

## SECOND DIVISION

[ G.R. No. 202247, June 19, 2013 ]

**SIME DARBY PILIPINAS, INC., PETITIONER, VS. JESUS B. MENDOZA, RESPONDENT.**

### DECISION

**CARPIO, J.:**

#### The Case

Before us is a petition for review on certiorari<sup>[1]</sup> assailing the Decision<sup>[2]</sup> dated 30 March 2012 and Resolution<sup>[3]</sup> dated 6 June 2012 of the Court of Appeals in CA-G.R. CV No. 89178.

#### The Facts

Petitioner Sime Darby Pilipinas, Inc. (Sime Darby) employed Jesus B. Mendoza (Mendoza) as sales manager to handle sales, marketing, and distribution of the company's tires and rubber products. On 3 July 1987, Sime Darby bought a Class "A" club share<sup>[4]</sup> in Alabang Country Club (ACC) from Margarita de Araneta as evidenced by a Deed of Absolute Sale.<sup>[5]</sup> The share, however, was placed under the name of Mendoza in trust for Sime Darby since the By-Laws<sup>[6]</sup> of ACC state that only natural persons may own a club share.<sup>[7]</sup> As part of the arrangement, Mendoza endorsed the Club Share Certificate<sup>[8]</sup> in blank and executed a Deed of Assignment,<sup>[9]</sup> also in blank, and handed over the documents to Sime Darby. From the time of purchase in 1987, Sime Darby paid for the monthly dues and other assessments on the club share.

When Mendoza retired in April 1995, Sime Darby fully paid Mendoza his separation pay amounting to more than P3,000,000. Nine years later, or sometime in July 2004, Sime Darby found an interested buyer of the club share for P1,101,363.64. Before the sale could push through, the broker required Sime Darby to secure an authorization to sell from Mendoza since the club share was still registered in Mendoza's name. However, Mendoza refused to sign the required authority to sell or special power of attorney unless Sime Darby paid him the amount of P300,000, claiming that this represented his unpaid separation benefits. As a result, the sale did not push through and Sime Darby was compelled to return the payment to the prospective buyer.

On 13 September 2005, Sime Darby filed a complaint<sup>[10]</sup> for damages with writ of preliminary injunction against Mendoza with the Regional Trial Court (RTC) of Makati City, Branch 132. Sime Darby claimed that it was the practice of the company to extend to its senior managers and executives the privilege of using and enjoying the facilities of various club memberships, i.e. Manila Golf and Country Club, Quezon

City Sports Club, Makati Sports Club, Wack Wack Golf Club, and Baguio Golf and Country Club. Sime Darby added that during Mendoza's employment with the company until his retirement in April 1995, Sime Darby regularly paid for the monthly dues and other assessments on the ACC Class "A" club share. Further, Sime Darby alleged that Mendoza sent a letter<sup>[11]</sup> dated 9 August 2004 to ACC and requested all billings effective September 2004 be sent to his personal address. Despite having retired from Sime Darby for less than 10 years and long after the employment contract of Mendoza with the company has been severed, Mendoza resumed using the facilities and privileges of ACC, to the damage and prejudice of Sime Darby. Thus, Sime Darby prayed that a restraining order be issued, pending the hearing on the issuance of a writ of preliminary injunction, enjoining Mendoza from availing of the club's facilities and privileges as if he is the owner of the club share.

On 15 November 2005, Mendoza filed an Answer alleging ownership of the club share. Mendoza stated that Sime Darby purchased the Class "A" club share and placed it under his name as part of his employee benefits and bonus for past exemplary service. Mendoza admitted endorsing in blank the stock certificate covering the club share and signing a blank assignment of rights only for the purpose of securing Sime Darby's right of first refusal in case he decides to sell the club share. Mendoza also alleged that when he retired in 1995, Sime Darby failed to give some of his retirement benefits amounting to P300,000. Mendoza filed a separate Opposition to Sime Darby's application for restraining order and preliminary injunction stating that there was no showing of grave and irreparable injury warranting the relief demanded.

On 3 January 2006, the RTC denied Sime Darby's prayer for restraining order and preliminary injunction. Sime Darby then filed a Motion for Summary Judgment explaining that a trial was no longer necessary since there was no issue as to any material fact. On 13 March 2006, the trial court denied the motion. Thereafter, trial on the merits ensued.

Sime Darby presented three witnesses: (1) Atty. Ronald E. Javier, Sime Darby's Vice-President for Legal Affairs and Corporate Secretary, who testified that Mendoza refused to give Sime Darby his authorization to sell the club share unless he was paid P300,000 as additional retirement benefit and that Sime Darby was compelled to institute the case and incurred legal expenses of P200,000; (2) Ranel A. Villar, ACC's Membership Department Supervisor, who testified that the club share was registered under the name of Mendoza since ACC's By-Laws prohibits juridical persons from acquiring a club share and attested that Sime Darby paid for the monthly dues of the share since it was purchased in 1987; and (3) Ira F. Cascon, Sime Darby's Treasurer since 1998, who testified that she asked Mendoza to endorse ACC Stock Certificate No. A-1880 at the back and to sign the assignment of rights, as required by Sime Darby.

