



Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

ROBERTO V. SAN JOSE and  
DELFIN P. ANGCAO,  
Petitioners,

G.R. No. 190590

Present:

CARPIO, J., Chairperson,  
PERALTA,  
MENDOZA,  
LEONEN,\* and  
MARTIRES, JJ.

- versus -

JOSE MA. OZAMIZ,  
Respondent.

Promulgated:

12 JUL 2017

*[Handwritten signature]*

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DECISION

CARPIO, J.:

The Case

This is a petition for review on *certiorari* under Rule 45 of the Rules of Court. Petitioners Roberto V. San Jose (San Jose) and Delfin P. Angcao (Angcao) challenge the 25 September 2009 Decision<sup>1</sup> and 9 December 2009 Resolution<sup>2</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 105543 which reversed and set aside the 10 September 2008 Order<sup>3</sup> of the Regional Trial Court (RTC) of Makati City, Branch 149, in Civil Case No. 08-226 which dismissed the complaint for inspection of books<sup>4</sup> filed by respondent Jose Ma. Ozamiz (Ozamiz) for lack of jurisdiction.

\* On leave.

<sup>1</sup> *Rollo*, pp. 35-58. Penned by Associate Justice Romeo F. Barza, with Associate Justices Remedios A. Salazar-Fernando and Isaias P. Dicdican concurring.

<sup>2</sup> *Id.* at 61-62.

<sup>3</sup> *Id.* at 63-64.

<sup>4</sup> *Id.* at 77-84.

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### The Facts

On 17 July 1996, San Jose was elected Corporate Secretary of Philcomsat Holdings Corporation (PHC) then known as Liberty Mines, Inc. Thereafter, on 10 January 1997, San Jose was elected as a member of the Board of Directors and was re-elected several times as director and Corporate Secretary in the succeeding years. On 8 October 1999, Angcao was elected as Assistant Corporate Secretary, and was likewise re-elected several times thereafter as such. On 20 February 2007, San Jose resigned as PHC director. On 7 May 2007, he also relinquished his position as Corporate Secretary. With this resignation, Angcao was elected to serve as the Corporate Secretary of PHC. Since then, San Jose ceased to be connected with PHC and has not held any position of office in PHC.

Ozamiz was a stockholder of PHC since 6 January 1997. On 11 May 2007, he wrote petitioners to request for a copy of all the Minutes of the Meetings of the Board of Directors and Executive Committee of PHC from 2000 to 2007 and a certification as to the completeness thereof.<sup>5</sup> On 15 May 2007, Angcao received this letter. On 18 May 2007, Ozamiz's secretary inquired from the office of Angcao if the minutes were ready and was informed that the request was referred to the Board of Directors for approval. In a letter to Angcao dated 21 May 2007, Ozamiz demanded for either the copies of the minutes and the issuance of the requested certification of completeness or an explanation in writing for his refusal to do so. From 23 May 2007 to 28 May 2007, Ozamiz and his secretary followed-up with the petitioners to no avail. On 29 May 2007, Ozamiz was told that his request for documents would be taken up at the next Board Meeting. Since 29 May 2007 up to the filing of the complaint, Ozamiz did not hear anything from PHC, its Board of Directors, or any others.

On 20 June 2007, at the meeting of the Board of Directors, the request of Ozamiz was discussed. Considering that a similar case filed by Atty. Victor Africa for the inspection of the books of PHC was still pending in court, and in view of the fact that Ozamiz belonged to the same group as Atty. Africa, the matter was referred by the Board of Directors to the PHC Legal Committee for study and recommendation. Until his resignation in 22 January 2008, Angcao never heard from Ozamiz again.

On 25 March 2008, Ozamiz filed a complaint for inspection of books with the RTC, praying that he be provided a copy of all the minutes of the meetings of directors, the Executive Committee and such other committees constituted by the PHC from 2000 to 2007. On 5 May 2008, petitioners, together with Alma Kristina O. Alobba and Kristine Joy R. Diaz who were also subsequently impleaded by Ozamiz, filed their Answer *Ad Cautelam* where they denied the allegations of Ozamiz for lack of knowledge.<sup>6</sup> They

<sup>5</sup> Id. at 75.

<sup>6</sup> Id. at 101-108.



also argued that the RTC had no jurisdiction over the complaint as the subject matter thereof is under the exclusive jurisdiction of the Sandiganbayan.

