

## FIRST DIVISION

[ G.R. No. 190907, August 23, 2012 ]

**VETERANS PHILIPPINE SCOUT SECURITY AGENCY, INC.,  
PETITIONER, VS. FIRST DOMINION PRIME HOLDINGS, INC.,  
RESPONDENT.**

### D E C I S I O N

**VILLARAMA, JR., J.:**

Before us is a petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, seeking to reverse the August 24, 2009 Decision<sup>[1]</sup> and December 17, 2009 Resolution<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 105894. The CA had reversed and set aside the Decision<sup>[3]</sup> of the Regional Trial Court (RTC), Branch 76, of Quezon City, insofar as it held that the dismissal of petitioner's amended complaint was without prejudice.

The antecedent facts of the case are as follows:

Petitioner Veterans Philippine Scout Security Agency, Inc. (Veterans) is a corporation duly organized and existing under Philippine laws. It is engaged in the business of providing security services.

Respondent First Dominion Prime Holdings, Inc. (FDPHI), on the other hand, is a holding investment and management company which owns and operates various subsidiaries and affiliates. Among its subsidiaries are Clearwater Tuna Corporation, Maranaw Canning Corporation and Nautica Canning Corporation, collectively referred to as the FDPHI Group of Companies. Said companies are engaged in the production of canned tuna.

On February 15, 2001, respondent FDPHI and its aforementioned subsidiaries jointly filed before the RTC of Pasig City, Branch 158 a Petition for Rehabilitation.<sup>[4]</sup> Said petition was docketed as Civil Case No. 68343. Attached to the petition was a Schedule of Debts and Liabilities as of January 31, 2001 showing that Clearwater Tuna Corporation (Clearwater) had an outstanding indebtedness to petitioner in the total amount of P356,842.42.<sup>[5]</sup> Said amount represents the security services rendered by petitioner to Clearwater pursuant to a Contract of Guard Services<sup>[6]</sup> between petitioner and Inglenook Food Corporation (Clearwater's former name) for the latter's manufacturing facility at the Navotas Fish Port Complex.

After finding the petition sufficient in form and substance, the Rehabilitation Court issued a Stay Order<sup>[7]</sup> on February 22, 2001. The dispositive portion of the order reads:

WHEREFORE, the Petition being sufficient in form and substance, a stay order pursuant to Section 6, Rule 4 of the Interim Rules of Procedure on Corporate Rehabilitation is issued as follows:

(a) Staying enforcement of all claims, whether for money or otherwise and whether such enforcement is by court action or otherwise, including the extra-judicial foreclosure proceedings in EJP Case No. 0102, entitled "Metropolitan Bank and Trust Co. vs. Nautica Canning Corporation", of the Regional Trial Court of General Santos City, against petitioner FDPHI Group of Companies, comprising of petitioners First Dominion Prime Holdings, Inc., and its subsidiaries, petitioners Nautica Canning Corporation, Maranaw Canning Corporation and Clearwater Tuna Corporation, their guarantors and sureties not solidarily liable with the petitioners;

(b) Prohibiting petitioner FDPHI Group of Companies from selling, encumbering, transferring, or disposing in any manner any of its properties, except in the ordinary course of business; (c) Prohibiting petitioner FDPHI Group of Companies from making any payment of its liabilities outstanding as [of] the date of filing of the Petition;

x x x x

Mr. Monico V. Jacob is appointed rehabilitation receiver who can assume the position upon his taking an oath and after posting a bond in the amount of Five Hundred Thousand (P500,000.00) Pesos, executed in favor of petitioner FDPHI Group of Companies, to guarantee that he will faithfully discharge his duties and the orders of this Court.

Let this Stay Order be published in a newspaper of general circulation in the Philippines once a week for two (2) consecutive weeks from date of the Order.

All creditors and all interested parties (including the Securities and Exchange Commission) are directed to file and serve on the petitioner FDPHI Group of Companies, their verified comment on, or opposition to, the Petition, with supporting affidavits and documents, not later than ten (10) days before the date of the initial hearing. x x x<sup>[8]</sup>

The FDPHI Group of Companies caused the publication of the stay order to give notice to the whole world of the filing and pendency of the rehabilitation proceedings. Thereafter, after due proceedings, the Rehabilitation Court approved the rehabilitation plan submitted by FDPHI and its subsidiaries. On October 24, 2003, the Rehabilitation Court likewise issued an Order<sup>[9]</sup> approving the Amended Rehabilitation Plan for the FDPHI Group of Companies. The *fallo* of the October 24, 2003 Order reads:

WHEREFORE, petitioners' Motion to Amend their Rehabilitation Plan is GRANTED and the Amended Rehabilitation Plan (as of August 26, 2003)

which is attached as Annex "A" and made integral part of this Order is APPROVED.

