

**CEFERINO ZAIDE, JR., REPRESENTING CEFERINO ZAIDE, SR.,
LUCITA GA-CUTAN, AND HON. CICERO JURADO, PETITIONERS, VS.
COURT OF APPEALS (FIRST SPECIAL DIVISION) AND STA. LUCIA
LANDLES...**

G.R. NO. 68152. April 25, 1990

Ponente: NARVASA, J.

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NARVASA, J.:

The question presented in this proceeding is which agency has jurisdiction over the claim asserted against a corporation by two (2) of its members to compel it to comply with its obligation under separate sales agreements to transfer ownership and possession of specified parcels of land, the price stipulated having been fully paid - whether it is the Securities and Exchange Commission, or the Regional Trial Court.

Involved is a parcel of land in Barrio Santolan (Manggahan), Pasig, Rizal with an area of 3,682 square meters, which used to belong to the Roman Catholic Archbishop of Manila. It was occupied by numerous persons who in 1972 organized themselves into a non-stock corporation called the Sta. Lucia Landless Association, Inc., which they registered with the Securities & Exchange Commission. The chief purpose of the corporation was to “secure from the government through its agencies public lands, or from individuals, entities or corporations, lands to be distributed to the members at very reasonable cost with the end in view of providing a lot each to all members or the majority of the members at least.” Some six (6) years later, or on March 31, 1979, the corporation purchased the land occupied by its members from the Archbishop for P44,184.00.

It appears however that even prior to its acquisition of the land from the Archbishop, the corporation had already entered into agreements with its members for the sale to the latter on installment of particular portions of the property. Among the members who executed such agreements were Ceferino Zaide, Sr. (now deceased and represented by his son)[1] and Lucita Gacutan.[2] They both completed payment on installment of the stipulated price for their lots. This is not disputed by the corporation which however avers, among other things, that its agreements with said members included the latter’s implicit undertaking to contribute to the “huge expenses to be incurred in the subdivision, survey plan, approval of the Land Registration Commission, documentation and registration of titles, and *** declaration and assessment with the proper government office.”[3]

After the purchase of the land from the Archbishop, demands were made by Zaide and Gacutan on the corporation for the conveyance to them of the lots paid for by them. When the corporation failed to comply with said demands, for the reasons already stated, Zaide and Gacutan sued the corporation in the Court of First Instance of Rizal in March, 1982 to compel it “to execute deeds of absolute sale over the lots in question,” and to pay moral and exemplary damages as well as attorney’s fees.[4] Impleaded as defendants were Celso Rayos and Jaime Cabacungan, respectively the president and secretary of the corporation. The action was docketed as Civil Case No. 44970. Despite having sought and obtained an extension of time to file their answer, the defendants failed to answer the complaint and were consequently declared in default.[5] Judgment by default was then rendered on

June 9, 1982 -

“... ordering defendants to execute the deeds of absolute sale (prayed for), *** and to jointly and severally pay to plaintiff Ceferino Zaide, Jr. the sum of P50,000.00 by way of moral damages; the sum of P25,000.00 by way of exemplary damages; the sum of P2,000.00 by way of actual damages and P5,200.00 as and for attorney’s fees; and to plaintiff Lucita Gacutan, the sum of P25,000.00 by way of moral damages; the sum of P12,000.00 by way of exemplary damages; the sum of P2,000.00 by way of actual damages and the sum of P5,200.00 as and for attorney’s fees.”

On petition of the corporation and its officers aforementioned the Intermediate Appellate Court, by decision promulgated on July 11, 1985,[6] issued a writ of certiorari annulling and setting aside the above mentioned default judgment of the Trial Court of June 22, 1982. It held that the Court of First Instance had no competence to take cognizance of the dispute, it being one “arising out of intra-corporate relations’ over which the Securities and Exchange Commission has original and exclusive jurisdiction.” According to the Court.

“***, The sales in question were not ordinary sales of lots owned by a realty corporation which is engaged in the business of acquiring and subdividing parcels of land for sale to the public. The petitioner corporation is not engaged in that business. It is not a business corporation, but a non-stock corporation organized by the landless occupants of the land of the Roman Catholic Archbishop of Manila in Manggahan, Pasig, in order that, by pooling their meager resources, they may acquire the land for apportionment among themselves. That land was purchased by petitioner corporation with funds raised from membership dues and installment payments made by some members (like [Zaide and Gacutan] the private respondents) for the portions of the land occupied by their homes even before the land was formally purchased by the corporation in 1979. Clearly, any dispute between the corporation and its members regarding the sale and distribution of the lots is an intra-corporate dispute.

“The failure or refusal of the corporation to execute a deed of absolute sale in favor of the members who have finished paying for their lots, may also be categorized as a device or scheme employed by the board of directors or officers ‘amounting to fraud and misrepresentation which are detrimental to the interest of the public and/or *** of members of the organization,” which the Securities and Exchange Commission in the exercise of its ‘absolute jurisdiction, supervision and control over all corporations’ is exclusively empowered to prevent, correct and adjudicate (Sec. 3, P.D. 902-A).”

Zaide and Gacutan are now before this Court on appeal, in an attempt to bring about reversal of the judgment of the Intermediate Appellate Court. They cannot succeed. The Appellate Court’s verdict is correct and will be sustained.

