



Republic of the Philippines
 Supreme Court
 Manila

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Wilfredo E. Lituan
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 Division Clerk of Court
 Third Division

DEC 14 2016

THIRD DIVISION

MAJESTIC PLUS HOLDING G.R. No. 201017
INTERNATIONAL, INC.,
 Petitioner,

- versus -

BULLION INVESTMENT AND
DEVELOPMENT CORPORATION,
 Respondent.

X-----X
MAJESTIC PLUS HOLDING
INTERNATIONAL, INC.,
 Petitioner,

G.R. No. 215289

Present:

PERALTA, J., *Acting Chairperson,*
 PEREZ,
 REYES,
 PERLAS-BERNABE,* and
 JARDELEZA, JJ.

- versus -

BULLION INVESTMENT AND
DEVELOPMENT CORPORATION,
GENESSON U. TECSON, ROLAND M.
LAUTCHANG, WILSON CHUNBON
CHENG KOA, LUIS K. LOKIN, JR.,
JEFFERSON U. TECSON and
ROSALINE C. CHING,
 Respondents.

Promulgated:

December 5, 2016
Wilfredo E. Lituan

X-----X

* Designated Additional Member in lieu of Associate Justice Presbitero J. Velasco, Jr., per Raffle dated December 5, 2016.

DECISION**PERALTA, J.:**

Before the Court are two (2) consolidated petitions for review on *certiorari* under Rule 45 of the Rules of Court.

In G.R. No. 201017, petitioner Majestic Plus Holdings International, Inc. (*Majestic*) seeks to nullify the Decision¹ dated November 2, 2011 and the Resolution² dated March 14, 2012, respectively, of the Court of Appeals (*CA*) in CA-G.R. SP No. 121072.

In G.R. No. 215289, Majestic prays for the reversal and setting aside of the Decision³ dated October 23, 2013 and the Resolution⁴ dated November 4, 2014, respectively, of the CA in CA-G.R. CV No. 97537.

The factual and procedural antecedents follow.

In a Resolution passed on August 14, 2001, the City Council of Manila authorized its Mayor to enter into a contract with any reputable corporation for the long term lease and development of a 4,808.40-square-meter non-income generating property of the City located within the vicinity of Felipe II, Reina Regente and General La Chambre Streets in Binondo, Manila. Pursuant to such authority, the Office of the City Mayor issued an Invitation to Pre-qualify and Bid for the said development project. Subsequently, herein respondent company, Bullion Investment and Development Corporation (*Bullion*) participated and won in the bidding.

Thus, on June 30, 2003, the City of Manila, through then City Mayor Joselito Atienza, and Bullion, represented by its President Roland Lautachang, entered into a Contract⁵ for the lease of the said property for a period of twenty-five (25) years. Under the Contract, Bullion, as lessee, agreed to construct two 4-storey buildings, one of which shall be used as an extension office of the Manila City Hall for its institutional services, while the other shall be used for commercial purposes.

¹ Penned by Associate Justice Rodil V. Zalameda, with Associate Justices Amelita G. Tolentino and Normandie B. Pizarro, concurring, *rollo* (G.R. No. 201017), pp. 58-82.

² *Id.* at 84-87.

³ Penned by Associate Justice Rosmari D. Carandang, with Associate Justices Ricardo R. Rosario and Leoncia R. Dimagiba, concurring, *rollo* (G.R. No. 215289), pp. 52-69.

⁴ *Id.* at 71-74.

⁵ Records, Vol. I, pp. 22-30.

Bullion then commenced construction and was able to finish and turn over the City Hall extension building to the Manila City Government. However, Bullion was unable to finish the construction of the commercial building. Bullion then sought the help of and was able to convince petitioner corporation, Majestic Plus Holding International, Incorporation (*Majestic*), to invest in Bullion's business venture, particularly the completion of the construction of its commercial building which was intended to be used as a mall (*Meisic Mall*).

On September 7, 2004, Bullion, represented by its President, entered into a Memorandum of Agreement⁶ (*MOA*) with Majestic, which was represented by one Dionisio N. Yao. Pertinent portions of the MOA read, thus:

1. **SUBJECT MATTER**
MAJESTIC agrees to acquire 80% equity interest in **BULLION**, subject to the following terms and conditions, and the completion of the construction of the subject MALL by both parties.

2. **CONSIDERATION**
 - 2.1. **MAJESTIC** and **BULLION** agree that the present shareholdings and assets of **BULLION** shall be valued at ONE HUNDRED TWENTY MILLION PESOS (Php120,000,000.00).
 - 2.2. It is expressly agreed that the 80% equity interest to be acquired by **MAJESTIC** shall correspond to NINETY-SIX MILLION PESOS (PhP96,000,000.00), payable by **MAJESTIC** under the following Terms of Payment provided in the succeeding section.
 - 2.3 **MAJESTIC** agrees to infuse additional capital to cover the expenditure for the completion of the construction of the MALL.

3. **TERMS OF PAYMENT**
The 80% equity interest, corresponding to NINETY-SIX MILLION PESOS (Php96,000,000.00), shall be payable by **MAJESTIC** to the existing stockholders of **BULLION** as follows:
 - 3.1 Upon execution of this MOA, **MAJESTIC** shall pay THIRTY-FIVE MILLION PESOS (Php35,000,000.00).
 - 3.2 The balance of SIXTY-ONE MILLION PESOS(Php61,000,000.00) shall be payable as follows:
 - 3.2.1. TEN MILLION PESOS (Php10,000,000.00) within 75 days from the execution of this MOA;
 - 3.2.2. SIX MILLION PESOS (Php6,000,000.00) payable 30 days thereafter;
 - 3.2.3. SIX MILLION PESOS (Php6,000,000.00) payable 30 days after 3.2.2;
 - 3.2.4. SIX MILLION PESOS (Php6,000,000.00) payable 30 days after 3.2.3;

⁶ *Id.* at 31-37.



