respectively execute the Verification and Certification of Non-Forum Shopping dated September 30, 2013, and the Secretary's Certificate dated September 6, 2013.[31] Cunanan also added that the complaint for tortious interference and quasi-delict is merely a scheme employed by BNI-US to evade the mandatory provisions of the Service Agreement on the governing law and venue for settlement of disputes between BNI-US and BNII-PH. Cunanan averred that the proper venues are the Federal and State Courts of Santa Clara County, California and not Philippine Court.[32]

Cunanan pointed out that Sante cannot claim an existing right to represent BNII-PH since their representation has yet to be resolved in the intra-corporate case. The group of Sante purportedly representing BNII-PH and BNI-US cannot both claim any right to sue on the basis of the Service Agreement since the agreement provides that they can only sue in the United States with US law as governing law.[33] For Cunanan, petitioners have no existing right to sue on the basis of the Service Agreement since they are not parties to the contract.[34]

Meanwhile, in Ong's Motion to Dismiss,[35] he averred that the Service Agreement is between BNII-PH and BNII-US. For Ong, there can be no case against him since the party to the contract who is allegedly in violation of the Service Agreement, BNII-PH, is not a defendant in this case. If BNII--PH is not a party to the case, Ong maintained that there is no cause of action against him because his liability, if any, is merely co-extensive with BNII--PH.[36] Ong also pointed out that tortious interference connotes intent that is inconsistent with quasi-delict which pertains to negligence.[37] Ong added that he cannot be compelled to render service to BNII-PH, as prayed for in the complaint, since he already resigned from the company.[38]

Ruling of the Regional Trial Court

In an Order[39] dated June 18, 2014, the RTC denied the Motions to Dismiss.[40] It was held that the complaint is premised under Articles 1314 and 2176 of the Civil Code, hence purely civil in character and does not involve an intra-corporate controversy. The RTC also ruled that all the elements to state a cause of action are present.[41]

In an Order[42] dated October 2, 2014, the RTC denied the Motion for Reconsideration[43] Ong and Cunanan filed for lack of merit.[44] Thereafter, Cunanan and Ong filed a Petition for Certiorari under Rule 65 of the Rules with the CA.

Ruling of the Court of Appeals

On September 17, 2015, the CA rendered its Decision[45], the dispositive portion of which states:

WHEREFORE, in view of the foregoing, the Orders rendered on June 18, 2014 and October 2, 2014 by the Regional Trial Court of Pasig City, Branch 70, in Civil Case No. 74080-TG are ANNULLED and SET ASIDE. The lower court is ordered to dismiss Civil Case No. 74080-TG on the ground of lack of jurisdiction.

SO ORDERED.[46] (Emphasis and italics in the original)

In reversing the ruling of the RTC, the CA held that the complaint satisfied the nature of controversy test.[47] The CA found that the complaint originated from the attempt of Bruce and Cunanan to enforce their functions as incumbent corporate officers of BNII-PH. For the CA, the acts of Cunanan and Bruce in allegedly causing BNII-PH to renege on its obligations under the Service Agreement and in preventing Sante, Salazar, and Martorillas from performing their functions were mere consequences of their refusal to recognize the authority of Sante and the new Board of Directors of BNII-PH.[48] The CA also ruled that the allegedly tortious acts of Ong, Cunanan and Armadillo arose from the power struggle between the Bruce Group and the Sante Group.[49]

For the CA, the complaint is not purely civil in character as the issues raised in the complaint cannot be resolved without prejudging the merits of the intra-corporate case earlier filed by Cunanan and Ong. The CA explained that a ruling granting the claims of petitioners would effectively: (a) declare that Cunanan has been properly removed from the Board of Directors; and (b) vindicate the Special Shareholders' Meeting and the election of Sante from all traces of imputed invalidity, both of which are the subjects of the pending intra-corporate case. The CA added that the claim for damages either depends on, or is inseparably linked with, the resolution of the intra--corporate case.[50]

In a Resolution[51] dated April 15, 2016, the CA denied the Motion for Reconsideration petitioners filed.[52]