All provisions of the original Rehabilitation Plan approved by this Court on February 22, 2002 that are not inconsistent or incompatible with the said Amended Rehabilitation Plan (as of August 26, 2003) shall remain in effect.

Consequently, petitioners are strictly enjoined to abide by the terms and conditions of the original Rehabilitation Plan approved on February 22, 2002 as amended by the Amended Rehabilitation Plan (as of August 26, 2003), and they shall, in consultation with the Rehabilitation Receiver, unless directed otherwise, submit a quarterly report on the progress of the implementation of the Rehabilitation Plan.

The Rehabilitation Receiver is directed to furnish all the concerned parties including the Securities and Exchange Commission, copies of this Order and its Annex "A" within ten (10) days from October 28, 2003. He will then furnish this Court proof of service of his undertaking.

SO ORDERED.<sup>[10]</sup>

Subsequently, petitioner filed a Complaint<sup>[11]</sup> for Sum of Money and Damages against Clearwater and/or Atty. Jacob in his capacity as appointed Receiver before the Metropolitan Trial Court (MeTC), Branch 31, of Quezon City. The complaint, which was filed on May 27, 2004, was docketed as Civil Case No. 32932. Essentially, petitioner sought to recover from Clearwater the amount of P372,219.80 representing the unpaid security services rendered by petitioner from January 16, 2000 to January 31, 2001 pursuant to their contract. On May 24, 2005, the MeTC dismissed the complaint for failure to prosecute,<sup>[12]</sup> but later reinstated the same upon motion for reconsideration by petitioner.<sup>[13]</sup>

On October 20, 2005, petitioner filed an Amended Complaint<sup>[14]</sup> for Sum of Money and Damages against herein respondent FDPHI averring that Clearwater had changed its business name to First Dominion Prime Holdings, Inc.

Respondent FDPHI filed a Motion to Dismiss<sup>[15]</sup> anchored on the following grounds: (1) petitioner's claim for payment of security services is barred by *res judicata*; (2) the filing of the complaint constitutes forum shopping; and (3) the complaint fails to state a cause of action against respondent FDPHI. Respondent asserted that petitioner's claim is barred as the same had been settled, determined and finally adjudicated in the Amended Rehabilitation Plan approved by the Rehabilitation Court and that the filing of the complaint constitutes forum shopping since petitioner was fully aware of the pendency of the rehabilitation proceedings involving Clearwater in Civil Case No. 68343. Respondent likewise argued that the complaint failed to state a cause of action against respondent FDPHI since as shown in the allegations in the amended complaint itself, as well as the annexes attached thereto, the obligation sought to be enforced by petitioner is not an obligation contracted by respondent FDPHI but by Clearwater under its former name Inglenook Food Corporation.

Petitioner thereafter duly filed its Comment and/or Opposition to the Motion to Dismiss to which respondent filed a reply.

On April 23, 2007, the MeTC issued a Resolution<sup>[16]</sup> granting respondent's motion to dismiss. In dismissing the amended complaint, the trial court noted that despite the publication and notice of the petition for rehabilitation in Civil Case No. 68343, petitioner had not filed any comment or opposition to the petition nor participated in the proceedings. Hence, petitioner was bound by the Rehabilitation Court's February 22, 2001 stay order staying enforcement of all claims against the FDPHI Group of Companies as well as the October 24, 2003 Order approving the Amended Rehabilitation Plan which had already become final. Furthermore, the trial court was convinced that the Amended Complaint failed to state a cause of action against respondent. The trial court noted that the contract for security services was entered into by petitioner and Inglenook Food Corporation, now Clearwater. Respondent FDPHI had no participation whatsoever nor had respondent benefitted from the said contract. The MeTC was also not persuaded by petitioner's claim that respondent FDPHI acted as an "umbrella company" of all the other corporations which filed a petition for rehabilitation.