Petitioners asserted that since 80.35% of PHC is owned by Philippine Communications Satellite Corporation (Philcomsat), and Philcomsat is wholly owned by Philippine Overseas Telecommunications Corporation (POTC), and both Philcomsat and POTC are subjects of a standing sequestration order issued by the Presidential Commission on Good Government (PCGG), the case should have been filed before the Sandiganbayan. They prayed that the complaint be dismissed for lack of jurisdiction and for lack of merit.

### **The Ruling of the RTC**

On 10 September 2008, the RTC rendered its Order dismissing the complaint for lack of jurisdiction. The Order provides in part:

Perusal of the complaint shows that the intra-corporate controversy herein involves plaintiff's demand for the production and inspection of 'all the minutes of the meetings of the board of directors, the Executive Committee and such other committees constituted by the PHC from 2000 to 2007.' It is noted that Philcomsat has controlling interest in PHC, and that POTC is the beneficial owner of Philcomsat. Both POTC and Philcomsat are sequestered companies being administered by the PCGG.

Jurisprudence tells us that not only principal causes of action involving sequestered companies fall under the Sandiganbayan jurisdiction, but also 'all incidents arising from, incidental to, or related, to such cases (Del Moral, et al. vs. Republic of the Philippines, 457 SCRA 188 [2005] citing PCGG vs. Peña, 159 SCRA 556 [1998]). It was further cited in Del Moral that 'Sequestration is taking into custody under PCGG's control or possession any asset, fund or property, as well as relevant records, papers and documents, in order to prevent their concealment, destruction, impairment or dissipation pending determination of the question whether said asset, fund or property is ill-gotten wealth under Executive Order[] Nos. 1 and 2.'<sup>7</sup>

On 3 October 2008, Ozamiz filed with the CA a petition for review under Rule 43 of the Rules of Court to assail the Order of the RTC. Ozamiz argued that the RTC, and not the Sandiganbayan, had jurisdiction over the case because PHC is an unsequestered corporation and the case is not about a supposed violation of the Anti-Graft and Corrupt Practices Act<sup>8</sup> or about the forfeiture of ill-gotten wealth under Republic Act (RA) No. 1379.<sup>9</sup> Ozamiz argued that since it is a simple case for inspection of books, it is an

<sup>7</sup> Id. at 63-64.

<sup>8</sup> Republic Act No. 3019.

<sup>9</sup> *Rollo*, pp. 148-150



intra-corporate controversy under RA No. 8799<sup>10</sup> and the Interim Rules of Procedure for Intra-Corporate Controversies.<sup>11</sup>

### **The Ruling of the CA**

In a Decision dated 25 September 2009, the CA reversed and set aside the Order of the RTC.<sup>12</sup> The CA found that the case filed by Ozamiz was a simple intra-corporate dispute, and thus it was the RTC which had jurisdiction over the case. The CA held:

In the present case, it bears remembering that only POTC and Philcomsat are under sequestration by the PCGG and not PHC itself. True, POTC appears to wholly own Philcomsat, and Philcomsat, in turn, owns a substantial part of PHC (about 80.35%), but the fact remains that **PHC is not under any writ of sequestration issued by the PCGG.**

Moreover, while 80.35% of PHC is owned by Philcomsat, it is important to remember that only the said shares corresponding to such a majority ownership of PHC are considered assets of a sequestered corporation. **Hence, only the shares corresponding to Philcomsat's 80.35% stake over PHC is a sequestered asset.** In fact, as a rule, the PCGG, as a mere conservator of the said shares, does not even automatically exercise acts of dominion over PHC by voting these shares as it is settled that, as a general rule, the registered owner of the shares of a corporation, even if they are sequestered by the government through the PCGG, still exercises the right and the privilege of voting on them (See *Cojuangco, Jr. vs. Roxas*, G.R. Nos. 91925 & 93005, 16 April 1991, citing Section 24 of the Corporation Code. See also *PCGG vs. Cojuangco, Jr.*, G.R. No. 133197, 27 January 1999).

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Bearing those in mind, therefore, in the Court's considered view, petitioner's request in the present controversy, by virtue of being a stockholder, to be provided with a copy of all the minutes of the meetings of directors, the Executive Committee and such other committees constituted by PHC, is simply an intra-corporate dispute within PHC. Lest it be forgotten, an intra-corporate dispute has been defined as a dispute which arises between the stockholder and the corporation (*Philex Mining Corp. vs. Reyes*, 118 SCRA 602). In fact, the various allegations by the respondents that the petitioner's motivation in filing the present complaint is part of a concerted effort by the petitioner's group to wrest control over PHC all the more convinces this Court that the same is nothing more but an intra-corporate dispute within PHC. As such, jurisdiction over the question as to whether the petitioner is entitled to his request pertains to the Regional Trial Court and not the Sandiganbayan.<sup>13</sup> (Boldfacing and underscoring in the original)

<sup>10</sup> The Securities Regulations Code.