3.2.5. SIX MILLION PESOS (Php6,000,000.00)
payable 30 days after 3.2.4;

3.2.6. ELEVEN MILLION PESOS
(Php11,000,000.00) payable 30 days after 3.2.5;

3.2.7. EIGHT MILLION PESOS (Php8,000,000.00)
payable 30 days after 3.2.6;

3.2.8. EIGHT MILLION PESOS (Php8,000,000.00)
payable within two (2) years from the execution of
this MOA.

3.3 The above payments shall all be covered by post-dated checks to be issued by **MAJESTIC** in favor of **BULLION and/or Bingson U. Tecson**, duly-authorized representative of existing stockholders.

4. TRANSFER OF SHARES

4.1. The shares representing the 30% equity of **BULLION** shall be ceded and transferred to **MAJESTIC** only upon full payment of the amount of THIRTY-FIVE MILLION PESOS (Php35,000,000.00), pursuant to Sec. 3.1.

4.2. Additional shares representing the 10% equity of **BULLION** shall be assigned and transferred to **MAJESTIC** upon payment of the additional amount of TEN MILLION PESOS (Php10,000,000.00) based on Sec. 3.2.1

4.3. Upon payment of the additional amount of TWENTY-FOUR MILLION PESOS (Php24,000,000.00) based on Secs. 3.2.2, 3.2.3, 3.2.4 and 3.2.5, additional shareholdings representing 20% equity of **BULLION** shall be assigned and transferred to **MAJESTIC**.

4.4. The parties undertake to execute the necessary documents for the transfer of additional shares corresponding to another 20% upon receipt of the full payment of the EIGHTY-EIGHT MILLION PESOS (Php88,000,000.00).

4.5. **BULLION** shall provide and/or furnish **MAJESTIC** copies of all corporate records, such as but not limited to [the] Article of Incorporation, By-laws, Financial Statements, General Information Sheets, Board Resolutions, etc.

5. CAPITAL INFUSION

5.1. The **MAJESTIC** shall infuse additional capital to cover the construction cost for the full completion of the MALL. The additional funding for the construction cost and completion of the MALL shall be converted to increased equity for **MAJESTIC**.

5.2. **BULLION and MAJESTIC** agree to amend the Authorized Capital Stock of **BULLION** from the existing THIRTY MILLION PESOS (Php30,000,000.00) to at least TWO HUNDRED MILLION PESOS (Php200,000,000.00) to reflect the actual capital investments of the parties and for the construction and completion of the MALL.

5.3. In the event of any capital call and infusion, existing **BULLION** stockholders shall have the option to maintain their 20% percent equity. In case any stockholder waives his option to subscribe to any additional capital call or infusion, the other stockholders shall be given the option to subscribe to the remaining unpaid subscription rights offering.

6. **ACCELERATION CLAUSE**

6.1. **MAJESTIC** shall have the option to accelerate the Terms of Payment under Sec. 3 in order to expedite the implementation of Sec. 4.

6.2. In the event that **MAJESTIC** fails to pay, despite written demands, at least two (2) installment dues within the period provided in this MOA, the full balance of the amount unpaid shall become immediately due and demandable.

7. **DEFAULT**

7.1. Should **MAJESTIC** default in the payment of at least two (2) installment dues under this contract, **BULLION**, at its sole option may elect to rescind the contract in which event only half of the total amount paid by **MAJESTIC** shall be refunded to it without need of demand. **MAJESTIC** shall be considered in default upon its failure to pay the full amount of the outstanding obligation within fifteen (15) days from written demand of **BULLION**.

7.2 In the event **BULLION** elects to rescind the contract under this provision, it shall serve a written notice of the rescission to **MAJESTIC**.

7.3. In the event **BULLION** fails to comply with any of its undertaking under this contract, a written demand shall likewise be made giving it 15 days to comply. Upon failure to do so, **MAJESTIC** shall serve a written notice of rescission to **BULLION**. All sums paid by **MAJESTIC** shall be refunded to it after written demand.

7.4. In the event that any of the parties should be compelled to seek judicial relief against any of the parties, the aggrieved parties shall pay an amount equivalent to 10% of the total amount claimed as attorney's fees, plus cost of litigation and other expenses.

8. **MANAGEMENT**

Upon payment of Php35,000,000.00 by **MAJESTIC**, a joint management committee shall be created and convened by the Board of Directors that will oversee the construction and operation of the MALL for a period of six (6) months.

x x x⁷

Following the execution of the MOA, Majestic issued five (5) checks, on various dates, for an aggregate amount of Fifty-Seven Million Pesos (₱57,000,000.00) in favor of Bullion, as partial payment of the 80% equity interest in the latter. Bullion acknowledged such payment. However, it alleged that an additional four (4) checks, representing a total amount of ₱31,000,000.00, which were subsequently issued by Majestic were dishonored because of "Stop Payment" orders.⁸ As a result, Bullion sent letters to Majestic demanding payment in full of the latter's outstanding

⁷ *Id.* at 32-35.

