



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

**CECILIA QUE YABUT, EUMIR
CARLO QUE CAMARA, AND MA.
CORAZON QUE GARCIA,**
Petitioners,

- versus -

**CAROLINA QUE VILLONGCO,
ANA MARIA QUE TAN,
ANGELICA QUE GONZALES
(now deceased and substituted by
her heir ROSA MARIA QUE
GONZALES), ELAINE VICTORIA
QUE TAN, AND EDISON
WILLIAMS QUE TAN,**
Respondents.

G.R. Nos. 242353 & 253530

Present:

CAGUIOA, J., Chairperson
GAERLAN,
DIMAAMPAO,
MARQUEZ,* and
SINGH, JJ.

Promulgated:

January 22, 2024

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RESOLUTION

DIMAAMPAO, J.:

These consolidated cases are set in the context of a familial dispute apropos the validity of the transfer of certain shares of stock of Phil-Ville Development and Housing Corporation (Phil-Ville), which consequently spawned a seemingly endless cycle of litigation concerning its annual stockholders' meetings, as well as the ensuing election of its board of directors and officers.

* Associate Justice Henri Jean Paul B. Inting recused himself from the case due to the prior participation of his sister Associate Justice Socorro B. Inting of the Court of Appeals in G.R. No. 242353. In his stead, Associate Justice Jose Midas P. Marquez was designated as the additional Member, per Raffle dated April 19, 2023.

In **G.R. No. 242353**, petitioners Cecilia Que Yabut (Cecilia), Eumir Carlo Que Camara (Eumir), and Ma. Corazon Que Garcia (Corazon) filed a Petition for Review on *Certiorari*,¹ impugning the Decision² and the Resolution³ of the Court of Appeals (CA), which granted the petition of respondents Carolina Que Villongco (Carolina), Ana Maria Que Tan (Ana Maria), Angelica Que Gonzales (Angelica) (now deceased and substituted by her heir Rosa Maria Que Gonzales), Elaine Victoria Que Tan (Elaine), and Edison Williams Que Tan (Edison) and denied the motion for reconsideration thereof, respectively, in CA-G.R. SP No. 144363.

According to the CA, the Order dated January 26, 2016 of Branch 74 of the Regional Trial Court (RTC) of Malabon City in SEC Case No. SEC-15-001-MN was void for its failure to clearly and distinctly state the facts and the law on which it was based, in violation of Section 1, Rule 36 of the Rules of Court.⁴ Moreover, the CA declared as invalid, for lack of quorum, Phil-Ville's annual stockholders' meeting held by petitioners in 2015, as well as the election of the members of the board of Phil-Ville's directors and officers conducted during the said invalid meeting.⁵

On the other hand, this Court issued on January 20, 2021 a Resolution⁶ in **G.R. No. 253530** denying petitioners' Petition for Review on *Certiorari*⁷ for their failure to show that the CA committed any reversible error when it issued its Decision⁸ and Resolution⁹ in CA-G.R. SP No. 154888.

In CA-G.R. SP No. 154888, the appellate court held that the Decision dated February 13, 2018 of Branch 74 of the RTC of Malabon City in SEC Case No. SEC-17-0001-MN was bereft of any factual or legal mooring, and thus, void.¹⁰ All the same, instead of ruling on the validity of the annual stockholders' meeting conducted by petitioners in 2017, the CA ordered the remand of the case to the RTC for the commencement of the proceedings.¹¹

¹ *Rollo* (G.R. No. 242353), vol. 1, pp. 17–62.

² *Id.* at 66–75. The October 20, 2017 Decision was penned by Associate Justice Socorro B. Inting, with the concurrence of Associate Justices Marlene Gonzales-Sison and Rafael Antonio M. Santos of the Fifteenth Division, Court of Appeals, Manila.

³ *Id.* at 77–81. The October 2, 2018 Resolution was penned by Associate Justice Rafael Antonio M. Santos, with the concurrence of Marlene Gonzales Sison and Myra V. Garcia-Fernandez of the Special Former Fifteenth Division, Court of Appeals, Manila.

⁴ *Id.* at 71.

⁵ *Id.* at 74.

⁶ *Rollo* (G.R. No. 253530), pp. 518–519. The Resolution dated January 20, 2021 was signed by Deputy Division Clerk of Court Rumar D. Pasion.

⁷ *Id.* at 13–58.

⁸ *Id.* at 66–79. The January 30, 2020 Decision was penned by Associate Justice Ronaldo Roberto B. Martin, with the concurrence of Associate Justices Danton Q. Bueser and Walter S. Ong of the Seventeenth Division, Court of Appeals, Manila.

⁹ *Id.* at 61–64. Dated September 17, 2020.

¹⁰ *Id.* at 75.

¹¹ *Id.* at 79.