<sup>11</sup> *Rollo*, p. 154.

<sup>12</sup> *Id.* at 57.

<sup>13</sup> *Id.* at 53-54, 56-57.



In a Resolution dated 9 December 2009,<sup>14</sup> the CA denied the Motion for Reconsideration filed by petitioners.

Hence, this petition.

### **The Issues**

In this petition, petitioners seek a reversal of the decision of the CA, and raise the following arguments:

THE COURT OF APPEALS DID NOT HAVE JURISDICTION TO ENTERTAIN RESPONDENT'S "PETITION FOR REVIEW" DATED OCTOBER 3, 2008 AS IT RAISED PURE QUESTIONS OF LAW;

PURSUANT TO THIS HONORABLE COURT'S RULING IN DEL MORAL VS. REPUBLIC OF THE PHILIPPINES AND OTHER RELATED JURISPRUDENCE, THE TRIAL COURT DID NOT HAVE JURISDICTION OVER RESPONDENT'S COMPLAINT; and

THIS CASE DOES NOT INVOLVE A MERE INTRA-CORPORATE DISPUTE BECAUSE IT CONCERNS MATTERS RELATING TO THE ASSETS OF A SEQUESTERED CORPORATION.<sup>15</sup>

### **The Ruling of the Court**

This petition is without merit.

*First*, we review whether the CA erred in taking cognizance of the petition for review under Rule 43 of the Rules of Court. Petitioners argue that since the petition for review involved a pure question of law – whether the RTC erred in dismissing the complaint filed for lack of jurisdiction – the CA did not have jurisdiction to resolve the petition.

Respondent, however, argues that the appeal to the CA under Rule 43 of the Rules of Court is correct under A.M. No. 04-9-07-SC<sup>16</sup> which provides that the proper mode of appeal in cases involving corporate rehabilitation and intra-corporate controversies – which include decisions and final orders in cases falling under the Interim Rules of Corporate Rehabilitation and the Interim Rules of Procedure Governing Intra-Corporate Controversies under RA No. 8799 – is a petition for review under Rule 43 of the Rules of Court filed with the CA.

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<sup>14</sup> Id. at 61-62.

<sup>15</sup> Id. at 16.

<sup>16</sup> Dated 14 September 2004.



Thus, to determine whether or not the appeal to the CA via a petition for review under Rule 43 of the Rules of Court was proper, we determine whether this case involves an intra-corporate dispute.

To determine whether or not a case involves an intra-corporate dispute, two tests are applied – the relationship test and the nature of the controversy test.

Under the relationship test, there is an intra-corporate controversy 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.<sup>17</sup>

On the other hand, in accordance with the nature of controversy test, an intra-corporate controversy arises when the controversy 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.<sup>18</sup>

Based on the foregoing tests, it is clear that this case involves an intra-corporate dispute. It is a conflict between a stockholder and the corporation, which satisfies the relationship test, and it involves the enforcement of the right of Ozamiz, as a stockholder, to inspect the books of PHC and the obligation of the latter to allow its stockholder to inspect its books.

More importantly, we also note that in *Abad v. Philippine Communications Satellite Corporation*,<sup>19</sup> one of the issues resolved by this Court was whether it was the Sandiganbayan or the RTC which had jurisdiction over a stockholder's suit to enforce its right of inspection under Section 74 of the Corporation Code against PHC, the same corporation involved in this present case. We categorized the concern of its stockholder as an intra-corporate dispute, to wit:

In the case at bar, the complaint concerns PHILCOMSAT's demand to exercise its right of inspection as stockholder of PHC but which petitioners refused on the ground of the ongoing power struggle within POTC and PHILCOMSAT that supposedly prevents PHC from recognizing PHILCOMSAT's representative (Africa) as possessing such

<sup>17</sup> *Philippine Communications Satellite Corporation v. Sandiganbayan*, 5<sup>th</sup> Division, G.R. No. 203023, 17 June 2015, 759 SCRA 242, citing *Medical Plaza Makati Condominium Corp. v. Cullen*, 720 Phil. 732, 742-743 (2013).

