

ROBERTO A. JACINTO, PETITIONER, VS. HONORABLE COURT OF APPEALS AND METROPOLITAN BANK AND TRUST COMPANY, RESPONDENTS.

G.R. No. 80043. June 06, 1991

Ponente: DAVIDE, JR., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-80043/>

DAVIDE, JR., J.:

This is an appeal by certiorari to partially set aside the Decision of the Court of Appeals in C.A.-G.R. CV No. 08153[1] promulgated on 19 August 1987, which affirmed in toto the decision of the Regional Trial Court of Manila, Branch 11, in Civil Case No. 133164 entitled "Metropolitan Bank and Trust Co. vs. Inland Industries Inc. and Roberto Jacinto," the dispositive portion of which reads:

"WHEREFORE, judgment is hereby rendered ordering defendants to pay, jointly and severally, the plaintiff, the principal obligation of P382,015.80 (Annex J-1 to J-3 of Stipulation), with interest/charges thereon at the rate of 16% per annum from January 1, 1979 up to the time the said amount is fully paid, plus the sum of P20,000.00 as attorney's fees. Said defendants are further ordered to pay in solidum the costs of this suit.

SO ORDERED."[2]

Petitioner's co-defendant in the courts below, Inland Industries Inc., just as in the case of petitioner's motion to reconsider the questioned decision,[3] chose not to join him in this appeal.

In Our resolution of 28 August 1988 We required the respondents to comment on the petition. Respondent Metropolitan Bank and Trust Co. filed its comment[4] on 12 October 1988. We required the petitioner to file a reply thereto,[5] which he complied with on 20 December 1988.[6]

We gave due course to the petition on 8 May 1989[7] and required the parties to submit their respective memoranda.

Private respondent filed its memorandum on 29 June 1989[8] while petitioner asked leave to adopt his petition and reply as his memorandum,[9] which We granted on 14 June 1989.[10]

Petitioner submits the following issues:

"1. Whether or not the respondent Court of Appeals can validly pierce the fiction of corporate identity of the defendant corporation Inland Industries, Inc. even if there is no allegation in the complaint regarding the same, nor is there anything in the prayer demanding the piercing of the corporate veil of the corporation Inland Industries, Inc.;

2. Whether or not the Court of Appeals can validly pierce the fiction of corporate identity of the defendant Inland Industries, Inc. even if absolutely no proof was presented in court to serve as legal justification for the same."

We find this petition to be bereft of merit. The issues are basically factual and a careful scrutiny of the decisions

of both courts below reveals that their findings and conclusions on the matter of piercing the veil of corporate fiction and on the liability of herein petitioner are overwhelmingly supported by the evidence.

Insofar as material and relevant to the issues raised, the trial court found and held:[11]

"As to [the] liability of [the] defendant Roberto A. Jacinto, it would appear that he is in factum (sic), or, in fact, the corporation itself known as Inland Industries, Inc. Aside from the fact that he is admittedly the President and General Manager of the corporation and a substantial stockholders (sic) thereof, it was defendant Roberto A. Jacinto who dealt entirely with the plaintiff in those transactions. In the Trust Receipts that he signed supposedly in behalf of Inland Industries, Inc., it is not even mentioned that he did so in this official capacity.

x x x

In this case, the Court is satisfied that Roberto A. Jacinto was practically the corporation itself, the Inland Industries, Inc."

In a detailed fashion, the respondent Court of Appeals brushed aside the posturings of petitioner as follows:

"Defendant Roberto Jacinto, tried to escape liability and shift the entire blame under the trust receipts solely and exclusively on defendant-appellant corporation. He asserted that he cannot be held solidarily liable with the latter (defendant corporation) because he just signed said instruments in his official capacity as president of Inland Industries, Inc. and the latter (defendant corporation) has a juridical personality distinct and separate from its officers and stockholders. It is likewise asserted, citing an American case, that the principle of piercing the fiction of corporate entity should be applied with great caution and not precipitately, because a dual personality by a corporation and its stockholders would defeat the principal purpose for which a corporation is formed. Upon the other hand, plaintiff-appellee reiterated its allegation in the complaint that defendant corporation is just a mere alter ego of defendant Roberto Jacinto who is its President and General Manager, while the wife of the latter owns a majority of its shares of stock.