On the other hand, Mendoza presented two witnesses: (1) himself; and (2) Ranel Villar, the same employee of ACC who also testified for Sime Darby, who confirmed that the club share could not be sold to a corporation like Sime Darby. In his testimony, Mendoza testified that (1) he owns the disputed club share; (2) Sime Darby allowed him to personally choose the share that he liked as part of his benefits; (3) as a condition for membership in ACC, he had to personally undergo an interview with regard to his background and not the company's; (4) though he

retired in 1995, he only started paying the club share dues in 2004 because after his retirement, he migrated to the United States until he came back in 1999 and since then he had been going back and forth to the United States; (5) in May 2004, he met with Atty. Ronald E. Javier, Sime Darby's representative, to discuss the supposed selling of the club share which he refused since there were still unpaid retirement benefits due him; and (6) ACC recognizes him as the owner of the club share.

On 30 April 2007, the trial court rendered a Decision in favor of Sime Darby. The dispositive portion states:

WHEREFORE, premises considered, judgment is hereby rendered enjoining defendant Jesus B. Mendoza, from making use of Stock Certificate No. 1880 of the Alabang Golf and Country Club, Inc., and ordering defendant Jesus B. Mendoza to pay the plaintiff P100,000.00 as temperate damages, and P250,000.00 as attorney's fees and litigation expenses.

SO ORDERED.<sup>[12]</sup>

Mendoza filed an appeal with the Court of Appeals. On 30 March 2012, the appellate court reversed the ruling of the trial court.<sup>[13]</sup> The appellate court ruled that Sime Darby failed to prove that it has a clear and unmistakable right over the club share of ACC. The dispositive portion of the Decision states:

WHEREFORE, in view of all the foregoing, the appealed decision of the Regional Trial Court is REVERSED and SET ASIDE. Resultantly, the Complaint in Civil Case No. 05-821, is hereby DISMISSED.

SO ORDERED.<sup>[14]</sup>

Sime Darby filed a Motion for Reconsideration which the Court of Appeals denied in a Resolution<sup>[15]</sup> dated 6 June 2012.

Hence, the instant petition.

### **The Issues**

The issues for our resolution are: (1) whether Sime Darby is entitled to damages and injunctive relief against Mendoza, its former employee; and (2) whether the appellate court erred in declaring that Mendoza is the owner of the club share.

### **The Court's Ruling**

The petition has merit.

Section 3, Rule 58 of the Rules of Court, which provides for the grounds for the

issuance of a preliminary injunction, states:

SEC. 3. *Grounds for issuance of preliminary injunction.* – A preliminary injunction may be granted when it is established:

(a) That the applicant is entitled to the relief demanded, and the whole or part of such relief consists in restraining the commission or continuance of the act or acts complained of, or in requiring the performance of an act or acts, either for a limited period or perpetually;

(b) That the commission, continuance or non-performance of the act or acts complained of during the litigation would probably work injustice to the applicant; or

(c) That a party, court, agency or a person is doing, threatening or is attempting to do, or is procuring or suffering to be done, some act or acts probably in violation of the rights of the applicant respecting the subject of the action or proceeding, and tending to render the judgment ineffectual.

In *Medina v. Greenfield Development Corp.*,<sup>[16]</sup> we held that the purpose of a preliminary injunction is to prevent threatened or continuous irreparable injury to some of the parties before their claims can be thoroughly studied and adjudicated. Its sole aim is to preserve the status quo until the merits of the case can be heard fully. Thus, to be entitled to an injunctive writ, Sime Darby has the burden of establishing the following requisites:

- (1) a right in esse or a clear and unmistakable right to be protected;
- (2) a violation of that right;
- (3) that there is an urgent and permanent act and urgent necessity for the writ to prevent serious damage.

In the present case, petitioner Sime Darby has sufficiently established its right over the subject club share. Sime Darby presented evidence that it acquired the Class "A" club share of ACC in 1987 through a Deed of Sale. Being a corporation which is expressly disallowed by ACC's By-Laws to acquire and register the club share under its name, Sime Darby had the share registered under the name of respondent Mendoza, Sime Darby's former sales manager, under a trust arrangement. Such fact was clearly proved when in the application form<sup>[17]</sup> dated 17 July 1987 of the ACC for the purchase of the club share, Sime Darby placed its name in full as the owner of the share and Mendoza as the assignee of the club share. Also, in connection with the application for membership, Sime Darby sent a letter<sup>[18]</sup> dated 17 September 1987 addressed to ACC confirming that "Mendoza, as Sime Darby's Sales Manager, is entitled to club membership benefit of the Company."

Even during the trial, at Mendoza's cross-examination, Mendoza identified his signature over the printed words "name of assignee" as his own and when confronted with his Reply-Affidavit, he did not refute Sime Darby's ownership of the