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Fulminating against this Court's January 20, 2021 Resolution, petitioners filed a Motion for Reconsideration.¹²

To avoid the possibility of conflicting rulings and in light of the similarity in the factual milieu of the aforementioned cases, as well as the grounds relied upon in the Petition for Review and Motion for Reconsideration, the Court deemed it procedurally expedient to consolidate the cases and jointly resolve the matters involved therein.¹³

The undisputed facts binding the consolidated cases follow.

Phil-Ville is a family corporation founded by Geronima Gallego Que (Geronima) for the purpose of engaging in the real estate business.¹⁴ Its authorized capital stock is PHP 20,000,000.00 divided into 200,000 shares with a par value of PHP 100.00 each.¹⁵

During Geronima's lifetime, she owned 3,140 shares of stock while the remaining 196,860 shares were equally divided among her six children, namely: Carolina, Ana Maria, Angelica, Cecilia, Corazon, and Maria Luisa Que Camara (Luisa), each having 32,810 shares.¹⁶

Two years prior to Geronima's death on August 31, 2007, she purportedly executed a document captioned as "Sale of Shares of Stocks" and dated June 11, 2005,¹⁷ wherein Cecilia acted as her attorney-in-fact. The instrument effected a distribution of her 3,140 shares in the following manner—

- a) Carolina's children were given a total of 523 shares, distributed as follows: Francis Villongco— 131 shares; Carlo Villongco— 131 shares; Michael Villongco— 131 shares; and Marcelia Villongco— 130 shares;
- b) Ana Maria's daughter, Elaine— 523 shares;
- c) Angelica— 523 shares;
- d) Cecilia's children were given a total of 524 shares distributed as follows: Geminiano Yabut— 131 shares; Carlos Yabut— 131 shares; Geronimo Yabut— 131 shares; and John Elston Yabut— 131 shares;

¹² *Id.* at 542–557.

¹³ *Rollo* (G.R. No. 242353), vol. 4, pp. 2463-2466.

¹⁴ *Id.* at 67.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

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- e) Corazon's son, Anthony Garcia— 523 shares;
- f) Luisa's children were given a total of 524 shares distributed as follows: Eumir— 174 shares; Paolo Camara (Paolo) — 175 shares; and Abimar Camara (Abimar) — 175 shares.¹⁸

Based on the apportionment, Carolina, Ana Maria, and Angelica, by themselves or through their children (**Villongco Group**), individually received 523 shares from the distribution. Meanwhile, Cecilia, Corazon, and Luisa, through their children (**Yabut Group**) received either 523 or 524 shares each.

Consequently, members of the **Villongco Group** filed a complaint against the **Yabut Group** before Branch 74 of the RTC of Malabon City imploring, among others, that the sale of 3,140 shares be declared void for having been simulated.¹⁹ The case was docketed as Civil Case No. CV-940-MN.²⁰ Likewise, they asserted that two of the 524 shares received by the heirs of Luisa were divided into fractions of .67, .67, and .66 among her three children, which, according to them, cannot be voted.²¹ Thus, 3,140 shares became the subject of the dispute.

In the interstice, petitioners, convened on January 25, 2014 the stockholders of Phil-Ville for its annual meeting, which was attended only by the members of the **Yabut Group**.²² Petitioners were then elected as directors and officers of Phil-Ville.²³

On February 6, 2014, respondents lodged a complaint against petitioners before Branch 74 of the RTC of Malabon City to contest the said election, docketed as SEC Case No. 14-001-MN (2014 Election Contest).²⁴ They prayed that the election of petitioners as directors and officers be declared void for, *inter alia*, the invalid inclusion of the disputed 3,140 shares in the voting.²⁵

The RTC declared the election of petitioners as void considering the lack of quorum during the annual stockholder's meeting conducted by the latter, thus:

WHEREFORE, judgment is hereby rendered:

¹⁸ *Id.* at 67–68. *See also Villongco v. Yabut*, 825 Phil. 61, 65–66 (2018) [Per J. Tijam, First Division].

¹⁹ *Id.* at 501–569. *See* Amended and Supplemental Complaint dated January 28, 2013.

²⁰ *Id.*

²¹ *Id.* at 539–541.

²² *See supra* note 18 at 67.

²³ *Id.* at 67–68.

²⁴ *Rollo* (G.R. No. 242353), pp. 175–246.

²⁵ *Id.* at 216–230.