⁸ See Defendants' Answer, records, Vol. I, pp. 182-184; pp. 197-200.

obligations, otherwise the former would be constrained to rescind the MOA.⁹ For Majestic's failure to heed Bullion's demands, the latter sent another letter to the former, dated June 24, 2005, informing it that Bullion had elected to rescind the MOA.¹⁰

Meanwhile, Majestic took over the supervision and eventually finished the construction of the Meisic Mall, except with respect to some minor installations. Based on the Summary of Payments,¹¹ attached to its complaint, Majestic claims that, aside from the ₱57,000,000.00 it had earlier paid to Bullion, it also incurred expenses for the purpose of sustaining the construction of Meisic Mall and the acquisition of various equipment for use inside the mall in the sum of One Hundred Thirty-Four Million Five Hundred Twenty-Two Thousand Eight Hundred Three Pesos and Twenty-Two Centavos (₱134,522,803.22).¹² Thus, the aggregate amount alleged to have been invested by Majestic is ₱191,522,803.22.

With the completion of major construction works and the installation of the aforementioned equipment, the Meisic Mall became operational as early as May 2005. Majestic conducted business therein by renting out the mall's leasable spaces to stallholders and by employing personnel for the security, maintenance and upkeep of the mall's premises.¹³

However, in the morning of June 25, 2005, respondent, aided by several police personnel and security guards, entered the premises and took physical possession and control of Meisic Mall.

This prompted Majestic to file a Complaint¹⁴ for Specific Performance, Injunction and Damages with a Prayer for Temporary Restraining Order and/or Writ of Preliminary Injunction against Bullion, together with several other persons. Majestic alleged that it has become a majority shareholder of Bullion by reason of its ₱191,522,803.22 investment, which comprises 95.76% of the agreed ₱200,000,000.00 authorized capital stock of Bullion. Majestic also claims that the subject MOA remains valid and binding and that Bullion failed to comply with its undertakings thereunder.

⁹ Records, Vol. I, pp. 201-204.

¹⁰ *Id.* at 205-206.

¹¹ *Id.* at 41-44.

¹² See Complaint, records, *id.* at 13-14.

¹³ Records, Vol. I, pp. 9 and 14.

¹⁴ *Id.* at 1-19.



In its Answer,¹⁵ Bullion denied the material allegations of Majestic's complaint alleging the defense that it was the latter which, in fact, violated the provisions of the MOA causing Bullion to rescind the said agreement.

Initially, the instant case was treated as an intra-corporate dispute and raffled to Branch 24 of the Regional Trial Court (RTC) of Manila, a commercial court, wherein several Orders were issued against Bullion, and eventually, a Decision¹⁶ dated October 12, 2005 was rendered in favor of Majestic. Bullion assailed the RTC Orders via a special civil action for *certiorari* filed with the CA, docketed as CA-G.R. SP No. 91886, while respondent's stockholders filed an appeal of the RTC Decision, docketed as CA-G.R. CV No. 86167. These two (2) actions were subsequently consolidated by the CA and in its Decision,¹⁷ promulgated on February 19, 2008, via a special division of five, unanimously set aside the Decision of the commercial court and remanded the case to Branch 24, RTC of Manila to be tried as an ordinary specific performance case. However, on Majestic's motion, the presiding judge of Branch 24 subsequently inhibited himself from the case¹⁸ prompting the executive judge to assign the same to Branch 46, RTC of Manila which is also a commercial court.¹⁹ The parties did not question the jurisdiction of Branch 46.

In the ensuing proceedings before Branch 46, the parties jointly moved that the case be submitted for summary judgment, to which the RTC acceded.²⁰

On July 28, 2011, Branch 46, RTC of Manila rendered a Decision²¹ in favor of petitioner, the dispositive portion of which reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff Majestic Plus Holding International, Inc. and against the herein defendants, ordering the latter to:

1. Strictly comply and implement in full the terms and conditions of the Memorandum of Agreement, more particularly the acquisition of 80% shareholdings of defendant Bullion by plaintiff Majestic;
2. Issue the shares of stock of defendant Bullion in favor of plaintiff Majestic corresponding to 40% which has

¹⁵ *Id.* at 176-196.

¹⁶ Records, Vol. II, pp. 18-23.

¹⁷ Records, Vol. III, pp. 12-37.

¹⁸ See RTC Order dated June 15, 2010, *id.* at 120.

¹⁹ See RTC Order dated June 21, 2010, *id.* at 123.

²⁰ See Amended Pre-Trial Order dated July 18, 2011, *id.* at 340.

²¹ Records, Vol. III, pp. 468-478.

long been paid by plaintiff Majestic and record the same in its Stock and Transfer Book;

3. Maintain/restore plaintiff Majestic in the physical possession and control of the entire Meisic Mall premises;
4. Transfer the remaining shares of stock in the name of plaintiff Majestic up to the extent of 80% shareholdings upon payment of the balance of ₱39,000,000.00 and to record the same in the Stock and Transfer Book;
5. Furnish/provide plaintiff Majestic within reasonable time all of defendant Bullion's corporate records;
6. Immediately cause the amendment of the authorized capital stock of defendant Bullion from ₱30,000,000.00 to ₱200,000,000.00 and reflect the increased equity of plaintiff Majestic brought about by the expenses it incurred to complete the Meisic Mall; and
7. Pay the cost of this suit.

The counterclaims of the herein defendants are dismissed for lack of merit.