Defendants-appellants' assertion is plainly without legal basis. This is shown by the undisputed fact that Roberto Jacinto even admitted that he and his wife own 52% of the stocks of defendant corporation (TSN, April 22, 1985, p. 6). We cannot accept as true the assertion of defendant Jacinto that he only acted in his official capacity as President and General Manager of Inland Industries, Inc. when he signed the aforesaid trust receipts. To Our mind the same is just a clever ruse and a convenient ploy to thwart his personal liability therefor by taking refuge under the protective mantle of the separate corporate personality of defendant corporation.

As could be expected, Roberto Jacinto in his direct testimony presented a different corporate scenario regarding Inland Industries, Inc. and vehemently declared that it is Bienvenida Catabas who is its President, while Aurora Heresa is its Chairman of the Board. His assertion on this point, however, is not convincing in view of his admission in the same breath, that his wife, Hedy U. Jacinto, own (sic) with him 52% of the shares of stock of said corporation. Indeed, this circumstance - even if standing alone - cannot but engender in the most unprejudiced mind doubt and misgiving why Catabas and Heresa would be defendant corporation's President and Chairman of the Board, respectively. Pertinent portion of his testimony on this point is quoted hereunder:

'Atty. Carlos - Do you know the defendant Inland Industries, Inc.?

A - Yes, sir. Because I am the General Manager of this corporation.

Q - Aside from being the General Manager of the defendant corporation are you in any other way connected with the same?

A - I am also a stockholder.

Q - Does your corporation have a Board of Directors?

A - Yes, sir.

Q - By the way, who are the stockholders of this corporation?

A - Bienvenida Catabas, Aurora Heresa, Paz Yulo, Hedy Y. Jacinto and myself.

Q - Who is the President of the defendant corporation?

A - Bienvenida Catabas.

Q - Who is the Chairman of the Board?

A - Aurora Heresa.

Q - Do you have any relation with Hedy Y. Jacinto?

A - She is my wife.

Q - If you combine the stockholdings of your wife together with yours and percentage wise, how much is your equity?

Atty. Dizon raised some objections. However, the Court allowed the same.

A - About 52%.

(Ibid., pp. 3-6)

Furthermore, a cursory perusal of the Stipulation of facts clearly shows that defendant Roberto Jacinto acted in his capacity as President and General Manager of Inland Industries, Inc. when he signed said trust receipts. Pertinent portion of his testimony are quoted below:

'(d) All the goods covered by the three (3) Letters of Credit (Annexes "A", "B" & "C") and paid for under the Bills of Exchange (Annexes "D", "E" & "F") were delivered to and received by defendant Inland Industries, Inc. through its co-defendant Roberto A. Jacinto, its President and General Manager, who signed for and in behalf of defendant Inland and agreed to the terms and conditions of three (3) separate trust receipts covering the same and herein identified as follows: x x x.' (p. 3 of Stipulations of Facts and Formulation of Issues (p. 95, Records)).

The conflicting statements by defendant Jacinto place in extreme doubt his credibility anent his alleged participation in said transactions and We are thus persuaded to agree with the findings of the lower court that the latter (Roberto Jacinto) was practically the corporation itself. Indeed, a painstaking examination of the records show that there is no clear-cut delimitation between the personality of Roberto Jacinto as an individual and the personality of Inland Industries, Inc. as a corporation.

The circumstances aforesaid lead Us to conclude that the corporate veil that en-shrouds defendant Inland Industries, Inc. could be validly pierced, and a host of cases decided by our High Court is supportive of this view. Thus it held that 'when the veil of corporate fiction is made as a shield to perpetuate fraud and/or confuse legitimate issues, the same should be pierced.' (Republic vs. Razon, 20 SCRA 234; A.D. Santos, Inc. vs. Vasquez, 22 SCRA 1156; Emilio Cano Enterprises, Inc. vs. Court of Appeals, 13 SCRA 290). Almost in the same vein is the dictum enunciated by the same court in the case of Commissioner of Internal Revenue vs. Norton & Harrison Co., (11 SCRA 714), that 'Where a corporation is merely an adjunct, business conduit or alter ego, the fiction of separate and distinct corporate entity should be disregarded'."

