

## TWELFTH DIVISION

[ CA–G.R. SP No. 134704, June 30, 2014 ]

**TEODORICO P. FERNANDEZ, PETITIONER, VS. HON. MARIA ROWENA MODESTO-SAN PEDRO, IN HER CAPACITY AS PRESIDING JUDGE OF THE REGIONAL TRIAL COURT (RTC) OF PASIG CITY, BRANCH 158, FRANCISCO C. EIZMENDI, JR., JOSE S. TAYAG, JR., JOAQUIN SAN AGUSTIN, EDUARDO FRANCISCO, EDMIDIO RAMOS, JR., ALBERT BLANCAFLOR, REY NATHANIEL IFURUNG, MANUEL ACOSTA, JR. AND VALLE VERDE COUNTRY CLUB, INC., RESPONDENTS. D E C I S I O N**

**DICDICAN, J.:**

Before us is a Petition for *Certiorari*<sup>[1]</sup> filed by herein petitioner Teodorico P. Fernandez (“petitioner”) pursuant to Rule 65 of the 1997 Revised Rules of Court seeking to annul and set aside the Order and Resolution that were issued by public respondent Judge Maria Rowena Modesto-San Pedro (“public respondent judge”) of Branch 158 of the Regional Trial Court of the National Capital Judicial Region in Pasig City (“trial court”) on January 28, 2014<sup>[2]</sup> (“assailed order”) and February 3, 2014<sup>[3]</sup> (“assailed resolution”), respectively, in Commercial Case No. 13-202. Both the assailed order and resolution, *inter alia*, prevented herein petitioner from adducing evidence assailing the authority of the individual private respondents to act as members of the board of directors of Valle Verde Country Club, