

FIRST DIVISION

[G.R. No. 187872, April 11, 2011]

STRATEGIC ALLIANCE DEVELOPMENT CORPORATION, PETITIONER, VS. STAR INFRASTRUCTURE DEVELOPMENT CORPORATION ET AL., RESPONDENTS.

R E S O L U T I O N

PEREZ, J.:

For resolution by the Court are the following motions and incidents filed by the parties, to wit:

1. *Initial Motion for Reconsideration of the Grant of the Application for Writ of Preliminary Injunction (With Offer to File Counterbond)*^[1] and *Supplemental Motion for Reconsideration* of the 17 November 2010 decision, filed by respondent Cypress Tree Capital Investment, Inc. (CTCII);^[2]
2. *Motions for Reconsideration* of said 17 November 2010 decision filed by respondents Aderito Z. Yujuico and Bonifacio C. Sumbilla,^[3] Robert L. Wong,^[4] and Star Infrastructure Development Corporation (SIDC);^[5]
3. *Motion to Admit and Approve Preliminary Injunction Bond* filed by petitioner Strategic Alliance Development Corporation (STRADEC);^[6]
4. *Oppositions to STRADEC's Motion to Admit and Approve Preliminary Injunction Bond* filed by respondents Yujuico and Sumbilla^[7] as well as CTCII and respondent Cynthia M. Laureta;^[8]
5. *Manifestation*^[9] and *Reply*^[10] filed by STRADEC and *Rejoinder* filed by respondents Yujuico and Sumbilla;^[11] and
6. *Comment* (on CTCII's Initial Motion for Reconsideration of the Grant of the Application for Writ of Preliminary Injunction (With Offer to File Counterbond))^[12] and *Consolidated Comment* (on Respondents' Motion for Reconsideration)^[13] filed by STRADEC.

In their motions for reconsideration of the Court's 17 November 2010 decision, respondents essentially argue that the issue of Cesar Quiambao's authority to

represent STRADEC is a prejudicial question to the resolution of the dispute before the court *a quo*; that a declaration that respondent Yujuico and Sumbilla's group constitutes STRADEC's legitimate Board of Directors would not only discount Quiambao's authority to represent said corporation but would also validate the authority said respondents were given to execute the 8 October 2004 pledge of said corporation's SIDC shares; that the record is bereft of any showing that the Board of Directors who authorized Quiambao to file the 31 July 2006 amended petition before Branch 2 of the Regional Trial Court (RTC) of Batangas City was the legitimate successor of STRADEC's Board of Directors which was restored into office by this Court's 29 January 2007 decision in G.R. No. 168639; that there was misjoinder of causes of action in said amended complaint which incorporated claims both civil and intra-corporate in nature; that STRADEC has no clear and unmistakable right as would entitle it to a writ of preliminary injunction which, at any rate, cannot be directed against acts which had already been accomplished or consummated; and, that the preliminary injunction issued in the premises amounted a prejudgment of the case.^[14]

In compliance with the 17 November 2010 decision sought be reconsidered, STRADEC, on the other hand, seeks the admission and approval of the preliminary injunction bond issued by the Empire Insurance Company in the sum of P10,000,000.00.^[15] On the ground, however, that grave and irreparable damage will be wrought by the issuance of the writ of preliminary injunction in these premises, CTCII's motion for reconsideration of the grant of said writ is accompanied by an offer to post a counterbond in the sum of P20,000,000.00. For this purpose, CTCII calls our attention to the supposed fact, among other matters, that it is currently the principal shareholder of SIDC which, as a public utility company, holds the concession for the construction, operation and maintenance of the STAR toll road; that SIDC is scheduled to expand Stage II, Phase 2 of the STAR toll road with the construction of two additional new lanes at an estimated cost of P2,000,000,000.00; that if it is prevented from exercising proprietary rights over the subject shares and SIDC is inhibited from implementing the 20 July 2006 stockholders' resolution increasing its authorized capital stock, CTCII will be unable to infuse the equity participation commonly required for bank loans; and, that since the security for said loans consisting of SIDC's assets requires the vote of stockholders owning/controlling 2/3 of SIDC's outstanding capital stock, the writ of preliminary injunction would cause grave and irreparable damage which cannot be indemnified by the injunction bond to be posted by STRADEC.^[16] In support of the foregoing arguments, CTCII submitted an affidavit of merit executed by its President, Elizabeth Lee.^[17]