The CA clarified that, strictly speaking, the relationship test is unavailing with respect to Ong, Cunanan and Armadillo who are not stockholders nor officers of BNII-PH.[53] Nevertheless, the CA reiterated that the reliefs prayed for by petitioners betray their claim that the complaint was purely civil in nature. They do not simply seek indemnification, if any, for the alleged tortious interference committed by Cunanan and Ong. Instead, they seek to enforce their supposed correlative rights under the internal and intra-corporate regulatory rules of BNII-PH against Cunanan and Ong.[54] The CA also added that Ong may raise the issue of lack of jurisdiction over the subject matter at any stage of the proceedings.[55]

In the present petition,[56] petitioners maintain that the allegations in their complaint establish a purely civil case for tortious interference and quasi-delict within the jurisdiction of the RTC and that the corporate allegations are merely incidental in framing the reliefs prayed for.[57] Petitioners suggest that the case should be remanded to the RTC and that trial should proceed against Cunanan, Ong, and Armadillo since the CA found that the relationship test in determining an intra-corporate case was not complied with.[58] Petitioners also clarify that it was the Bruce Group, improperly using the corporate name of BNII-PH, that instituted the intra--corporate case. Petitioners also point out that when Bruce committed the acts which constitute tortious interference, he was no longer a shareholder, director, and corporate officer of BNI-US and BNII-PH. Bruce no longer possessed the qualifying relationship required for an intra-corporate controversy.[59] Petitioners also question the addition of another qualifying relationship, that of being a stakeholder in a corporation, to the four (4) qualifying relationships in an intra-corporate controversy.[60] Petitioners posit that adding the "stakeholder" category would render the relationship test unusable because this new category would be so broad that anyone with a business interest with either party would meet the relationship test without being a shareholder, director, or corporate officer.[61] Petitioners also argue that respondents (and original defendants Bruce and Armadillo) failed to show that their wrongful acts were in furtherance of their supposed correlative rights under the internal and intra-corporate regulatory rules of BNII-PH. Instead, these acts constituted tortious interference with a valid and subsisting contract.[62] Petitioners' prayer for injunction is not grounded on whether Bruce was wrongfully removed but because he behaved in a manner well beyond the scope of the Service Agreement, causing improper harm to their contractual interests. If Bruce prevails in the intra-corporate case he filed, it still does not justify the tortious acts he committed with Ong, Cunanan, and Armadillo.[63]

In their Comment[64], Cunanan and Ong argue that petitioners are now estopped from asserting their identical claims and that maintaining the present civil case while asserting the very same claims before the intra--corporate case is a willful act of forum-shopping.[65] They also insist that the petition raises questions of fact which a petition for review on certiorari under Rule 45 of the Rules does not allow.[66] They also aver that petitioners are not authorized to institute the complaint for and on behalf of BNII-PH and BNI-US. Until the intra-corporate case is resolved with finality, the Sante Group cannot claim that they are the duly elected and qualified Board of Directors of BNII-PH. Thus, they have no authority to bind BNII-PH, including the civil case they instituted.[67]

Cunanan and Ong also reiterate that the present case involves a controversy between two (2) groups claiming to be corporate officers of BNII-PH, satisfying the relationship test. They point out that all acts allegedly committed by Bruce and Cunanan, whether as incumbent corporate officer or merely as employee of the corporation, were merely the result of the power struggle between the Bruce Group and the Sante Group. For them, the removal and determination of corporate officers is an intra--corporate controversy falling within the jurisdiction of the RTC sitting as a special commercial court.[68]

Cunanan and Ong also maintain that the civil case satisfies the nature of controversy test as it seeks to resolve the rights of BNII-PH's officers and members of the board of directors. The resolution of whether petitioners should be given possession and control over the operations and management of BNII-PH is conditioned on the validity of

their August 19, 2013 Special Shareholders' Meeting, which is the source of their claim to be the duly elected board of directors and officers of the corporation.[69]

In their Reply[70], petitioners insist that the allegations in their complaint are limited to the tortious acts of respondents and may be decided without probing into the accusations of respondents regarding the composition of the Board of Directors of BNII-PH.[71] They also reiterate that the causes of action in Civil Case No. 74080-TG are not identical to the intra-corporate case.[72] Petitioners also assert that the filing of the present case does not constitute forum shopping because there is no identity of parties, rights asserted, and reliefs prayed for. They also add that any judgment rendered in one action will, regardless of which party is successful, not amount to res judicata in the other action.[73] Petitioners also claim that the election on August 19, 2013 is presumed to be valid unless proven otherwise. Thus, they are authorized to institute the present petition for BNII-PH and BNI-US.[74]

Issue

The issue to be resolved is whether the complaint involves an intra-corporate controversy which falls under the jurisdiction of the RTC acting as a special commercial court.