SO ORDERED.²²

Bullion and its directors appealed the above RTC Decision with the CA.²³

On August 22, 2011, Majestic filed a Motion for Execution Pending Appeal²⁴ which was granted by the RTC by virtue of a Special Order²⁵ and two other related orders,²⁶ all dated September 1, 2011. Consequently, a Writ of Execution Pending Appeal²⁷ on even date was issued. Per Sheriff's Return dated September 2, 2011, the Writ was served on Bullion and was thereby immediately implemented.²⁸ In accordance with the Writ, the Sheriff was able to completely and successfully remove the physical possession and control of Meisic Mall from Bullion and deliver the same to Majestic.²⁹

²² *Id.* at 477-478.

²³ *Id.* at 489 and 495.

²⁴ *Id.* at 479-488.

²⁵ *Id.* at 513-514.

²⁶ *Id.* at 515-516.

²⁷ *Id.* at 517-518.

²⁸ *Id.* at 519-520.

²⁹ *Id.*

In view thereof, Bullion filed a Petition for *Certiorari*³⁰ before the CA seeking the nullification of the: (1) Special Order granting the Motion for Execution Pending Appeal; (2) Order granting police assistance to the implementing Sheriff; (3) Order granting the appointment of a Special Sheriff; and (4) Writ of Execution Pending Appeal. Bullion also prayed for the issuance of a Temporary Restraining Order and Mandatory Injunction.

In its Decision³¹ dated November 2, 2011, the CA granted the aforesaid Petition and annulled and set aside the Special Order and the two (2) other assailed Orders, all dated September 1, 2011, the dispositive portion of which states:

WHEREFORE, premises considered, the instant Petition is hereby **GRANTED**. The assailed Special Order and the two (2) other Orders, all dated 02 September 2011 rendered by the public respondent judge are **ANNULLED** and **SET ASIDE**. Any and all acts committed in pursuance of the said Orders are necessarily **NULLIFIED**.

Accordingly, let a writ of final prohibitory and mandatory injunction issue, as follows:

1. The public and private respondents, together with all persons acting for and in their behalf are **ENJOINED** from proceeding with the implementation of the public respondent's Decision dated 28 July 2011 in Civil Case No. 05-113352 entitled, "Majestic Plus Holding International, Inc. vs. Bullion Investment and Development Corporation, Genesson U. Tecson, Roland M. Lautchang, Wilson Chun Bon Cheng Koa, Luis K. Lokin, Jr., Jefferson U. Tecson and Rosalie C. Ching," as well as the writ of execution pending appeal dated 01 September 2011; and
2. The public and private respondents, and all persons acting for and in their behalf, are **ORDERED** to **RESTORE** the possession and control of the Meisic Mall to petitioner in the same situation and condition immediately before the Decision dated 28 July 2011 in Civil Case No. 05-113352 aforesaid.

SO ORDERED.³²

The CA basically ruled that the RTC committed grave abuse of discretion in granting Majestic's motion for execution pending appeal since

³⁰ *Rollo* (G.R. No. 201017), pp. 259-275.

³¹ *Id.* at 58-82.

³² *Id.* at 81-82. (Emphasis in the original)

the “good reasons” required by Rule 39 of the Rules of Court are found to be absent in the instant case.

On November 14, 2011, Majestic filed a Motion for Reconsideration with the CA, which was denied in its Resolution³³ dated March 14, 2012. Thus, the filing of the present petition by Majestic, docketed as G.R. No. 201017, raising the following grounds:

A.

THE HONORABLE COURT OF APPEALS GRIEVOUSLY ERRED WHEN IT RULED THAT THE REQUISITE FILING OF A MOTION FOR RECONSIDERATION WOULD ONLY DELAY THE URGENT NECESSITY TO RESOLVE THE TEMPORARY RESTRAINING ORDER AS CONTAINED IN THE PETITION ITSELF.

B.

THE HONORABLE COURT OF APPEALS COMMITTED REVERSIBLE ERROR WHEN IT ACCEPTED A HIGHLY DEFECTIVE VERIFICATION AND CERTIFICATION AS WELL AS SECRETARY'S CERTIFICATE SUBMITTED BY BULLION.

C.

THE HONORABLE COURT OF APPEALS COMMITTED SERIOUS ERROR IN DISREGARDING THE UNDISPUTED FACT THAT BULLION'S PETITION FOR CERTIORARI PRESENTS ISSUES/MATTERS THAT ARE PROPER AND ALSO THE SUBJECT OF THE APPEAL INTERPOSED BY BULLION.

D.

THE HONORABLE COURT OF APPEALS GRIEVOUSLY ERRED WHEN IT STRUCK DOWN THE “GOOD REASONS” AS FOUND BY THE TRIAL COURT.

E.

THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED IN ORDERING THE RESTORATION OF THE POSSESSION AND CONTROL OF THE MEISIC MALL TO BULLION.³⁴

During the pendency of G.R. No. 201017, the CA promulgated its Decision³⁵ on Bullion's appeal of the July 28, 2011 Decision of the RTC. The CA essentially ruled that since there are genuine issues of fact in the present case which require the presentation of evidence, the RTC should have proceeded to conduct a full-blown trial and should have refrained from issuing a summary judgment. Hence, the assailed CA Decision disposed as follows:

³³ *Id.* at 84-87.

³⁴ *Id.* at 26.

³⁵ *Rollo* (G.R. No. 215289), pp. 52-69.



WHEREFORE, the appealed July 28, 2011 Decision of the Regional Trial Court of Manila, Branch 46, National Capital Judicial Region is hereby **REVERSED AND SET ASIDE**.