In its resolution of 29 September 1987, the respondent Court of Appeals, on the contention again of petitioner that

the finding that defendant corporation is his mere alter ego is not supported by the evidence and has no legal justification, ruled that:

"The contention . . . is nothing but an empty assertion. A cursory perusal of the decision would at once readily show on pages 11-13 of the same that said factual findings of the court is well grounded as the same in fact even include a portion of the very testimony of said defendant-appellant admitting that he and his wife own 52% of the stocks of defendant corporation. The stipulation of facts also show (sic) that appellant Roberto Jacinto acted in his capacity as President/General Manager of defendant corporation and that 'all the goods covered by the three (3) Letters of Credit (Annexes "A", "B" & "C") and paid for under the Bills of Exchange (Annexes "D", "E" & "F") were delivered to and received by defendant Inland Industries, Inc. through its co-defendant Roberto A. Jacinto, its President and General Manager, who signed for and in behalf of defendant Inland and agreed to the terms and conditions of three (3) separate trust receipts covering the same'."

Petitioner, however, faults the courts below for piercing the veil of corporate fiction despite the absence of any allegation in the complaint questioning the separate identity and existence of Inland Industries, Inc. This is not accurate. While on the face of the complaint there is no specific allegation that the corporation is a mere alter ego of petitioner, subsequent developments, from the stipulation of facts up to the presentation of evidence and the examination of witnesses, unequivocally show that respondent Metropolitan Bank and Trust Company sought to prove that petitioner and the corporation are one or that he is the corporation. No serious objection was heard from petitioner.

Section 5 of Rule 10 of the Rules of Court provides:

"SEC. 5. Amendment to conform to or authorize presentation of evidence. ? When issues not raised by the pleadings are tried by express or implied consent of the parties, they shall be treated in all respects, as if they had been raised in the pleadings. Such amendment of the pleadings as may be necessary to cause them to conform to the evidence and to raise these issues may be made upon motion of any party at any time, even after judgment; but failure so to amend does not affect the trial of these issues. If the evidence is objected to at the time of trial on the ground that it is not within the issues made by the pleadings, the court may allow the pleadings to be amended and shall do so freely when the presentation of the merits of the action will be subserved thereby and the objecting party fails to satisfy the court that the admission of such evidence would prejudice him in maintaining his action or defense upon the merits. The court may grant continuance to enable the objecting party to meet such evidence."

Pursuant thereto, "when evidence is presented by one party, with the express or implied consent of the adverse party, as to issues not alleged in the pleadings, judgment may be rendered validly as regards those issues, which shall be considered as if they have been raised in the pleadings. There is implied consent to the evidence thus presented when the adverse party fails to object thereto." [12]

WHEREFORE, for lack of merit, the Petition is DISMISSED with costs against petitioner.

SO ORDERED.

Fernan, C.J., Gutierrez, Jr., Feliciano, and Bidin, JJ., concur.

[1] Annex "A" of Petition; Rollo, 27-41; per Justice Fule, concurred in by Justices Mendoza and Bellosillo.

[2] Rollo, 28.

[3] Annex "B" of Petition; Id., 42-46. The motion was denied in the Resolution of 29 September 1987; Annex "C" of Petition; Id., 47-49.

[4] Id., 92-97.

[5] Resolution of 7 November 1988; Id., 101.

[6] Id., 104-113.

[7] Resolution of 8 May 1989; Id., 114.

[8] Id., 121 et seq.

[9] Id., 118.

[10] Id., 120.

[11] As quoted on pages 12-14 of private respondent's Memorandum; Rollo, 121 et seq. A copy of the decision of the RTC is not attached to the petition.

[12] MORAN, Comments on the Rules of Court, vol. 1, 1979 ed., p. 377, citing *Roces vs. Jalandoni*, 12 Phil. 599, 601; *Valmiller vs. Kong Chang Seng*, 33 Phil. 84; *Lizarraga Hermanos vs. Yap Tico*, 24 Phil. 504; *Del Val vs. Del Val*, 29 Phil. 534; *Karagdag vs. Barado*, 33 Phil. 529.

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.