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a. On the First Cause of Action, declaring as null and void and of no effect whatsoever the election of [petitioners] Cecilia Que Yabut, Ma. Corazon Que Garcia and Eumir Que Camara as Directors of Phil-Ville considering the lack of quorum during the alleged annual meeting of the stockholders on 25 January 2014 at Max's Restaurant, Gov. Pascual cor. M.H. Del Pilar, Tugatog, Malabon City at 5:00 o'clock in the afternoon;

b. On the Second Cause of Action, declaring as null and void and of no effect whatsoever the election of [petitioners] Cecilia Que Yabut, Ma. Corazon Que Garcia and Eumir Que Camara to the positions of Chairperson, Vice-Chairperson and Corporate Secretary, respectively in the Board of Directors of Phil-Ville, as well as their election as Vice-President/Treasurer, President/General Manager and Secretary, respective[ly], of Phil-Ville, considering the invalidity of the proclamation of the winners in the election supposedly conducted on that date, the alleged "Annual Meeting of the Board of Directors of Phil-Ville held at Max's Restaurant, Gov. Pascual cor. M.H. Del Pilar, Tugatog, Malabon City on 25 January 2014 at 6:30 o'clock in the evening being null and void; and

c. On the Third Cause of Action, declaring as null and void and of no effect whatsoever any and all actions taken by [petitioners] Cecilia Que Yabut, Ma. Corazon Que Garcia and Eumir Que Camara in relation to their alleged election as Directors, their alleged election to certain positions in the Board of Directors, and their alleged election as officers of Phil-Ville including but not limited to the filing of the General Information Sheet with the Securities and Exchange Commission on 27 January 2014.

SO ORDERED.²⁶

On appeal, however, the Decision of the RTC was rendered void by the CA for violating Section 14, Article VII of the Constitution.²⁷ Nonetheless, the CA held that the annual stockholder's meeting in question was void for failure to meet the required quorum, viz:

WHEREFORE, the instant Petition for Review is DENIED for lack of merit. The Decision dated March 14, 2014 Decision [sic] of the Regional Trial Court of the City of Malabon, Branch 74, in SEC Case No. SEC14-001-MN is declared VOID for failure to comply with the constitutional requirement of a valid judgment and a new one is ENTERED declaring as invalid for lack of quorum the Phil-Ville Development and Housing Corporation's stockholders annual meeting conducted by petitioners Cecilia Que Yabut, Eumir Carlo Que Camara and Ma. Corazon Que Garcia on January 14, 2014. The election of the members of the board of directors and officers of Phil-Ville that emanated from the said invalid meetings is likewise struck as void.

²⁶ *Villongco v. Yabut*, *supra* note 18 at 69.

²⁷ *Id.*

SO ORDERED.²⁸

Steering the issue to a close, this Court pronounced in the earlier case of *Villongco v. Yabut*²⁹ (*Villongco*) that the total outstanding stocks, without distinction as to disputed or undisputed shares, shall be the rubric for determining the presence of quorum. However, the Court affirmed the CA's finding that the January 25, 2014 stockholders' meeting lacked the required quorum.³⁰ The Court noted that petitioners failed to present the stock and transfer book which would otherwise evince the transfer of 3,140 shares to them.³¹ Thereupon, petitioners, as the supposed transferees of said shares, could not exercise the rights appurtenant thereto.³²

THE FACTS RELEVANT TO THE PETITION IN G.R. No. 242353

On January 31, 2015, petitioners once again held Phil-Ville's annual stockholders' meeting, where they were elected as directors and officers.³³ As in the prior year, only members of the **Yabut Group** were present.

Their ploy was met by respondents' Complaint³⁴ before Branch 74 of the RTC of Malabon City, docketed as Civil Case No. SEC 15-001-MN (2015 election contest). Respondents posited that the said stockholders' meeting and elections were void for failing to satisfy the quorum requirement,³⁵ reiterating that the 3,140 shares from the late Geronima and the two shares converted into fractional shares by the heirs of Luisa cannot be voted, being the subject of pending litigation.³⁶

In due course,³⁷ the RTC dismissed the Complaint, ratiocinating that a resolution thereof would constitute a prejudgment of Civil Case No. CV-940-MN.

On appeal, the CA brushed aside the RTC's ruling in the 2015 election contest, declaring the order a patent nullity for its failure to state good reasons for the dismissal of respondents' election contest in violation of Section 1, Rule 36 of the Rules of Court.³⁸ Still and all, the CA elucidated that the required quorum for the January 31, 2015 stockholders' meeting

²⁸ *Id.* at 70.

²⁹ *Supra* note 25.

³⁰ *Id.* at 77-78.

³¹ *Id.* at 80.

³² *Id.*

³³ *Rollo* (G.R. No. 242353), pp. 68-69.

³⁴ *Id.* at 570-632.

³⁵ *Id.* at 615.

³⁶ *Id.* at 613-614.

³⁷ *Id.* at 308. The Order dated January 26, 2016 was penned by Judge Celso R.L. Magsino, Jr.

³⁸ *Id.* at 71.

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must be at least 98,430 shares,³⁹ *excluding* the 3,140 shares which were subject of the dispute in Civil Case No. CV-940-MN.⁴⁰

The CA found that the required quorum was not met during the 2015 stockholders' meeting, there being only 98,428 shares present.⁴¹ The CA, however, clarified that the exclusion of the 3,142 shares did not prejudice the validity of their transfer, which remained the subject of Civil Case No. CV-940-MN.⁴² The *fallo* of the CA Decision reads:

WHEREFORE, premises considered, the Petition is **GRANTED**. The Order dated 26 January 2016 of the Regional Trial Court, Branch 74, Malabon City in SEC Case No. SEC-15-001-MN is declared **VOID** for failure to comply with Section 1, Rule 36 of the Rules of Court and a new one is **ENTERED** declaring as invalid for lack of quorum the Phil-Ville stockholders' annual meeting conducted by [petitioners] on 31 January 2015. The election of the members of the board of directors and officers of Phil-Ville that emanated from the said invalid meeting is likewise declared void.