Accordingly, the portion of the Decision directing defendant-appellant Bullion Investment and Development Corporation to maintain/restore plaintiff Majestic in the physical possession and control of the entire Meisic Mall premises is declared to be of no force and effect. The right of defendant-appellant Bullion Investment and Development Corporation to physically possess, manage and control the Meisic Mall, now known as 11/88 Mall, is recognized. As to the other aspects of the case, let this case be **REMANDED** to the RTC of Manila, to be re-raffled to a regular court and not to a special commercial court, for further proceedings and proper disposition, according to regular procedure.

SO ORDERED.³⁶

Aggrieved by the CA Decision, Majestic comes to this Court via the instant petition, docketed as G.R. No. 215289, on the following grounds:

I. THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED IN REVERSING THE DECISION OF THE REGIONAL TRIAL COURT BRANCH 46 OF MANILA.

II. THE REGIONAL TRIAL COURT BRANCH 46 OF MANILA HAS JURISDICTION OVER THE CASE.

III. THE REGIONAL TRIAL COURT BRANCH 46 OF MANILA DID NOT EXCEED JURISDICTION.

IV. THE REGIONAL TRIAL COURT BRANCH 46 OF MANILA DID NOT ERR IN GRANTING MAJESTIC CLAIMS AND DISMISSING DEFENDANTS-APPELLANTS' COUNTER-CLAIM.

V. THE HONORABLE COURT OF APPEALS ERRED WHEN IT DENIED MAJESTIC'S MOTION FOR RECONSIDERATION.³⁷

In a Resolution³⁸ dated January 28, 2015, this Court resolved to consolidate G.R. No. 201017 and 215289.

The petitions lack merit.

At the outset, it behooves this Court to determine the issue of whether or not the RTC, Branch 46 of Manila has jurisdiction over the subject matter

³⁶ *Id.* at 67-68. (Emphasis in the original)

³⁷ *Id.* at 22.

³⁸ *Rollo* (G.R. No. 201017), p. 313.

of the instant case. In its Comment in G.R. No. 215289, Bullion contends that neither Branch 24 nor Branch 46 of the RTC of Manila has jurisdiction over the suit for specific performance filed by Majestic. Bullion argues that having been designated as special commercial courts, the jurisdiction of Branches 24 and 46 is limited to trying and deciding special commercial cases only. On the other hand, Majestic counters that the designation of RTCs as special commercial courts has not, in any way, limited their jurisdiction to hear and decide cases of all nature, whether civil, criminal or special proceedings.

As a basic premise, the Court reiterates the principle that a court's acquisition of jurisdiction over a particular case's subject matter is different from incidents pertaining to the exercise of its jurisdiction.³⁹ Jurisdiction over the subject matter of a case is conferred by law, whereas a court's exercise of jurisdiction, unless provided by the law itself, is governed by the Rules of Court or by the orders issued from time to time by the Supreme Court.⁴⁰ The matter of whether the RTC resolves an issue in the exercise of its general jurisdiction or of its limited jurisdiction as a special court is only a matter of procedure and has nothing to do with the question of jurisdiction.⁴¹

Moreover, it should be noted that Special Commercial Courts (SCCs) are still considered courts of general jurisdiction.⁴² Section 5.2⁴³ of R.A. No. 8799, otherwise known as *The Securities Regulation Code*, directs merely the Supreme Court's designation of RTC branches that shall exercise jurisdiction over intra-corporate disputes. The assignment of intra-corporate disputes to SCCs is only for the purpose of streamlining the workload of the RTCs so that certain branches thereof like the SCCs can focus only on a particular subject matter.⁴⁴ Nothing in the language of the law suggests the diminution of jurisdiction of those RTCs to be designated as SCCs.⁴⁵ The RTC exercising jurisdiction over an intra-corporate dispute can be likened to

³⁹ *Concorde Condominium Inc., etc., et al. v. Augusto H. Baculio*, G.R. No. 203678, February 17, 2016; *Gonzales, et al. v. GJH Land, Inc. et al.*, G.R. No. 202664, November 10, 2015.

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *G.D. Express Worldwide, N.V., et al. v. Court of Appeals (4th Division), et al.*, 605 Phil. 406, 418 (2009); *Strategic Alliance Development Corporation v. Star Infrastructure Development Corporation, et al.*, 649 Phil. 669, 687 (2010); *Concorde Condominium Inc., etc., et al. v. Augusto H. Baculio*, *supra* note 39.

⁴³ 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 the 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 payment/rehabilitation cases filed as of 30 June 2000 until finally disposed.

⁴⁴ *G.D. Express Worldwide, N.V., et al. v. Court of Appeals (4th Division), et al.*, *supra* note 42, at 419.

⁴⁵ *Id.*

an RTC exercising its probate jurisdiction or sitting as a special agrarian court. The designation of the SCCs as such has not in any way limited their jurisdiction to hear and decide cases of all nature, whether civil, criminal or special proceedings.⁴⁶

Stated differently, in the ruling case of *Gonzales, et al. v. GJH Land, Inc., et al.*,⁴⁷ this Court held that:

x x x the fact that a particular branch x x x has been designated as a Special Commercial Court does not shed the RTC's general jurisdiction over ordinary civil cases under the imprimatur of statutory law, *i.e.*, Batas Pambansa Bilang (BP) 129. To restate, the designation of Special Commercial Courts was merely intended as a procedural tool to expedite the resolution of commercial cases in line with the court's **exercise of jurisdiction**. This designation was not made by statute but only by an internal Supreme Court rule under its authority to promulgate rules governing matters of procedure and its constitutional mandate to supervise the administration of all courts and the personnel thereof. Certainly, an internal rule promulgated by the Court cannot go beyond the commanding statute. But as a more fundamental reason, the designation of Special Commercial Courts is, to stress, merely an incident related to the court's exercise of jurisdiction, which, as first discussed, is distinct from the concept of jurisdiction over the subject matter. The RTC's general jurisdiction over ordinary civil cases is therefore not abdicated by an internal rule streamlining court procedure.⁴⁸

Hence, based on the foregoing, it is clear that Branch 46, RTC of Manila, despite being designated as an SCC, has jurisdiction to hear and decide Majestic's suit for specific performance.