In their opposition to STRADEC's motion to admit and approve preliminary injunction bond, respondents Yujuico and Sumbilla, in turn, question Quiambao's authority to file and submit said bond. Calling attention to the fact that the motion did not include a board resolution authorizing Quiambao to file the same for and in behalf of STRADEC, respondents Yujuico and Quiambao once again argue that there is no showing in the record that Quiambao was so authorized by a legitimate Board of Directors which succeeded the one restored in office by the 29 January 2007 decision in G.R. No. 168639.^[18] The foregoing arguments having been adopted in the 28 January 2011 manifestation filed by SIDC,^[19] STRADEC filed its reply, contending that the decision in G.R. No. 168639 had reference only to the election of its Board of Directors for the term 2004-2005; that since then, the annual

meetings of its stockholders had resulted in the consistent re-election of Quiambao as its Corporate President; that said subsequent elections were recognized in the 2 February 2009 decision rendered by Branch 155 of the Pasig City RTC in SCA No. 3034-PSG, entitled "*Citra Metro Manila Tollways Corporation [CMMTC] vs. Strategic Alliance Development Corporation, et al.*"; and, that the decision was effectively affirmed in G.R. No. 188864 when this Court denied the petition for review on certiorari filed by respondents Yujuico and Sumbilla.^[20] In their reply, however, the latter argue that said decision in SCA No. 3034 only referred to the validity of the proxies issued by STRADEC for the stockholders meetings of CMMTC for the years 2005 and 2006.^[21]

In its comment to CTCII's *Initial Motion for Reconsideration of the Grant of the Application for Writ of Preliminary Injunction (With Offer to File Counterbond)*, STRADEC additionally underscores the fact, among other matters, that as its duly elected Corporate President, Quiambao has been duly authorized to file its 31 July 2006 amended petition *a quo* and to obtain the requisite surety bond for the writ of preliminary injunction sought in connection with its petition for review on certiorari from the Court of Appeals' (CA) 22 December 2008 decision in CA-G.R. No. 96945; that CTCII's continuing violations of STRADEC's rights over its SIDC shares justify the issuance of the writ of preliminary injunction to which it is entitled as owner of said shares; and, that the grave and irreparable damage pleaded by CTCII is attributable to its illegal acquisition of the subject shares and its continued usurpation of STRADEC's rights could only result to instability in the conduct of SIDC's business.^[22] Reiterating the foregoing arguments in its consolidated comment to respondents' motions for reconsideration, STRADEC maintains that the arguments presently raised by respondents had already been squarely passed upon in the decision sought to be reconsidered; and, that the suspension of the proceedings regarding its third and fourth causes of action is not justified by the pendency of other intra-corporate disputes between STRADEC's corporators.^[23]

We find respondents' motions for reconsideration bereft of merit.

Having already discussed the matter extensively in the decision sought to be reconsidered, we no longer find any reason to go into great detail in discussing the reasons why the first and second causes of action pleaded in STRADEC's 31 July 2006 amended complaint qualify as intra-corporate disputes cognizable by Branch 2 of the RTC of Batangas City, sitting as a Special Commercial Court (SCC). Fundamental is the rule that nature of the action, as well as the court or body which has jurisdiction over it, is determined based on the allegations contained in the complaint, irrespective of whether or not plaintiff is entitled to recover upon all or some of the claims asserted therein.^[24] It has been held that only ultimate facts and not legal conclusions or evidentiary facts, which should not be alleged in the complaint in the first place, are considered for purposes of applying the test.^[25] Applying the *relationship test* and the *nature of the controversy test* already discussed in our 17 November 2010 decision, we find that STRADEC's causes of action for the nullification of the loan and pledge over its SIDC shareholdings contracted by respondents Yujuico and Sumbilla as well as the avoidance of the notarial sale conducted by respondent Raymond M. Caraos both qualify as intra-corporate disputes.^[26] It cannot, therefore, be argued that said causes of action were misjoined with STRADEC's third and fourth causes of action for the cancellation

of the transfer of its shares in SIDEC's books, the invalidation of the 30 July 2005 and 20 July 2006 SIDC stockholders' meetings, attorney's fees and the costs.

Neither are we inclined to hospitably entertain respondents' harping over the supposed fact that Quiambao's authority to represent STRADEC - as litigated in the cases pending before the courts of Pasig City and Urdaneta City, involving the question of ownership of the controlling shares of stock of STRADEC as well as the legitimacy of the Board of Directors headed by Quiambao - pose a prejudicial question to the resolution of the dispute before Branch 2 of the Batangas City RTC. A prejudicial question is defined as that which arises in a case, the resolution of which is a logical antecedent of the issue involved therein, and the cognizance of which pertains to another tribunal.^[27] It is said to come into play when a civil action and a criminal action are both pending and there exists in the former case an issue which must be preemptively resolved before the latter case may proceed since the resolution of the issue raised in the civil action is resolved would be determinative *juris et de jure* of the guilt or innocence of the accused in the criminal case. Aimed at avoiding two conflicting decisions,^[28] a prejudicial question requires the concurrence of two essential requisites, to wit: (a) the civil action involves an issue similar or intimately related to the issue raised in the criminal action; and, (b) the resolution of such issue determines whether or not the criminal action may proceed.^[29] From the foregoing disquisition, it is evident that a prejudicial question cannot be appreciated where, as in the case at bench, the subject actions are all civil in nature.^[30]