SO ORDERED.⁴³

With their subsequent motion for reconsideration having been denied,⁴⁴ petitioners turn to this Court through the present petition, docketed as **G.R. No. 242353**, which is premised on the following arguments: (1) any decision rendered in the 2015 election contest will prejudice the final ruling in Civil Case No. CV-940-MN;⁴⁵ (2) the owners of the 3,140 shares, which are subject of an ongoing litigation may exercise their concomitant right to vote;⁴⁶ (3) the 2015 election contest order fully complied with the legal requirement of expressing clearly and distinctly the fact and law on which it was based;⁴⁷ and (4) the elements of *litis pendentia* are present between the 2015 Election Contest and Civil Case No. CV-940-MN.⁴⁸

In their Comment,⁴⁹ respondents posited that the assailed rulings of the CA are supported by law and jurisprudence. They likewise cashed in on this Court's pronouncement in *Villongco*, which invalidated the stockholders' meeting conducted by petitioners in 2014, thereby divesting petitioners of any corporate authority to call a stockholders' meeting in the succeeding years.⁵⁰ Moreover, respondents put into question some of the proxies

³⁹ *Id.* at 72-73.

⁴⁰ *Id.* at 72.

⁴¹ *Id.* at 74.

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.* at 77-82. Resolution dated October 2, 2018.

⁴⁵ *Id.* at 37-39. Petition for Review dated November 22, 2018.

⁴⁶ *Id.* at 40-41.

⁴⁷ *Id.* at 45-47.

⁴⁸ *Id.* at 50-53.

⁴⁹ *Id.* at 2721-824.

⁵⁰ *Id.* at 804.

submitted by the **Yabut Group** in the stockholders' meeting, as well as the manner in which the meeting itself was held.⁵¹ Petitioners and respondents respectively submitted their Reply⁵² and Rejoinder,⁵³ essentially reiterating their antagonistic claims.

THE FACTS RELEVANT TO THE PETITION IN G.R. No. 253530

On January 28, 2017, petitioners once again convened the stockholders of Phil-Ville for its annual meeting. In attendance were other members of the **Yabut Group**, during which they were elected anew as directors and officers.⁵⁴ This election impelled respondents to file another complaint,⁵⁵ docketed as SEC Case No. SEC-17-001-MAL (2017 Election Contest), before Branch 74 of the RTC of Malabon City. The Complaint was anchored on the same grounds as their previous election contests.

On February 13, 2018, the RTC issued another Order (**2017 Election Contest Order**),⁵⁶ dismissing the Complaint for raising issues which were pending in Civil Case No. CV-940-MN and were rendered moot by the subsequent elections held for the years 2018-2019.⁵⁷

When the case was elevated to the CA, the appellate court declared the **2017 Election Contest Order** as void and ordered the remand of the case to the RTC for trial on the merits, *viz*:

WHEREFORE, the foregoing [*sic*] considered, the present Petition for Review is hereby **GRANTED**. The Order dated 13 February 2018 issued by the Regional Trial Court, National Capital Judicial Region, Branch 74, Malabon City acting as a Special Commercial Court in SEC Case No. SEC-17-001-MN is declared **VOID**.

Let the instant case be **REMANDED** for the commencement of the proceedings and to validly set the case for Pre-Trial Conference.

SO ORDERED.⁵⁸

In so ruling, the CA declared that the RTC's dismissal of the case was patently devoid of any factual and legal bases.⁵⁹ It further held that there exists no prejudicial question that might result in conflicting decisions between the 2017 election contest and Civil Case No. CV-940-MN since

⁵¹ *Id.* at 810-818.

⁵² *Id.* at 2192-2212.

⁵³ *Id.* at 2370-2424.

⁵⁴ *Rollo* (G.R. No. 253530), p. 73.

⁵⁵ *Id.* at 425-516.

⁵⁶ *Id.* at 517. The February 13, 2018 Order was penned by Judge Celso R.L. Magsino, Jr.

⁵⁷ *Id.*

⁵⁸ *Id.* at 79.