Having disposed of the question of jurisdiction, the Court will now proceed to delve into the merits of the present petitions.

There are two basic issues posed in these two petitions. First is the correctness of the July 28, 2011 Decision of the RTC via summary judgment. Second is the propriety of ordering the execution of such Decision pending appeal. In turn, the Court notes that both these issues hinge on the preliminary determination of whether or not the RTC was correct in considering the case appropriate for summary judgment. The Court will, thus, follow the course taken by the CA and proceed to determine first if it was proper for the RTC to render its assailed summary judgment.

⁴⁶ *Id.*

⁴⁷ *Supra* note 39.

⁴⁸ *Id.*

Summary judgment is a procedural device resorted to in order to avoid long drawn out litigations and useless delays.⁴⁹ Relief by summary judgment is intended to expedite or promptly dispose of cases where the facts appear undisputed and certain from the pleadings, depositions, admissions and affidavits.⁵⁰ Summary judgments are proper when, upon motion of the plaintiff or the defendant, the court finds that the answer filed by the defendant does not tender a genuine issue as to any material fact and that one party is entitled to a judgment as a matter of law.⁵¹ **But if there be a doubt as to such facts and there be an issue or issues of fact joined by the parties, neither one of them can pray for a summary judgment.⁵² Where the facts pleaded by the parties are disputed or contested, proceedings for a summary judgment cannot take the place of a trial.⁵³**

In *Calubaquib, et al. v. Republic of the Philippines*,⁵⁴ this Court had the occasion to discuss the nature of a summary judgment and to reiterate the conditions that should be met before it can be resorted to, to wit:

x x x x

An examination of the Rules will readily show that a summary judgment is by no means a hasty one. It assumes a scrutiny of facts in a summary hearing after the filing of a motion for summary judgment by one party supported by affidavits, depositions, admissions, or other documents, with notice upon the adverse party who may file an opposition to the motion supported also by affidavits, depositions, or other documents x x x. **In spite of its expediting character, relief by summary judgment can only be allowed after compliance with the minimum requirement of vigilance by the court in a summary hearing considering that this remedy is in derogation of a party's right to a plenary trial of his case.** At any rate, a party who moves for summary judgment has the burden of demonstrating clearly the absence of any genuine issue of fact, or that the issue posed in the complaint is so patently unsubstantial as not to constitute a genuine issue for trial, and any doubt as to the existence of such an issue is resolved against the movant.

As mentioned above, a summary judgment is permitted only if there is no genuine issue as to any material fact and the moving party is entitled to a judgment as a matter of law. The test of the propriety of rendering summary judgments is the existence of a genuine issue of fact, as distinguished from a sham, fictitious, contrived or false claim. A factual

⁴⁹ *Spouses Villuga v. Kelly Hardware and Construction Supply, Inc.*, 691 Phil. 353, 364 (2012).

⁵⁰ *YKR Corporation, et al., v. Philippine Agri-Business Center Corporation*, G.R. No. 191838, October 20, 2014, 738 SCRA 577, 598.

⁵¹ *Spouses Soller v. Heirs of Jeremias Ulayao*, 691 Phil. 348, 351 (2012), citing *Calubaquib, et al. v. Republic of the Philippines*, 667 Phil. 653, 661 (2011).

⁵² *YKR Corporation, et al., v. Philippine Agri-Business Center Corporation*, *supra* note 50. (Emphasis ours)

⁵³ *Id.* (Emphasis ours)

⁵⁴ *Supra* note 51.

issue raised by a party is considered as sham when by its nature it is evident that it cannot be proven or it is such that the party tendering the same has neither any sincere intention nor adequate evidence to prove it. This usually happens in denials made by defendants merely for the sake of having an issue and thereby gaining delay, taking advantage of the fact that their answers are not under oath anyway.

In determining the genuineness of the issues, and hence the propriety of rendering a summary judgment, the court is obliged to carefully study and appraise, not the tenor or contents of the pleadings, but the facts alleged under oath by the parties and/or their witnesses in the affidavits that they submitted with the motion and the corresponding opposition. Thus, it is held that, even if the pleadings on their face appear to raise issues, a summary judgment is proper so long as “the affidavits, depositions, and admissions presented by the moving party show that such issues are not genuine.”

The filing of a motion and the conduct of a hearing on the motion are, therefore, important because these enable the court to determine if the parties’ pleadings, affidavits and exhibits in support of, or against, the motion are sufficient to overcome the opposing papers and adequately justify the finding that, as a matter of law, the claim is clearly meritorious or there is no defense to the action. The non-observance of the procedural requirements of filing a motion and conducting a hearing on the said motion warrants the setting aside of the summary judgment.⁵⁵

In the present case, it is true that both parties moved for the rendition of a summary judgment.⁵⁶ However, it is apparent that the RTC did not comply with the procedural guidelines when it ordered that the case be submitted for summary judgment without first conducting a hearing to determine if there are indeed no genuine issues of fact that would necessitate trial. The trial court merely required the parties to submit their respective memoranda, together with their affidavits and exhibits and, although the parties presented opposing claims, the RTC hastily rendered a summary judgment. Thus, the trial court erred in cursorily issuing the said judgment.

