

## SECOND DIVISION

**[ G.R. No. 192951, November 14, 2012 ]**

**ALDERSGATE COLLEGE, INC., ARSENIO L. MENDOZA, IGNACIO A. GALINDEZ, WILSON E. SAGADRACA, AND FILIPINAS MENZEN, PETITIONERS, VS. JUNIFEN F. GAUUAN, ARTEMIO M. VILLALUZ, SR., TERESITA ARREOLA, FORTUNATA ANDAYA, SALVADOR C. AQUINO, ROBERTO M. TUGAWIN AND JOSE O. RUPAC, RESPONDENTS, -AND- ALDERSGATE COLLEGE, INC., DR. WILLIE A. DAMASCO, REV. ELMER V. LUNA, JEMZ R. LUDAN, SAMUEL V. FULGENCIO, REV. ISMAEL A. DAMASCO, VICENTE V. RAMEL, SALVADOR C. AQUINO, CAMILO V. GALLARDO, NORMALITA C. ORDONEZ, AND ARSENIO L. SOLIMEN, RESPONDENTS-INTERVENORS.**

### RESOLUTION

**PERLAS-BERNABE, J.:**

This petition for review assails the March 30, 2010 Resolution<sup>[1]</sup> and June 29, 2010 Order<sup>[2]</sup> of the Regional Trial Court (RTC), Branch 28, Nueva Vizcaya in SEC Case No. 3972 which granted the Motion to Withdraw and/or to Dismiss Case filed by the respondents-intervenors composed of the incumbent members of the Board of Trustees of petitioner Aldersgate College, Inc.

#### **The Factual Antecedents**

Sometime in March 1991, petitioners Aldersgate College, Inc., Arsenio L. Mendoza, Ignacio A. Galindez, Wilson E. Sagadraca, and Filipinas Menzen, together with now deceased Justino R. Vigilia, Castulo Villanueva, Samuel F. Erana and Socorro Cabanilla, filed a case against the respondents before the Securities and Exchange Commission (SEC).<sup>[3]</sup> When the SEC was reorganized pursuant to Republic Act 8799,<sup>[4]</sup> the case was transferred to the RTC of Nueva Vizcaya for further proceedings.<sup>[5]</sup> Pre-trial thereafter ensued and a Pre-Trial Order was issued enumerating the following issues:

- [a] which of the contending trustees and officers are legally elected in accordance with the 1970 By-Laws;
- [b] whether the withdrawals and disbursements are in accordance with the By-Laws;
- [c] whether there was a complete, audited report and accounting of all the corporate funds;
- [d] whether respondents Gauuan, Villaluz, Arreola and the banks, are jointly and severally liable to indemnify the school for all sums of money withdrawn, disbursed, paid, diverted and unaccounted for without the approval and counter-signature of the chairman;

[e] whether there was a demand of a right of inspection and a refusal to allow inspection, and

[f] whether respondents are liable for damages.<sup>[6]</sup>

In a motion<sup>[7]</sup> dated August 10, 2003, respondents sought the dismissal of the complaint or the issuance of a summary judgment dismissing the case. On February 16, 2004, the RTC denied<sup>[8]</sup> the motion on the ground that “there are several issues raised which would still need the presentation of evidence to determine the rights of the parties.” A few years later, respondents-intervenors also sought the dismissal of the complaint in their Answer-in-Intervention with Motion to Dismiss<sup>[9]</sup> dated February 27, 2008 raising the lack of capacity, personality or authority to sue the individual petitioners in behalf of Aldersgate College, Inc. The RTC, in its February 6, 2009 Order, once more brushed aside the attempt to have the case dismissed.<sup>[10]</sup> Unfazed, the respondents-intervenors again filed in February 2010 a Motion to Withdraw and/or to Dismiss Case,<sup>[11]</sup> alleging that the case was instituted without any board resolution authorizing its filing and that the incumbent members of the Board of Trustees of petitioner Aldersgate College, Inc. had recently passed a resolution which sought the dismissal and/or withdrawal of the case.

### **The RTC’s Ruling**

On March 30, 2010, the RTC granted<sup>[12]</sup> the motion despite the opposition of the petitioners, and dismissed the case on the basis of the Resolution passed by the members of the Board of Trustees of petitioner Aldersgate College dated December 14, 2009 recommending the dismissal of the case.

Petitioners' motion for reconsideration was denied in the RTC's June 29, 2010 Order.  
<sup>[13]</sup>

Hence the instant petition.

### **Issue Before The Court**

Petitioners raise the issue of whether or not the RTC erred in dismissing the case.

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

The petition is meritorious.

In an ordinary civil action, a motion to dismiss must generally be filed “within the time for but before filing the answer to the complaint”<sup>[14]</sup> and on the grounds enumerated in Section 1, Rule 16 of the Rules of Court, to wit:

- (a) That the court has no jurisdiction over the person of the defending party;
- (b) That the court has no jurisdiction over the subject matter of the claim;
- (c) That venue is improperly laid;