Aggrieved, petitioner sought reconsideration of the said Resolution, but the MeTC denied the same for lack of merit in a Resolution<sup>[17]</sup> dated October 23, 2007. The MeTC likewise denied petitioner's alternative prayer that the dismissal be declared to be without prejudice, stressing that the dismissal of the case was not merely for failure to state a cause of action but also for having been barred by the Rehabilitation Court's Stay Order and by its Order finally approving the Amended Rehabilitation Plan.

Unsatisfied, petitioner appealed to the RTC. On June 4, 2008,<sup>[18]</sup> the RTC partially granted petitioner's appeal. While the RTC dismissed the Amended Complaint for failure to state a cause of action, nevertheless, it found that the dismissal is without prejudice to petitioner's reinstitution of a separate action for the enforcement of its claim because purportedly, the Stay Order and the approved Amended Rehabilitation Plan for the FDPHI Group of Companies "cannot operate to deprive [petitioner's] right to present its own case or have the effect of stifling such right."<sup>[19]</sup>

Respondent FDPHI moved for partial reconsideration of the RTC decision insofar as it declared the dismissal of the Amended Complaint to be "without prejudice," but the motion was denied in an Order<sup>[20]</sup> dated October 7, 2008. Thus, respondent FDPHI appealed to the CA.

On August 24, 2009, the CA as aforesaid, reversed the trial court's June 4, 2008 Decision and October 7, 2008 Order. The CA agreed with the ruling of the MeTC that the issuance of a stay order and the appointment of a rehabilitation receiver in the petition for rehabilitation jointly filed by FDPHI and its subsidiaries including Clearwater stayed the enforcement of all claims, including petitioner's money claim. Pertinently, the CA ruled that:

Hence, considering that the obligation under the Contract of Guard Services was contracted solely by Clearwater under its former name, Inglenook Food Corporation, and since the claim is recognized and

admitted as debt of Clearwater in the Rehabilitation Proceedings, respondent has no cause of action to bring a separate suit for collection of sum of money against petitioner.

WHEREFORE, premises considered, the petition is hereby GRANTED. The Decision of the RTC, Branch 76, Quezon City dated June 4, 2008 and the Order dated October 7, 2008, in Civil Case No. Q07- 61692 are hereby REVERSED and SET ASIDE. The Resolutions dated April 23, 2007 and October 23, 2007 of the MTC, Branch 31, Quezon City, in Civil Case No. 32932 are hereby AFFIRMED.

SO ORDERED.<sup>[21]</sup>

Petitioner sought reconsideration of the CA decision, but its motion was denied by the CA in the assailed Resolution<sup>[22]</sup> dated December 17, 2009.

Hence, this petition.

Petitioner contends that the dismissal of the Amended Complaint against respondent FDPHI does not bar petitioner from instituting an action for collection of money against Clearwater. Petitioner faults the CA for ruling that Clearwater's debt to petitioner was already covered by the Amended Rehabilitation Plan and insists that said debt was not included in the schedule of payments under the Amended Rehabilitation Plan. According to petitioner, the Amended Rehabilitation Plan only pertains to respondent FDPHI and Maranaw Canning Corporation, which remains operational. It is not applicable to Clearwater considering that there was no mention of how the plan will operate to benefit Clearwater and its creditors. Purportedly, Clearwater's petition for rehabilitation was not pursued or was in effect denied. And the amended plan not being applicable to Clearwater, petitioner argues that its approval will not preclude petitioner from instituting a separate action to enforce its claim.

Respondent FDPHI counters that in the corporate rehabilitation proceedings for the FDPHI Group of Companies, petitioner's claim had already been passed upon by the Rehabilitation Court and factored into the approved Amended Rehabilitation Plan as among its unsecured debts.

Hence, it cannot be the subject of a separate action.<sup>[23]</sup> Respondent avers that petitioner is barred from asserting its payment for security services with Clearwater since the subject claim is already recognized and admitted in the approved rehabilitation plan which is under implementation. Thus, respondent asserts that the CA was correct in holding that the existence of the rehabilitation proceedings effectively barred petitioner from enforcing its money claim against Clearwater. To respondent, a separate action by petitioner would only result in multiplicity of suits which the law abhors. Respondent stresses that any and all claims against the FDPHI Group of Companies, including that of petitioner, are stayed and barred until the termination of rehabilitation proceedings pursuant to Sections 6 and 11 of the Interim Rules of Procedure on Corporate Rehabilitation.

The issue to be resolved in this case is whether the CA erred in ruling that