Undoubtedly, the case at bar may not, even by the most liberal or strained interpretation, be considered as one not involving genuine issues of fact which necessitates presentation of evidence to determine which of the two conflicting assertions is correct. A careful examination of the pleadings will show that Majestic's causes of action in its Complaint are anchored on Bullion's supposed violations of the provision of the subject MOA. On the other hand, Majestic's allegations are controverted by Bullion who, in a like manner, asserts that by virtue of Majestic's failure to comply with the

⁵⁵ *Calubaquib, et al. v. Republic of the Philippines, id.* at 661-663, citing *Viajar v. Estenzo*, 178 Phil. 561, 572-573 (1979). (Emphases supplied; citations omitted)

⁵⁶ See RTC Order dated June 23, 2011, records, Vol. III, p. 267.

provisions of the said MOA, it decided to rescind the same. These diametrically opposed and conflicting claims present a factual dispute which can be resolved and settled only by means of evidence presented during trial. The documents and memorandum submitted by the parties all the more show that the facts pleaded are disputed or contested. It is true that the main document from which the parties base their claims and defenses is the same MOA and that the issue submitted for resolution before the RTC is which of the parties complied with or violated the provisions of the said MOA. However, arising from this main issue are conflicting allegations coming from both parties. In turn, these allegations tender genuine issues of fact necessitating the presentation of evidence, thus, precluding the rendition of a summary judgment. Certainly, the issue as to who violated the subject MOA, thus, raised by the parties and formulated by the RTC in its Amended Pre-Trial Order, as well as the particular matters as to whether or not the said MOA has been validly rescinded and whether or not Majestic has, in fact, incurred ₱134,522,803.22 in completing the construction of and in maintaining the operation of the Meisic Mall, are issues which may not be categorized as frivolous and sham so as to dispense with the presentation of evidence in a formal trial.

As to the issue of rescission of the subject MOA, Bullion contends that it rescinded the MOA because Majestic failed to pay several installments of its obligations which are due thereunder, which failure gives Bullion the right to rescind the same. On the other hand, Majestic opposes the rescission insisting that the MOA remains valid and binding for Bullion's failure to comply with the conditions of a valid rescission as set under the MOA. Majestic likewise argues that it was, in fact, Bullion which violated the provisions of the MOA. It is a settled rule that extrajudicial rescission has a legal effect where the other party does not oppose it.⁵⁷ Where it is objected to, a judicial determination of the issue is still necessary.⁵⁸ Thus, considering Majestic's strong opposition to Bullion's rescission of the MOA, and since both parties allege that the other had violated the MOA, the Court agrees with the CA that the issue of rescission necessitates judicial intervention which entails examination by the trial court of evidence presented by the parties in a full-blown trial.

Also, the Court finds no error in the ruling of the CA that the aggregate sum of ₱134,522,803.22 alleged by Majestic as expenses it incurred in completing the construction of the Meisic Mall, as well as in the acquisition of equipment and facilities used therein, is yet to be substantiated by competent proof. The only evidence presented by Majestic to support its

⁵⁷ *Subic Bay Metropolitan Authority, et. al. v. Universal International Group of Taiwan, et al.*, 394 Phil. 691, 711 (2000); *Palay, Inc., et al. v. Clave, et al.*, 209 Phil. 523, 530 (1983).

⁵⁸ *Id.*



claims is an Affidavit⁵⁹ executed by the Finance Comptroller of its allied corporation, accompanied by a summary of Payments Made to Meisic Mall.⁶⁰ Majestic has yet to present receipts or other competent documentary evidence to prove the said payments. Moreover, these claims were specifically denied by Bullion in its Answer to the Complaint. In view of such denial, Majestic's claims are, thus, subject to confirmation and validation by proof during trial proper.

Moreover, in a Special Division composed of five (5) Justices, the CA in its February 19, 2008 Decision, which remanded the case to the RTC to be tried as an ordinary specific performance case, held that Majestic's Complaint raises many factual issues which, while refuted by Bullion's Answer, would still have to be disproved by evidence in further proceedings.⁶¹ Also, in its presently assailed Decision dated November 2, 2011, another Division of the CA, which annulled the RTC Order granting Majestic's motion for execution pending appeal, expressed misgivings with respect to the trial court's disposition of the case by ratiocinating in this wise:

What is more, the Court is mystified [perplexed?] on how the public respondent judge came to rule as to the actions sought to be implemented or enforced in the assailed Orders. Of course, the Court is aware that the entry of private respondents shareholdings in the stock and transfer books, the amendment of value of its investments and the award of physical possession of the Meisic Mall, are all contained in the dispositive portion of the lower court's Decision. However, it appears in the very same Decision that the proceedings before the public respondent are summary in nature and that the sole issue which the parties agreed upon is who between these parties violated the Memorandum of Agreement. Nothing more, nothing less.⁶²

Furthermore, a perusal of the records of the case would show that Majestic itself is not totally convinced that the case is, indeed, ripe for summary judgment. In its Motion for Reconsideration of the May 13, 2010 Order of the RTC of Manila, which initially dismissed its Complaint on the ground of lack of cause of action, Majestic argued for the need of a full-blown trial to thresh out the parties' conflicting claims, to wit:

x x x x

As regard[s] defendant Bullion's alleged non commission of any act or omission in violation of [Majestic's] rights and the failure of the

⁵⁹ Records, Vol. III, p. 387.
⁶⁰ *Id.* at 388-391.
⁶¹ See records, Vol. III, p. 36.
⁶² *Rollo* (G.R. No. 201017), p. 76.



latter to comply with its obligations, these are in no doubt, evidentiary matters which have yet to be established in a full blown trial. As the records would show, the case has not even reached the pre-trial hearing and therefore, it becomes too premature for the Honorable Court to make a definite ruling on the alleged lack of cause of action.