⁵⁹ *Id.* at 75.

none of them was criminal in nature, to which the principle would apply.⁶⁰ Moreover, the elements of *litis pendentia* were found by the CA to be lacking in view of the difference in the reliefs prayed for in the two cases.⁶¹

As to whether the case had become moot, the CA explicated that petitioners' actions after their election as officers of Phil-Ville remained a justiciable controversy, inasmuch as they may be declared *ultra vires* should the election contest prosper.⁶² The CA likewise noted that the controversy was capable of repetition yet evading review, as evinced by petitioners' annual call for a stockholders' meeting and the ensuing election contest by respondents.⁶³

Petitioners moved for the reconsideration of the CA's Decision, but their bid was swiftly struck down.⁶⁴

Unperturbed, petitioners sought recourse before this Court *via* a Petition for Review on *Certiorari*,⁶⁵ essentially raising the same material arguments as in their Petition in G.R. No. 242353. Additionally, they asserted that *one*, the failure of the **2017 Election Contest Order** to state the factual and legal foundations was not raised by the respondents on appeal; and *two*, the 2018 stockholders' meeting rendered the case moot and academic.⁶⁶

In this Court's Resolution dated January 20, 2021,⁶⁷ the Petition was denied "for failure to sufficiently show that the appellate court committed any reversible error in the challenged Decision and Resolution as to warrant the exercise by this Court of its discretionary appellate jurisdiction." This Court likewise noted that petitioners failed to state the material date of filing of the Motion for Reconsideration of the assailed Decision in violation of Sections 4(b) and 5, Rule 45 in relation to Section 5(d), Rule 56 of the Amended Rules of Court.

Resolutely standing pat on their position that reversible errors were sufficiently brought to the fore to overturn the assailed Decision and Resolution of the CA, petitioners filed the instant Motion for Reconsideration.⁶⁸

THE ISSUES

⁶⁰ *Id.* at 77–78.

⁶¹ *Id.*

⁶² *Id.* at 78–79.

⁶³ *Id.*

⁶⁴ *Id.* at 61–64. Resolution dated September 17, 2020.

⁶⁵ *Id.* at 13–58.

⁶⁶ *Id.* at 43–45.

⁶⁷ *Id.* at 518. Signed by Deputy Division Clerk of Court Romar D. Pasia.

⁶⁸ *Id.* at 542–555.

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After a painstaking analysis of the voluminous records of these consolidated cases, the Court discerns the following issues for resolution:

- 1) Whether or not the 2015 and 2017 Election Contest Orders are void for failure to comply with Section 1, Rule 36 of the Rules of Court;
- 2) Whether or not the conduct of the 2018 Phil-Ville's stockholders' meeting and election have rendered the issues raised in the 2017 election contest moot and academic;
- 3) Whether or not the elements of *litis pendentia* exist between the 2015 and 2017 election contests, on one hand, and Civil Case No. CV-940-MN, on the other; and
- 4) Whether or not Phil-Ville's shares of stock, which are the subject of pending litigation, may be considered for the purpose of determining the required quorum or may be voted.

THE COURT'S RULING

After ploughing through the diametrically opposed postulations of the parties, this Court resolves to partly grant the Petition for Review on Certiorari in G.R. No. 242353 and deny the Motion for Reconsideration in G.R. No. 253530.

The 2015 and 2017 Election Contest Orders are void for their abject failure to state the legal or factual bases for their disposition.

The matters raised before this Court are neither complex nor unfamiliar. Only recently, in the aforecited case of *Villongco*,⁶⁹ the Court had already untangled some of the issues which plagued the long-drawn-out dispute between the parties.

In *Villongco*, the Court explicated that the Decision⁷⁰ of the RTC in the 2014 election contest was void for precisely the same reason the 2015 and 2017 Election Contest Orders had been nullified by the CA, i.e., failure to state the factual and legal moorings for its disposition. Citing *De Leon v. People*,⁷¹ the Court thus elucidated:

⁶⁹ *Supra* note 18.

⁷⁰ *Rollo* (G.R. No. 253530), p. 180–181. The RTC Decision dated March 14, 2014 was penned by Judge Celso R. L. Magsino, Jr.

⁷¹ 776 Phil. 701 (2016) [Per J. Mendoza, Second Division].

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Under Section 14, Article VIII of the Constitution, no decision shall be rendered by any court without expressing therein clearly and distinctly the facts and the law on which it is based. Section I of Rule 36 of the Rules of Court provides that a judgment or final order determining the merits of the case shall be in writing personally and directly prepared by the judge, stating clearly and distinctly the facts and the law on which it is based, signed by him and filed with the clerk of the court.

Faithful adherence to the requirements of Section 14, Article VIII of the Constitution is indisputably a paramount component of due process and fair play. A decision that does not clearly and distinctly state the facts and the law on which it is based leaves the parties in the dark as to how it was reached and is precisely prejudicial to the losing party, who is unable to pinpoint the possible errors of the court for review by a higher tribunal. More than that, the requirement is an assurance to the parties that, in arriving at a judgment, the judge did so through the processes of legal reasoning. It is, thus, a safeguard against the impetuosity of the judge, preventing him from deciding *ipse dixit*.