<sup>18</sup> *Id.*, 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).

<sup>19</sup> 756 Phil. 294 (2015).

right or authority from the legitimate directors and officers. **Clearly, the controversy is intra-corporate in nature as they arose out of intra-corporate relations between and among stockholders, and between stockholders and the corporation.**<sup>20</sup> (Boldfacing and underscoring supplied)

In this wise, we find that the dispute at hand, which involves the stockholder, Ozamiz, demanding to inspect the books of PHC and the consequent refusal of the corporation to show its books, is simply an intra-corporate dispute. And because this is an intra-corporate dispute, the matter was properly elevated to the CA. A.M. No. 04-9-07-SC<sup>21</sup> provides:

WHEREFORE, the Court Resolves:

1. All decisions and final orders in cases falling under the Interim Rules of Corporate Rehabilitation and the Interim Rules of Procedure Governing Intra-Corporate Controversies under Republic Act No. 8799 shall be appealable to the Court of Appeals **through a petition for review under Rule 43 of the Rules of Court.** (Boldfacing and underscoring supplied)

The order of the RTC dismissing the case for lack of jurisdiction was a final order under the Interim Rules of Procedure Governing Intra-Corporate Controversies under RA No. 8799, which was the effective set of rules when the complaint and subsequent appeal were filed. Thus, the proper remedy was to appeal the order to the CA through a petition for review under Rule 43 of the Rules of Court. The CA was therefore correct in taking cognizance of the appeal.

*Next*, we discuss whether the CA erred in remanding the case back to the RTC after finding that the complaint was within the jurisdiction of the RTC.

Petitioners argue that since the majority of the stocks of PHC is owned by corporations sequestered by the PCGG, the case concerns assets of sequestered corporations, and thus the Sandiganbayan is the proper court with jurisdiction.

Again, we disagree.

The mere fact that a corporation's shares of stocks are owned by a sequestered corporation does not, by itself, automatically categorize the matter as one involving sequestered assets, or matters incidental to or related to transactions involving sequestered corporations and/or their assets.

To be clear, jurisdiction of a court is conferred by law and the jurisdiction of the Sandiganbayan in relation to sequestered property is

<sup>20</sup> Id. at 306.

<sup>21</sup> Dated 14 September 2004.

conferred by Presidential Decree (PD) No. 1606, as amended by RA No. 8249, which provides in part:

Section 4. *Jurisdiction.* The Sandiganbayan shall have jurisdiction over:

- c. Civil and criminal cases filed pursuant to and in connection with Executive Order Nos. 1, 2, 14 and 14-A, issued in 1986.

In turn, these Executive Orders refer to the recovery by the PCGG of the ill-gotten wealth of former President Ferdinand E. Marcos, his relatives, dummies, and other agents. This Court held in *PCGG v. Peña*:<sup>22</sup>

On the issue of jurisdiction squarely raised, as above indicated, the Court sustains petitioner's stand and holds that regional trial courts and the Court of Appeals for that matter have *no* jurisdiction over the Presidential Commission on Good Government in the exercise of its powers under the applicable Executive Orders and Article XVIII, [S]ection 26 of the Constitution and therefore may not interfere with and restrain or set aside the orders and actions of the Commission. Under [S]ection 2 of the President's Executive Order No. 14 issued on May 7, 1986, **all cases of the Commission regarding "the Funds, Moneys, Assets, and Properties Illegally Acquired or Misappropriated by Former President Ferdinand Marcos, Mrs. Imelda Romualdez Marcos, their Close Relatives, Subordinates, Business Associates, Dummies, Agents, or Nominees" whether civil or criminal, are lodged within the "exclusive and original jurisdiction of the Sandiganbayan" and all incidents arising from, incidental to, or related to, such cases necessarily fall likewise under the Sandiganbayan's exclusive and original jurisdiction**, subject to review on certiorari exclusively by the Supreme Court. (Boldfacing and underscoring supplied)

Petitioners' insistence that the RTC has no jurisdiction over the case seems to be based on the interpretation of the phrase "all incidents arising from, incidental to, or related to such cases necessarily fall likewise under the Sandiganbayan's exclusive and original jurisdiction." Unfortunately, this is an erroneous interpretation because the term "cases," as referred to in the said paragraph, pertains to "the Funds, Moneys, Assets, and Properties Illegally Acquired or Misappropriated by Former President Ferdinand Marcos, Mrs. Imelda Romualdez Marcos, their Close Relatives, Subordinates, Business Associates, Dummies, Agents, or Nominees." In this case, there is no question on any illegally acquired or misappropriated property by former President Marcos or his agents. This case does not relate to the recovery of ill-gotten wealth or any property that needs to be sequestered or assets that have already been placed under sequestration. Thus, the subject matter of this case does not arise from, or is incidental to, or is related to the Executive Orders cited in the law that would vest jurisdiction with the Sandiganbayan.