Ruling of the Court

The petition is meritorious.

In recent cases,[75] the Court adopted the "relationship test" and the "nature of the controversy test" to determine whether an intra-corporate dispute exists. A careful scrutiny of the allegations in the petitioners' complaint reveals that what is involved is a purely civil dispute.

In *San Jose v. Ozamiz*[76], the Court identified the different kinds of relationships that establish an intra-corporate dispute under the "relationship test". According to this test, an intra-corporate controversy exists when the conflict is: (1) between the corporation, partnership, or association and the public; (2) between the corporation, partnership, or association and the State insofar as its franchise, permit, or license to operate is concerned; (3) between the corporation, partnership, or association and its stockholders, partners, members, or officers; and (4) among the stockholders, partners, or associates themselves.[77]

Under the nature of the controversy test, the dispute must not only be rooted in the existence of an intra-corporate relationship, but must also refer to the enforcement of the parties' correlative rights and obligations under the Corporation Code as well as the internal and intra-corporate regulatory rules of the corporation.[78]

In this case, there is no intra-corporate relationship between the parties. Ong and Cunanan were third parties when Bruce engineered the disruption of the operations of BNII-PH and prevented the new management from taking over the company. A cursory reading of the complaint will show that it contains no allegation that respondents are stockholders of BNII-PH. Noticeably, Ong was no longer an employee of BNII-PH when he was approached by Uriarte and Sante. Cunanan was identified merely as an Officer-in-Charge of BNII-PH appointed by Bruce. Moreover, the complaint does not allege that Ong and Cunanan have acted in their capacity as stockholders in depriving petitioners access to BNII-PH's office and IT system.

Petitioners are correct in pointing out that adding a fifth category, the "stakeholder" category, to the intra-corporate relationships recognized by the Court would render the relationship test unusable because this new category would be so broad that anyone with a business interest with either party would meet the relationship test without being a shareholder, director, or corporate officer. By enlarging the scope of the recognized intra-corporate relationships, it will be difficult to distinguish genuine intra-corporate disputes from disputes beyond the ambit of special commercial courts.

Even assuming there is compliance with the relationship test, the case still fails to pass the "nature of the controversy test". There is still no intra--corporate dispute involved.

Pursuant to the nature of the controversy test, an intra-corporate controversy arises when the dispute is "not only rooted in the existence of an intra-corporate relationship, but also in the enforcement of the parties' correlative rights and obligations under the Corporation Code and the internal and intra-corporate regulatory rules of the corporation." [79]

It is settled that jurisdiction over the subject matter of a case is conferred by law and determined by the allegations in the complaint which comprise a concise statement of the ultimate facts constituting the plaintiff's cause of action. [80] The nature of an action, as well as which court or body has jurisdiction over it, is determined based on the allegations contained in the complaint of the plaintiff, regardless of whether the plaintiff is entitled to recover upon all or some of the claims asserted therein. [81]

In the present case, the allegations in the complaint reveal that the action is meant to prevent respondents from continuing to commit tortious interference that had allegedly jeopardized BNII-PH's business activities and resulted to serious losses. Petitioners' complaint for tortious interference and quasi-delict are based on Articles 1314 and 2176 of the Civil Code.

Under the principle of relativity of contracts, only those who are parties to a contract are liable for its breach. However, Article 1314 of the Civil Code provides that "[a]ny third person who induces another to violate his contract shall be liable for damages to the other contracting party." The elements of tortious interference with contractual relations are: (1) existence of a valid contract; (2) knowledge on the part of the third person of the existence of the contract and (3) interference on the part of the third person without legal justification or excuse. [82]

Here, petitioners claim that respondents are fully aware of the existence of the Service Agreement, a valid contract between BNII-PH and BNI-US. The essential elements of tortious interference, especially the third element, the alleged interference on the part of the respondents without legal justification or excuse, are matters that should be established through reception of evidence in a full-blown trial of the ordinary civil action.