The standard “expected of the judiciary” is that the decision rendered makes clear why either party prevailed under the applicable law to the facts as established. Nor is there any rigid formula as to the language to be employed to satisfy the requirement of clarity and distinctness. The discretion of the particular judge in this respect, while not unlimited, is necessarily broad. There is no sacramental form of words which he must use upon pain of being considered as having failed to abide by what the Constitution directs.⁷²

While the RTC Decision in *Villongco* was nullified for merely adopting the allegations of the plaintiffs therein, the 2015 and 2017 Election Orders are in no better shape.

To recall, the 2015 and 2017 Election Contest Orders dismissed respondents’ complaints by merely referencing the pendency of Civil Case No. CV-940-MN and holding that a resolution of the issues in the former would preclude the latter. However, the discussion and substantiation of these findings are so perfunctory that they are presented as neither legitimate nor capable of withstanding judicial scrutiny. The entirety of the 2015 Election Contest Order⁷³ states as follows:

Submitted for resolution by this Court is the instant Election Contest filed by plaintiffs, praying *inter alia* that:

- a) On the First Cause of Action, declaring as null and void and of no effect whatsoever the election of [petitioners] Cecilia Que Yabut, Ma. Corazon Que Garcia, and Eumir Que Camara as Directors of Phil-Ville considering the invalidity and illegality of the holding of the alleged annual meeting of the

⁷² *Id.* at 714–715.

⁷³ *Rollo* (G.R. No. 242353), p. 308. The January 26, 2016 Order was penned by Celso R.L. Magsino, Jr.

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stockholders on 31 January 2015 at Max's Restaurant, Gov. Pascual cor M.H. Del Pilar, Tugatog, Malabon City at 5:00 o'clock in the afternoon, the lack of quorum therein, the questionable manner by which it was conducted, including the invalid inclusion in the voting of the disputed 3,142 shares of stock of Phil-Ville, the questionable validation of proxies and the presentation and exercise of voting rights by any alleged proxy or proxies and the representation and exercise of voting rights by any alleged proxy of the stockholders who was/were not personally present at the said meeting and the invalidity of the proclamation of the winners in the said election;

After perusing the arguments raised by parties *vis-à-vis* the judicial affidavits of their respective witnesses, the Court is of the considered view that the reliefs prayed for may not be granted without prejudging the factual and legal issues duly raised by the parties and are still pending before this Court in Civil Case No. CV-940-MN, more particularly, the validity of the 3,142 disputed shares of stock of corporation.

WHEREFORE, the instant election protest is hereby **DISMISSED**.

SO ORDERED.⁷⁴

Meanwhile, the 2017 Election Contest Order⁷⁵ is referenced below *in toto*:

Before this Court is plaintiff's Motion to Set Case for Pre-Trial Conference.

The Complaint in this instant case, as has been observed and previously ruled upon in SEC Case No. 16-001-MN, is premised on factual and legal issues yet to be resolved in the earlier case of Civil Case No. CV-940-MN where [the] parties therein mutually agreed to a suspension of presentation of evidence in view of the ongoing talks and negotiations for a possible amicable settlement of their differences. Considering that this case involves misunderstandings among siblings in the ownership of shares and eventually in the conduct of the day-to-day business of family corporations, the Court is of the firm belief that the benefits of an amicable settlement far outweighs any ruling of the Court on the case on the merits, and therefore accommodated the wishes of the parties. Unfortunately, this placed the instant case under the same predicament of SEC Case No. 16-001-OMN which had been denied for lack of factual basis. This, notwithstanding, considering that another election has been conducted during a meeting on 27 January 2018 for the year 2018-2019, the instant case is now rendered moot.

⁷⁴ *Id.*

⁷⁵ *Rollo* (G.R. No. 253530), p. 517. The RTC Decision dated February 13, 2018 was penned by Judge Celso R. L. Magsino, Jr.

WHEREFORE, the subject motion is **DENIED**, and the instant case is hereby **DISMISSED**.

SO ORDERED.⁷⁶

Evidently, the above Orders fail to meet the standard set forth in Section 14, Article VIII (Judicial Department) of the Constitution⁷⁷ and Section 1, Rule 36 of the Rules of Court.⁷⁸ They are mere recitals of matters of contention, followed by a disposition thereon. Likewise, no semblance of analysis could be inferred from the RTC's determination that the 2017 election contest had been rendered moot by the elections conducted in 2018. Verily, these resulted into issuances that are so severely lacking in any meaningful discussion that they become perched on the precipice of wantonness.

In a nutshell, there exists no compelling reason for this Court to depart from its ruling in the January 20, 2021 Resolution in G.R. No. 253530 anent the CA's finding that the 2017 Election Contest Order was not a valid judgment for being patently without any legal or factual basis. The same holds true as regards the 2015 Election Contest Order, which the CA unmistakably declared as void in CA-G.R. SP No. 144363 and now subject of G.R. No. 242353.

The 2017 election contest has not been rendered moot by the supervening stockholders' meetings and elections.

