

**MALAYAN INTEGRATED INDUSTRIES CORPORATION, PETITIONER,
VS. HON. RAFAEL T. MENDOZA, PRESIDING JUDGE OF REGIONAL
TRIAL COURT OF MAKATI, METRO MANILA, BRANCH 135, RAQUEL
ABUYEN, LE...**

G.R. No. 75238. September 30, 1987

Ponente: PARAS, J.

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PARAS, J.:

A question of proper forum, as between the regular courts and the Securities & Exchange Commission, to take cognizance of Civil Case No. 13460 entitled "Raquel Abuyen, Leticia A. Gohing and Agueda Abuyen, plaintiffs versus Malayan Integrated Industries Corporation, defendant" is brought before Us, as the sole issue in this petition for "Certiorari and Prohibition with Restraining Order."

Civil Case No. 13460 for "Accounting and For Payment of the Fair Value of the Shares of Bonifacio Abuyen to his heirs and Settlement of Estate" was instituted by private respondents against petitioner, a corporation duly organized and existing under Philippine Laws. The private respondents alleged among others that "their late father, Bonifacio Abuyen, was an incorporator of petitioner corporation and has never received any dividend, salary and benefits from the said corporation from the time it was incorporated until his death." Private respondents then prayed for: -

"a) an accounting and inventory of all the assets, consisting of cash, real and personal properties of the corporation;

"b) that after the accounting and inventory of the assets of the corporation, the share of the deceased Bonifacio Abuyen be appraised and determined by competent appraiser;

"c) that after appraising the share of the deceased Bonifacio Abuyen, the same be divided into three (3) equal parts for partition and distribution among the heirs of the deceased Bonifacio Abuyen; and

"d) defendant (herein petitioner) be ordered to pay an equivalent to twenty five percent (25%) of whatever amount plaintiffs (private respondents herein) are entitled to collect as their inheritance claim as and for attorney's fees." (p. 3, Rollo)

The case was assigned to Branch 135 of the Regional Trial Court, Makati, Metro Manila presided over by the Honorable respondent Judge.

On May 12, 1986, petitioner filed an "Answer with Counterclaim and Prayer for Preliminary Hearing on Affirmative Defenses." In the same Answer, petitioner submitted the following affirmative defenses: -

"8. That this Honorable Court has no jurisdiction over the subject-matter and over the nature of the action which is an intra-corporate affair brought in the instant complaint, which is clearly asking for the accounting and payment of the fair value of the alleged shares of the late Bonifacio Abuyen, for the reason that the subject-matter and nature of the action involved fall within the original, exclusive and absolute jurisdiction of

the securities and Exchange Commission, pursuant to Sections 3 and 5 (a) and (b) of Presidential Decree No. 902-A;

x x x

"9. That the cause of action in the instant complaint is barred by a prior valid judgment of the Securities and Exchange Commission, dismissing the complaint filed by the late Bonifacio Abuyen and Damian C. Rempillo on the same matter, as can be seen from an Order, issued on December 15, 1982 of the Securities and Exchange Commission, a copy of which is hereto attached as ANNEX "1" and made an integral part thereof;" (pp. 4-5, Rollo)

The lower court resolved to admit the Answer of petitioners and to set the hearing on the affirmative defenses on May 26, 1986 at 8:30 A.M. However, petitioner's counsel failed to appear at the scheduled hearing and on the same day, May 26, 1986, the lower court issued an Order considering the defendant (now petitioner) to have waived its right to present evidence on its affirmative defenses and setting the case for pre-trial conference on July 28, 1986 at 8:30 A.M.

On June 6, 1986, petitioner filed a Motion for Reconsideration on the ground that the Order (of May 26, 1986) failed to resolve the issue on "whether or not the court has jurisdiction over the subject matter and over the nature of the action in the instant case."

In an Order dated June 17, 1986, the lower court ruled: -

"Acting on the Motion for Reconsideration, and the opposition filed thereto, the Court hereby resolves categorically that this Court has jurisdiction over the subject matter, it being not an intra corporate squabble or conflict neither it arose between and among the stockholders, members or associates." (p. 5 Rollo)

Hence, this petition.

In assailing the jurisdiction assumed by the court (Regional Trial Court) the petitioner corporation invokes Section 5 of PD No. 902-A which reads: -

"Sec. 5. In addition to the regulatory and adjudicative function of the Securities and Exchange Commission over corporations, partnerships and other forms of associations registered with it as expressly granted under existing laws and devices, it shall have original and exclusive jurisdiction to hear and decide cases involving:

a) Devices and 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 determined to the interest of the public and/or the stockholders, 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."

Thus, it is petitioner's contention that the lower court has no jurisdiction over the nature of the action or suit by virtue of the aforequoted decree. On the other hand, private respondents maintain that since the complaint is simply an action for accounting and payment of the fair value of the shares of Bonifacio Abuyen to his heirs, the same is property within the competence of the regular courts.

Whether or not a court has jurisdiction over the subject matter of a case is determined from the allegations of the

complaint (Magay vs. Estandan, 69 SCRA 456, Republic vs. Sebastian 72 SCRA 222). Therefore, to resolve the issue raised to Us, an interpretation and application of the law on jurisdiction, must be made, vis-a-vis the averments of private respondents' complaint.