The point Zaide would make is that it was not he but his father, Ceferino, Sr., who was a member of the corporation and who had purchased the land in question and had fully paid therefor; that Ceferino, Sr. had since died, however, and his membership in the corporation had thereby ended and had not been transferred to his son, Ceferino, Jr.; hence the controversy between the corporation and Ceferino, Jr., who is not a member thereof, could not in any sense be intra-corporate in nature so as to bring it within the jurisdiction of the Securities & Exchange Commission.

Much the same argument is advanced in behalf of Lucita Gacutan. It is contended that she, too, is not a member of the Sta. Lucia Landless Association, Inc., and hence the controversy between the latter and her cannot be intra-corporate in nature and is not therefore cognizable by the SEC.

Zaide and Gacutan also argue that the judgment of the Trial Court in Civil Case No. 44970[7] had become final because no appeal was taken therefrom and had in fact already been executed.

The conclusions of the Intermediate Appellate Court that the Sta. Lucia Landless Association, Inc. is “not

engaged in *** (the) business” “of acquiring and subdividing parcels of land for sale to the public;” that it was “organized by the landless occupants of the land of the Roman Catholic Archbishop of Manila in Manggahan, Pasig, in order that, by pooling their meager resources, they may acquire the land for apportionment among themselves; and that said “land was purchased by *** (the) corporation with funds raised from membership dues and installments made by some members (like *** [Zaide, Sr. and Gacutan] private respondents) for the portions of the land occupied by their homes even before the land was formally purchased by the corporation in 1979,” are factual conclusions which are binding upon this Court. In any event, those conclusions are not shown to have been erroneously reached by the Appellate Tribunal. These facts negate any possibility of success by Zaide and Gacutan in their present appeal.

As regards the land contracted and paid for by Ceferino Zaide, Sr., it is certain that the transaction was one between the corporation and a member. Ceferino Zaide, Sr., was able to purchase the property in virtue of his being a member of the association and an actual occupant of a portion of the land bought by the former precisely for distribution to its members. It was his being an actual occupant of the land and a member of the association that gave him the prerogative and capacity to buy the land. Were he not a member and an actual occupant, the corporation would not have had the right, under its charter and by-laws, to sell to him any part of the land belonging to it. Such a sale would have been ultra vires and fatally defective.

Had Zaide, Sr. not died, the dispute between him and the corporation-- arising from the latter’s refusal to convey the land in question to him because, allegedly, he still had to pay his share in the expenses incurred by the corporation in connection with the subdivision survey plan, approval with LRC, registration with the Register of Deeds, assessor’s office, etc. – would clearly have been within the jurisdiction of the Securities & Exchange Commission, and not of the ordinary courts of justice. The nature of the dispute was not altered by his death. His son simply stepped into his shoes. The rights sought to be enforced against the corporation by Ceferino Zaide, Jr., are the self-same rights acquired by his father, Ceferino, Sr., as member of the association and as actual occupant of the area occupied by him situated within the land belonging to the corporation. The dispute is cognizable exclusively by the Securities & Exchange Commission in accordance with P.D. No. 902-A. And it is the Commission which shall eventually determine whether the defense asserted by the Sta. Lucia Landless Association, Inc. is tenable, or, as the Intermediate Appellate Court suggests,[8] “may be categorized as a device or scheme employed by the board of directors or officers ‘amounting to fraud and misrepresentation which are detrimental to the interest of the public and/or ** members of the organization,’ which the *** Commission in the exercise of its ‘absolute jurisdiction, supervision and control over all corporations’ is exclusively empowered to prevent, correct and adjudicate (Sec. 3, P.D. 902-A).”

So, too, Lucia Gacutan purchased the land now claimed by her as actual occupant thereof and as member of the Sta. Lucia Landless Association, Inc. She would not otherwise have had the right or capacity to buy the land, and its sale to her would have been an ultra vires act of the corporation. In any event, this question of whether or not the association could refuse to convey the land to her until and unless she first paid her share in the Association’s expenses above mentioned, and indeed, whether or not the sale to her, on the assumption that she is not a member of the association, is valid or annulable at the instance of the corporation, are matters which, like those affecting Ceferino Zaide, Jr., are intra-corporate controversies exclusively cognizable by the Securities & Exchange Commission pursuant to P.D. 902-A.

The only other argument submitted, that the judgment of the Trial Court, not having been appealed, had become final and executory, is obviously untenable, considering that, as ruled by the Intermediate Appellate Court, the judgment was null and void because rendered without jurisdiction of the subject matter; and its nullity “may be raised at any stage of the action, for, a void judgment may be assailed or impugned at any time (Ang Lam vs.

Rosillosa, 86 Phil. 447).”

WHEREFORE, the decision of the Intermediate Appellate Court promulgated on July 11, 1984 is AFFIRMED, with costs against the petitioners.

Cruz, Gancayco, and Medialdea, JJ., concur.

Griño-Aquino, J., no part, participated in proceedings in C.A.

[1] The property bought by him is identified as Lot No. 9, Block 9-H, Psd-152869 of the Association

[2] The property bought by her is identified as Lot No. 10, Block 9-H, Psd-152869

[3] SEE private respondents’ Memorandum, Rollo, pp. 68-78; it also apparently denies the transmissibility of the rights of Zaide to his heirs

[4] Rollo, pp. 90-93

[5] Id., pp. 95-98

[6] Written for the First Special Case Division by Griño-Aquino, J. (later Presiding Justice of the Court of Appeals, and now a member of this Supreme Court), with whom concurred Alampay and Puno, JJ.

[7] SEE page 2, supra

[8] Rollo, p. 29

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