In the same vein, the Court lends no credence to petitioners' averment that the 2017 election contest had been rendered moot by the conduct of subsequent stockholders' meetings and elections. Ineludibly, an action is considered "moot" when it no longer presents a justiciable controversy because the issues involved have become academic or dead, or when the matter in dispute has already been resolved and hence, one is not entitled to judicial intervention unless the issue is likely to be raised again between the parties.⁷⁹ In this light, this Court echoes with approbation the following pronouncements of the CA in CA-G.R. SP No. 154888:

[A]n issue only becomes moot when it ceases to present a justiciable controversy. Here, the Annual Stockholders' Meeting held in 2017 and the

⁷⁶ *Id.*

⁷⁷ SECTION 14. No decision shall be rendered by any court without expressing therein clearly and distinctly the facts and the law on which it is based.

No petition for review or motion for reconsideration of a decision of the court shall be refused due course or denied without stating the legal basis therefor.

⁷⁸ SECTION 1. Rendition of judgments and final orders. — A judgment or final order determining the merits of the case shall be in writing personally and directly prepared by the judge, stating clearly and distinctly the facts and the law on which it is based, signed by him, and filed with the clerk of the court.

⁷⁹ *Int'l. Service for the Acquisition of Agri-Biotech Applications, Inc. v. Greenpeace Southeast Asia (Phils.)*, 791 Phil. 243, 259 (2016) [Per J. Perlas-Bernabe, *En Banc*].

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ultra vires should the election of [petitioners] be declared void for lack of quorum. Hence, the mere fact that a new Annual Stockholders' Meeting was held in 2018 does not *ipso facto* declare any and all acts of the respondents as officers and board of directors of [Phil-Ville] in 2017 to be valid, final, and immutable.

Also, assuming for the sake of argument that the instant case is moot and academic, the RTC should have still decided the case on the merits as one of the exceptions in deciding moot and academic cases is **when the case is capable of repetition at the same time evading review**. It is apparent that the parties are repeating, yearly, the very same cases based on similar facts and circumstances and the RTC should refrain from dismissing the cases without trying the same on the merits. Evidently, the RTC likewise erred in dismissing SEC Case No. SEC17-001-MN for allegedly being moot.⁸⁰ [Emphasis supplied]

Ergo, this Court so holds that the conduct of the 2018 Phil-Ville stockholders' meeting and elections have not rendered the issues raised in the 2017 election contest moot and academic.

The difference in reliefs sought and causes of action in the subject election contests and Civil Case No. CV-940-MN negates the application of litis pendentia.

It is ingrained in this jurisdiction that *litis pendentia* requires the concurrence of the following requisites: (1) identity of parties or at least such as representing the same interest in both actions; (2) identity of rights asserted and reliefs prayed for, the reliefs being founded on the same facts; and (3) the identity in the two cases should be such that the judgment that may be rendered in one would, regardless of which party is successful, amount to *res judicata* in the other.⁸¹

In the consolidated cases at bench, although there may be an identity of parties in the 2015 and 2017 election contests and Civil Case No. CV-940-MN, the *reliefs sought* and the *causes of action* are palpably *different*.

The test to determine identity of causes of action is to ascertain whether the same evidence necessary to sustain the second cause of action is sufficient to authorize a recovery in the first, even if the forms or the nature of the two actions are different from each other.⁸²

⁸⁰ *Rollo* (G.R. No. 253530), pp. 78–79.

⁸¹ *See Jose v. Quesada-Jose*, G.R. No. 249434, March 15, 2023 [Per C. J. Gesmundo, First Division].

⁸² *Id.* (Citation omitted)

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To recall, in Civil Case No. CV-940-MN, the *sale* of the 3,140 shares was challenged by members of the **Villongco Group**, praying that the same be annulled and distributed equally among Geronima's children. In the same vein, they implored the RTC to declare that said shares may not be voted, together with the two shares divided in fractions by the heirs of Luisa. In stark contrast, the 2015 and 2017 election contests involved the issue of the *validity of the stockholders' meetings and elections* conducted by petitioners. Thus, respondents sought an order declaring the said incidents null and void.

Needless to state, the pieces of evidence to be presented in the two sets of cases remain distinct. While the controversy surrounding the entitlement to vote of the disputed 3,142 shares was ostensibly put into issue in and became pivotal to the resolution of both the 2015 and 2017 election contests, still, each election contest may very well be decided upon based on respondents' other assertions, *i.e.*, the questionable conduct of the stockholders' meetings and the suspect validation of the proxies submitted.

Perforce, the CA was correct in G.R. No. 253530 when it held that the elements of the *litis pendentia* are not present.⁸³

The determination of the presence of quorum rests on Phil-Ville's total outstanding capital stock, regardless of the pending dispute thereon.