The complaint, among others alleges: -

"That the deceased Bonifacio Abuyen is an incorporator and shareholder of at least 12% of the total paid up capital of the Malayan Integrated Industries Corporation and a copy of the Articles of Incorporation is attached hereto as Annex "F";

"That the deceased Bonifacio Abuyen has never received any dividend, salary or benefits from the corporation from the time it was incorporated;

"That after several years of operation, the corporation acquired cash, properties and other assets which amount is beyond the knowledge of the plaintiffs;

"That for this reason, an accounting and inventory of all the properties of the corporation is necessary;

"That it is necessary likewise that the shares of the deceased Bonifacio Abuyen in the corporation be appraised and determined by a competent appraiser;

"That after the share of the deceased Bonifacio Abuyen has been determined in relation to his 12% share of the total assets of the corporation, the same is distributed and partitioned among the plaintiffs as legitimate children and sole heirs of the deceased Bonifacio Abuyen;

"That the plaintiffs have demanded from President of the corporation several times their inheritance claim from the share of their deceased father but the said President and the Board of Directors kept on postponing their decision re their claim;

"That in order to protect their rights, plaintiffs agreed to pay twenty-five percent (25%) of whatever amount they are entitled to collect as and for attorney's fees." (pp. 5-6, Rollo)

Nowhere in the complaint do We find any averments, of fraud or misrepresentation which may have been committed by petitioner against private respondents to bring par. (a) of the said Decree into play. Nor would par. (c) be of significance. The bone of contention is thus par. (b) on controversies arising out of intra-corporate or partnership relation.

As is clearly evident in the complaint and prayer filed with the trial court the plaintiffs (private respondents herein), are asking defendant corporation (herein petitioner) for an accounting and distribution to them of their father's shares (and dividends) in the corporation. There can be no clearer example of an intra-corporate conflict as in the case at bar in view of the corporation's denial of said demands. Exclusive jurisdiction thus appertains to the SEC.

In the cases of Sps. Jose Abejo and Aurora Abejo etc., et. al., vs. Hon. Rafael de la Cruz etc. et. al., (G.R. No. 63558), and Pocket Bell Phils. etc. et. al., vs. Securities and Exchange Commission, etc. et. al., (G. R. No. 68450-51) which were both promulgated on May 19, 1987), Chief Justice Claudio Teehankee, speaking for the Court, stated:

"In the fifties, the Court taking cognizance of the move to vest jurisdiction in administrative commissions and boards the power to resolve specialized disputes in the field of labor (as in corporations, public transportation and public utilities) ruled that Congress in requiring the Industrial Court's intervention in the resolution of labor-management controversies likely to cause strikes or lockouts meant such jurisdiction to be exclusive although it did not so expressly state in the law. The Court held that under the sense-making and expeditious doctrine of primary jurisdiction ... the courts cannot or will not determine a controversy involving a question

which is within the jurisdiction of an administrative tribunal, where the question demands the exercise of sound administrative discretion requiring the special knowledge, experience, and services of the administrative tribunal to determine technical and intricate matters of fact, and a uniformity of ruling is essential to comply with the purposes of the regulatory statute administered' (Pambujan Sur United Mine Workers v. Samar Mining Co., Inc., 94 Phil. 932, 941 [1954]).

In this era of clogged court dockets, the need for specialized administrative boards or commissions with the special knowledge, experience and capability to hear and determine promptly disputes on technical matters or essentially factual matters, subject to judicial review in case of grave abuse of discretion, has become well high indispensable. Thus, in 1984, the Court noted that 'between' the power lodged in an administrative body and a court, the unmistakable trend has been to refer it to the former. "Increasingly, this Court has been committed to the view that unless the law speaks clearly and unequivocally, the choice should fall on (an administrative agency)" ' (NFL v. Eisma, 127 SCRA 419, 428, citing precedents). The Court in the earlier case of Ebon vs. De Guzman (113 SCRA 52, 56 [1982]), noted that the lawmaking authority, in restoring to the labor arbiters and the NLRC their jurisdiction to award all kinds of damages in labor cases, as against the previous P.D. amendment applitting their jurisdiction with the regular courts, 'evidently' . . . had second thoughts about depriving the Labor Arbiters and the NLRC of the jurisdiction to award damages in labor cases because that setup would mean duplicity of suits, splitting the cause of action and possible conflicting findings and conclusions by two tribunals on one and the same claim."

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Most of the cases that have come to this Court involve those under paragraph (b), i.e. whether the controversy is an intra-corporate one, arising "between and among stockholders" or "between any or all of them and the corporation." The parties have focused their arguments on this question. The Bragas' contention in this field must likewise fail. In Philex Mining Corp. v. Reyes, 118 SCRA 602, 605-606 (1982) per Melencio-Herrera, J.), the Court spelled out that (intra-corporate controversy is one which arises between a stockholder and the corporation. There is no distinction, qualification, nor any exemption whatsoever. The provision is broad and covers all kinds of controversies between stockholders and corporations. The issue of whether or not a corporation is bound to replace a stockholder's lost certificate of stock is a matter purely between a stockholder and the corporation. It is a typical intra-corporate dispute. The question of damages raised is merely incidental to that main issue." The Court rejected the stockholders' theory of excluding his complaint (for replacement of a lost stock (dividend) certificate which he claimed to have never received) from the classification of intra-corporate controversies as one that "does not square with the intent of the law, which is to segregate from the general jurisdiction of regular Courts controversies involving corporations and their stockholders and to bring them to the SEC for exclusive resolution, in much the same way that labor disputes are now brought to the Ministry of Labor and Employment (MOLE) and the National Labor Relations Commission (NLRC), and not to the Courts."

(See also Antipolo Realty Corporation vs. National Housing Authority, etc. et. al., (G.R. No. 50440) which was promulgated on August 31, 1987.)

As a matter of fact said demands are now barred by res judicata, the SEC having denied the demands in its order of December 15, 1982.

WHEREFORE, the petition is hereby GRANTED. The Order dated June 17, 1986 in Civil Case No. 13460 is SET ASIDE and the restraining order earlier issued is hereby made permanent.

SO ORDERED.

Yap, (Chairman), Melencio-Herrera, Padilla, and Sarmiento, JJ., concur.

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