Indeed, unless the parties have presented their respective evidence in chief, any findings on the alleged lack of cause of action will be highly premature and speculative at best.⁶³

In granting Majestic's Motion for Reconsideration, the RTC agreed with Majestic's above-quoted argument and ruled, thus:

x x x x

A perusal of the complaint hypothetically admitting all the facts and allegations in the subject complaint [shows that] there [are] sufficient factual averments where this Court can render valid judgments. Essentially, these causes of action raise many factual issues traversing on the Memorandum of Agreement and the obligation of the defendant[s] to the plaintiff which indeed have to be disproved by the defendants in a full blown trial as this was refuted in the Answer. Even the comment in the motion for reconsideration establishing the circumstances involving the rescission of the Memorandum of Agreement are clear factual matters which should be proved and threshed out in a full blown trial.⁶⁴

On the basis of the foregoing, it is clear that the RTC erred in rendering its assailed summary judgment. Thus, the CA did not commit error in setting aside the said summary judgment.

In view of this Court's affirmance of the CA ruling which reversed and set aside the July 28, 2011 Decision of the RTC, there is no longer any RTC judgment that may be executed. Hence, the issue as to whether or not there are "good reasons" to execute the assailed Decision of the RTC has become moot and academic. This is in accordance with our ruling in *Osmeña III v. Social Security System of the Philippines*,⁶⁵ where we defined a moot and academic case or issue as follows:

A case or issue is considered moot and academic when it ceases to present a justiciable controversy by virtue of supervening events, so that an adjudication of the case or a declaration on the issue would be of no practical value or use. In such instance, there is no actual substantial relief

⁶³ Records, Vol. III, p. 115.

⁶⁴ See RTC Order dated January 11, 2011; *id.* at 146.

⁶⁵ 559 Phil. 723 (2007).



which a petitioner would be entitled to, and which would be negated by the dismissal of the petition. Courts generally decline jurisdiction over such case or dismiss it on the ground of mootness – save when, among others, a compelling constitutional issue raised requires the formulation of controlling principles to guide the bench, the bar and the public; or when the case is capable of repetition yet evading judicial review.⁶⁶

Consequently, this Court no longer finds any need to discuss and resolve the other issues raised in G.R. No. 201017.

As to who between the parties has the right of possession, control and operation of the Meisic Mall, suffice it to say that the Court agrees with the disquisition of the CA in its October 23, 2013 Decision in CA-G.R. CV No. 97537, which sustains the restoration of possession and control of the Meisic Mall in favor of Bullion, to wit:

Basic is the rule in corporation law that the business and affairs of a corporation [are] handled by a Board of Directors and not the controlling stockholder. All corporate powers are exercised, all business conducted and all properties controlled by the Board of Directors. Hence, [even granting that] Majestic has become the controlling stockholder of the Bullion x x x by itself alone, it cannot have the physical possession and operate the business of the Meisic Mall.⁶⁷

Finally, the Court agrees with the ruling of the CA which ordered the remand of the case to the RTC of Manila to be re-raffled to a non-commercial court for further proceedings and proper disposition.

WHEREFORE, the instant petitions are **DENIED**. The November 2, 2011 Decision and March 14, 2012 Resolution of the Court of Appeals in CA-G.R. SP No. 121072 are **AFFIRMED**. The October 23, 2013 Decision and November 4, 2014 Resolution of the Court of Appeals in CA-G.R. CV No. 97537 are, likewise, **AFFIRMED**. The Executive Judge of the Regional Trial Court of Manila is hereby **ORDERED** to **PROMPTLY RE-RAFFLE** the case among the non-commercial courts with a directive that the same be resolved with deliberate dispatch.

⁶⁶ *Osmena III v. Social Security System of the Philippines*, *supra*, at 735, citing *Governor Mandanas v. Honorable Romulo*, 473 Phil. 806 (2004); *Olanolan v. Comelec*, 494 Phil. 749, 759 (2005); *Paloma v. Court of Appeals*, 461 Phil. 269, 276-277 (2003). (Citations omitted)

⁶⁷ *Rollo* (G.R. No. 215289), p. 67.

SO ORDERED.


DIOSDADO M. PERALTA
Associate Justice

WE CONCUR:


JOSE PORTUGAL PEREZ
Associate Justice


BIENVENIDO L. REYES
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice


FRANCIS H. JARDELEZA
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

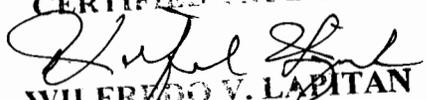

DIOSDADO M. PERALTA
Associate Justice
Acting Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice

CERTIFIED TRUE COPY

WILFREDO V. LAPITAN
Division Clerk of Court
Third Division
DEC 14 2016