Furthermore, the nature of the corresponding reliefs prayed for by the petitioners is also an injunction. In *Dy Teban Trading, Inc. v. Dy*, [83] the Court held:

Our jurisdiction recognizes a civil action for injunction. It is a suit brought for the purpose of enjoining the defendant, perpetually or for a particular time, from the commission or continuance of a specific act, or his or her compulsion to continue performance of a particular act. As a civil action, it falls within the general jurisdiction of the RTCs. [84] (Citations omitted)

The reliefs prayed for by petitioners in their complaint for tortious interference and quasi-delict show that it is in the nature of an injunction as they ask the RTC to order respondents to:

1)

Immediately issue ex parte a 72-hour temporary restraining order directing Defendants Rey H. Bruce, Gilbert Cunanan, Jerymn Ong, and Armadillo Professional Security Agency Inc. to cease and desist from:

a.

Denying Zophar Sante, Erwin Salazar, and Maria Cecilia Martorillas from entering the premises and offices of BiTMICRO Networks International Inc. and carrying out their functions and duties.

b.

Denying the employees of BiTMICRO Networks International Inc. from entering its offices and premises and carrying out their functions and duties.

c.

Denying BiTMICRO Networks, Inc. access to the Information Technology system and database of BiTMICRO Networks International Inc.

d.

Interrupting BiTMICRO Networks, Inc. and BiTMICRO Networks International Inc. from carrying out their respective obligations and exercising their respective rights under the Service Agreement.

e.

Interrupting or tampering the SAP system of BiTMICRO Networks, Inc. and BiTMICRO Networks International Inc.

f.

Interrupting or tampering the email system of BiTMICRO Networks, Inc. and BiTMICRO Networks International Inc.

g.

Interrupting or tampering the Information Technology system of BiTMICRO Networks, Inc. and BiTMICRO Networks International Inc.

h.

Carrying out actions and issuing instructions in the purported exercise of their supposed authority.

i.

For Gilbert Cunanan and the security guards of Armadillo Professional Security Agency Inc., from going to and entering the premises of BiTMICRO Networks International Inc.

2)

After summary hearing, extend the temporary restraining order to 20 days and/ or issue a writ of preliminary injunction;

3)

After further hearing, making the abovementioned injunction permanent.[85]

Clearly, nowhere in the complaint did petitioners ask for a determination of the parties' rights under the Corporation Code, its Articles of Incorporation, or its By-laws. As the suit between petitioners and respondents neither arises from an intra-corporate relationship nor does it pertain to the enforcement of their correlative rights and obligations under the Corporation Code, and the internal and intra-corporate regulatory rules of the corporation, the RTC correctly found that the subject matter of the complaint is in the nature of an ordinary civil action.

Ong and Cunanan argue that the case should be characterized as an intra-corporate dispute since the issues raised in the complaint are deeply rooted on the alleged power struggle between the Sante Group and the Bruce Group.

They posit that the issues in both cases are so interconnected that any judgment on the present case could preempt the judgment of the intra--corporate case assailing the election of the Sante Group to the Board of Directors of BNII-PH.

To Our mind, the present civil action will not preempt the judgment of the special commercial court in the intra-corporate case Bruce initiated. The decision of the RTC of Taguig will only be limited to the determination of whether respondents are guilty of tortious interference and whether petitioners are entitled to the reliefs prayed for. The issues presented in the complaint for tortious interference may be resolved without dealing with the election of the new Board of Directors of BNII-PH.

Jurisdiction is not divested from the RTC simply because defendants, herein respondents, appear to give the impression that the issues in the present case and in the intra-corporate case are so interrelated that a decision in one case will necessarily prejudice the other. Not all disputes between corporations and former officers of the corporation are considered intra-corporate dispute. We find that the complaint of petitioners may be resolved by the trial court independent of the outcome of the intra-corporate case pending in a special commercial court.

In view of the foregoing, We no longer deem it necessary to discuss the other contentions raised by the parties as these should be properly addressed by the RTC of Pasig, Branch 70, which has jurisdiction over the subject matter of the complaint.

WHEREFORE, premises considered, the Decision dated September 17, 2015 and the Resolution dated April 15, 2016 of the Court of Appeals in CA-G.R. SP No. 138521 are hereby REVERSED and SET ASIDE. Let the case be REMANDED to the court of origin for further proceedings.

SO ORDERED.