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<sup>22</sup> 243 Phil. 93, 102 (1988).

Petitioners' reliance on the case of *Del Moral v. Republic of the Philippines*<sup>23</sup> is severely misplaced because that particular case involved assets that were actually sequestered by the PCGG. Unlike the present case, there was a writ of sequestration issued over all properties or assets of Mountain View Real Estate Corporation which was believed to be part of the ill-gotten wealth of former President Marcos. The writ of sequestration was even annotated on the Transfer Certificate of Title of the land, which was subsequently partitioned without the knowledge of the PCGG. Thus, the subject matter of the amended decision which the PCGG sought to annul was properly considered as an incident or transaction related to the recovery of ill-gotten wealth which falls under the jurisdiction of the Sandiganbayan. That case actually involved recovery of property over which a writ of sequestration had already been issued. This is in stark contrast with the present case, which merely involves an intra-corporate dispute between a corporation and its stockholder, and raises no questions or issues in relation to the recovery of any ill-gotten wealth. Moreover, PHC is not under any sequestration order, and no asset or property of PHC is involved in this case. Thus, the pronouncement of the Court in *Del Moral v. Republic of the Philippines* has no application to this case.

We find that the CA was correct in remanding the case back to the RTC. As earlier discussed, the case merely involves a simple intra-corporate dispute. Such cases are within the jurisdiction of the RTC. While PD No. 902-A conferred original and exclusive jurisdiction over intra-corporate disputes to the Securities and Exchange Commission,<sup>24</sup> this was transferred to the appropriate RTC under RA No. 8799, to wit:

Section 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 payments/rehabilitation cases filed as of 30 June 2000 until finally disposed. (Boldfacing and underscoring supplied)

<sup>23</sup> 496 Phil. 657 (2005).

<sup>24</sup> Section 5, PD No. 902-A provides:

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

x x x x

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;

x x x x

The Interim Rules of Procedure for Intra-Corporate Controversies also provide:

Rule I  
GENERAL PROVISIONS

Section 1. (a) *Cases covered.* - These Rules shall govern the procedure to be observed in civil cases involving the following:

(1) Devices or schemes employed by, or any act of, the board of directors, business associates, officers or partners, amounting to fraud or misrepresentation which may be detrimental to the interest of the public and/or of the stockholders, partners, or members of any corporation, partnership, or association;

**(2) Controversies arising out of intra-corporate, partnership, or association relations, between and among stockholders, members, or associates; and between, any or all of them and the corporation, partnership, or association of which they are stockholders, members, or associates, respectively;**

(3) Controversies in the election or appointment of directors, trustees, officers, or managers of corporations, partnerships, or associations;

(4) Derivative suits; and

**(5) Inspection of corporate books.**

x x x x

Sec. 5. *Venue.* - All actions covered by these Rules shall be commenced and tried in the **Regional Trial Court** which has jurisdiction over the principal office of the corporation, partnership, or association concerned. Where the principal office of the corporation, partnership or association is registered in the Securities and Exchange Commission as Metro Manila, the action must be filed in the city or municipality where the head office is located.<sup>25</sup> (Boldfacing and underscoring supplied)

Based on the foregoing, we find no reversible error on the part of the CA when it remanded the case back to the RTC upon finding that the RTC had jurisdiction over the complaint for inspection of books filed by Ozamiz.

**WHEREFORE**, the petition is **DENIED**. The assailed Decision and Resolution of the Court of Appeals are **AFFIRMED**.

**SO ORDERED.**



**ANTONIO T. CARPIO**  
Associate Justice

**WE CONCUR:**



**DIOSDADO M. PERALTA**  
Associate Justice

*I certify that J. Leonen  
left his vote concurring with  
this ponencia.*



**JOSE CATRAL MENDOZA**  
Associate Justice



**MARVIC M.V.F. LEONEN**  
Associate Justice



**SAMUEL R. MARTIRES**  
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.



**ANTONIO T. CARPIO**  
Associate Justice  
Chairperson

### **CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, and the Division 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