In G.R. No. 242353, while the CA aptly stated that a decision on the quorum during the January 31, 2015 meeting will in no way conflict with a decision on the validity of the sale or distribution of the 3,142 shares, it nonetheless excluded the said shares from the computation in arriving at its Decision.⁸⁴

Upon this point, the Court reiterates the doctrinal precept laid down in *Villongco* that in computing for the presence of quorum, Phil-Ville's *total outstanding* capital stocks must be considered, regardless of whether some shares of stocks are disputed or not, *viz.*:

Carolina et al., claimed that the basis for determining quorum should have been the total number of undisputed shares of stocks of Phil-Ville due to the exceptional nature of the case since the 3,140 shares of the late Geronima and the fractional .67, .67, and .66 shares of Eumir Que Camara, Paolo Que Camara and Abimar Que Camara are the subject of another dispute filed before the RTC. Thus, excluding the 3,142 shares from the 200,000 outstanding capital stock, the proper basis of determining the presence of quorum should be 196,858 shares of stocks. We do not agree.

⁸³ *Id.* at 77-78.

⁸⁴ *Rollo* (G.R. No. 242353), p. 73.

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The right to vote is inherent in and incidental to the ownership of corporate stocks. It is settled that unissued stocks may not be voted or considered in determining whether a quorum is present in a stockholders' meeting. Only stocks actually issued and outstanding may be voted. Thus, for stock corporations, **the quorum is based on the number of outstanding voting stocks**. The distinction of undisputed or disputed shares of stocks is not provided for in the law or the jurisprudence. *Ubi lex non distinguit nec nos distinguere debemus* — when the law does not distinguish we should not distinguish. Thus, the **200,000 outstanding capital stocks** of Phil-Ville should be the basis for determining the presence of a quorum, **without any distinction**.

Therefore, to constitute a quorum, the presence of 100,001 shares of stocks in Phil-Ville is necessary.⁸⁵ [Emphasis supplied]

Against this jurisprudential backdrop, the CA, in G.R. No. 242353, erred in excluding the disputed 3,142 shares from the computation of the quorum in the 2015 election contest.

It is important to note that in *Villongco*, it was adjudged that the required quorum was not met during the January 25, 2014 stockholders meeting, owing to petitioners' failure to prove the transfer of 3,140 shares to them.⁸⁶ However, no similar pronouncement was made by the courts *a quo* in the instant consolidated cases, the RTC having dismissed the case on procedural matters.

To recapitulate, this Court affirms its January 30, 2021 Resolution in G.R. No. 253530, which upheld the CA's directive to remand the 2017 election contest for further proceedings. On the other hand, the Decision and the Resolution of the CA in G.R. No. 242353 are reversed and set aside for excluding the disputed 3,142 shares in the computation of the required quorum.

Considering that factual determination is necessary in ultimately resolving the issues raised in the election contests, the remand of the case is warranted, as the Court is not a trier of facts. Accordingly, the Court shall no longer touch upon the other issues herein raised.

WHEREFORE, the Petition for Review on *Certiorari* in G.R. No. 242353 is hereby **PARTLY GRANTED**. Consequently, the Decision dated October 20, 2017 and the Resolution dated October 2, 2018 of the Court of Appeals in CA-G.R. SP No. 144363 are **REVERSED and SET ASIDE**. The case is ordered **REMANDED** to Branch 74 of the Regional Trial Court, Malabon City, for further proceedings in accordance with this Resolution.

⁸⁵ *Supra* note 18, at 76-78.

⁸⁶ *Id.* at 78.

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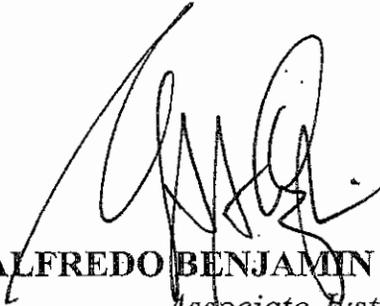
The Motion for Reconsideration in G.R. No. 253530 is **DENIED**. The Resolution of this Court dated January 20, 2021 is **AFFIRMED**.

SO ORDERED.”



JAPAR B. DIMAAMPAO
Associate Justice

WE CONCUR:



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



SAMUEL H. GAERLAN
Associate Justice



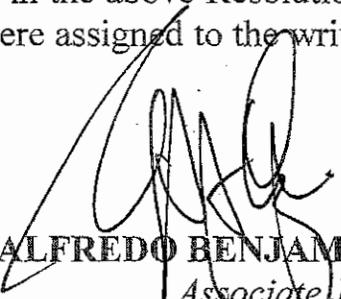
JOSE MIDAS P. MARQUEZ
Associate Justice



MARIA FILOMENA D. SINGH
Associate Justice

ATTESTATION

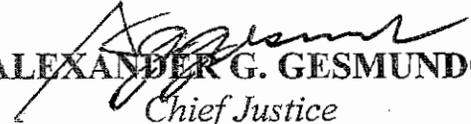
I attest that the conclusions in the above Resolution had been reached in consultation before the cases were assigned to the writer of the opinion of the Court's Division.



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice
Chairperson, Third Division

CERTIFICATION

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



ALEXANDER G. GESMUNDO
Chief Justice