Leonen, (Chairperson), Zalameda, Rosario, and Marquez, JJ., concur.

[1] Rollo, pp. 167-183.

[2] Penned by Associate Justice Mariflor P. Punzalan Castillo, with the concurrence of Associate Justices Florito S. Macalino and Zenaida T. Galapate-Laguilles; id. at 44-55.

[3] Penned by Associate Justice Mariflor P. Punzalan Castillo, with the concurrence of Associate Justices Florito S. Macalino and Zenaida T. Galapate-Laguilles; id. at 57-62.

[4] Id. at 44-45, 332.

[5] Id. at 223-230; 546-554.

[6] Id. at 225-226.

[7] "Services" in Schedule A of the Service Agreement pertains to:

- Research and development services with respect to BiTMICRO's operations.
- General and administrative and marketing services with respect to BiTMICRO's operations.
- Any other services that may be requested from time to time by BiTMICRO.

[8] Rollo, pp. 226-227.

[9] Id. at 45, 336.

- [10] Id. at 857.
- [11] Id. at 238.
- [12] Id. at 100.
- [13] Id. at 298.
- [14] Id. at 414-419.
- [15] Id. at 249-254, 417.
- [16] Id. at 239.
- [17] Id. at 257.
- [18] Id. at 263.
- [19] Id. at 429-438.
- [20] Id. at 258-259.
- [21] Id. at 261-262.
- [22] Id. at 47, 102.
- [23] Id. at 263.
- [24] Id. at 102-103.
- [25] Id. at 167-183.
- [26] Id. at 182-183.
- [27] Id. at 751-760.
- [28] Id. at 752.
- [29] Id.
- [30] Id. at 753.
- [31] Id.
- [32] Id. at 755.
- [33] Id. at 756-757.
- [34] Id.
- [35] Id. at 761-766.
- [36] Id. at 761-762.
- [37] Id. at 763.
- [38] Id. at 763-765.
- [39] Penned by Presiding Judge Louis P. Acosta; id. at 123-127.
- [40] Id. at 127.

[41] Id.

[42] Penned by Presiding Judge Louis P. Acosta; id. at 133.

[43] Id. at 128-131, 288-291.

[44] Id. at 133.

[45] Supra note 2.

[46] Rollo, pp. 54-55.

[47] Id. at 52.

[48] Id.

[49] Id.

[50] Id. at 53.

[51] Supra note 3.

[52] Rollo, p. 62.

[53] Id. at 59.

[54] Id. at 61.

[55] Id.

[56] Id. at 11-42.

[57] Id. at 22-30, 39.

[58] Id. at 32.

[59] Id. at 35.

[60] Id. at 35-36.

[61] Id. at 36.

[62] Id. at 37-39.

[63] Id. at 41.

[64] Id. at 98-119.

[65] Id. at 108-111.

[66] Id. at 111-113.

[67] Id. at 113-114.

[68] Id. at 114-116.

[69] Id. at 117-118.

[70] Id. at 944-957.

[71] Id. at 944-945.

[72] Id. at 946-947.

[73] Id. at 947-950.

[74] Id. at 954.

[75] *Belo Medical Group, Inc. v. Santos*, 817 Phil. 363 (2017), *Wise Holdings, Inc. v. Garcia*, G.R. No. 199174, June 10, 2019.

[76] 813 Phil. 669 (2017).

[77] Id. at 679, citing *Philippine Communications Satellite Corporation v. Sandiganbayan*, 5th Division, 760 Phil. 893 (2015).

[78] *Strategic Alliance Development Corporation v. Star Infrastructure Development Corporation*, 649 Phil. 669, 681 (2010).

[79] *San Jose v. Ozamiz*, 813 Phil. 669 (2017), citing *Strategic Alliance Development Corporation v. Star Infrastructure Development Corporation*, 649 Phil. 669, 691 (2010) and *Reyes v. RTC of Makati*, Br. 142, 583 Phil. 591, 608 (2008).

[80] *Padlan v. Dinglasan*, 707 Phil. 83 (2013).

[81] Id. at 91.

[82] *Ferro Chemicals, Inc. v. Garcia*, 796 Phil. 321, 359 (2016).

[83] 814 Phil. 564 (2017).

[84] Id. at 578.

[85] *Rollo*, pp. 182-183.

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