As an incident to the power inherent in every court to control the disposition of the cases on its dockets, the court in which an action is pending may, concededly, hold the action in abeyance in the exercise of sound discretion, to abide by the outcome of another case pending in another court,^[31] especially where the parties and the issues are the same.^[32] While applicable as between the actions pending before the courts of Pasig City and Urdaneta City which were supposedly instituted to determine the ownership of the controlling shares of stock of STRADEC as well as its legitimate Board of Directors, said principle cannot, however, apply to said cases *vis-à-vis* the one at bench which, at bottom, seek the nullification of the loan and pledge over said corporation's shareholdings in SIDC as well as the subsequent notarial sale thereof. Even then, we find that respondents cannot expediently argue that the defects in the impugned loan, pledge and notarial sale would be automatically discounted by a declaration from the Pasay City and Urdaneta City courts that respondents Yujuico and Sumbilla's group constitute said corporation's legitimate Board of Directors. Assuming, *arguendo*, that respondents are justified in equating such determination with due authorization for the loan and pledge over STRADEC's shares in SIDC, we find that it would not still dispose of the issue of the alleged lack of consideration for the same transactions and the fraud which supposedly attended the execution of the same.

We have likewise gone over the Court's 29 January 2007 decision in G.R. No. 168639 and found no pronouncement therein that would bar the filing of the 31 July 2006 amended petition by STRADEC which, as a corporation with a personality separate and distinct from its incorporators,^[33] has a right to protect its rights and interests over the subject SIDC shares. Considered in this light, we find that respondents are out on a limb in asserting that the record is bereft of any

showing that Quiambao's authority to said amended petition *a quo* was granted by the legitimate successor to STRADEC's Board of Directors which was restored into office by this Court's 29 January 2007 decision in G.R. No. 168639. To a great extent, this situation is attributable to the fact that Civil Case No. 7956 was still on its preliminary stages when Branch 2 of the RTC of Batangas City issued its assailed 30 August 2006 order, withholding action on STRADEC's first and causes of action on the ground of improper venue and suspending proceedings regarding the corporation's third and fourth causes of action in view of the then pendency of G.R. No. 168639 before this Court. Given that responsive pleadings squarely questioning Quiambao's authority to represent STRADEC have yet to be filed by respondents, the matter is clearly one better threshed out before the court *a quo*, alongside such issues as the validity of the transfers of STRADEC's shares to respondents Wong and CTCII, the propriety of the recording of said transfers in SIDC's books, STRADEC's status as a stockholder of SIDC and the legality of the 30 July 2005 and 20 July 2006 SIDC stockholders' meetings.

As an adjunct to the main action subject to the latter's outcome,^[34] on the other hand, a writ of preliminary injunction may be issued upon the concurrence of the following essential requisites, to wit: (1) that the invasion of the right is material and substantial; (2) that the right of complainant is clear and unmistakable; and, (3) that there is an urgent and paramount necessity for the writ to prevent serious damage.^[35] Concurrence of the foregoing requisites is evident from the fact that STRADEC has been deprived of its rights to its shareholdings and to participate in SIDC's corporate affairs as a consequence of the impugned loan and pledge as well as the transfer of the shares to respondent Wong and CTCII. For these reasons alone, we find that STRADEC is entitled to a writ of preliminary injunction to restrain: (a) CTCII from further exercising proprietary rights over the subject shares; (b) SIDC and its officers from recognizing the transfer or further transfers of the same; (c) the implementation of the resolutions passed during the 20 July 2006 SIDC stockholders' special meeting; and, (d) the SEC from acting on any report submitted in respect thereto. Far from amounting to a prejudgment of the case, the restraint of said acts is merely in the service of the office of a writ of preliminary injunction, *i.e.*, the restoration of the *status quo ante* as well preservation and protection of the rights of the litigant during the pendency of the case.^[36]

In view of CTCII's acquisition of STRADEC's shares as well as the changes in SIDC's corporate structure which were effected as a consequence thereof, respondents also argue that the writ of preliminary injunction granted in the decision sought to be reconsidered is directed against acts already consummated. Although the general rule is to the effect that a writ of preliminary injunction cannot be issued against acts already *fait accompli*,^[37] it has been held, however, that consummated acts which are continuing in nature may still be enjoined by the courts.^[38] The propriety of the grant of the provisional injunctive writ sought by STRADEC having been established, we find that approval of said corporation's *Motion to Admit and Approve Preliminary Injunction Bond* is in order. Contrary to respondents' harping about the lack of showing thereof in the record, Quiambao's authority to file said motion is implicit in the following 21 May 2009 Directors' Certification attached to STRADEC's petition for review on certiorari, to wit: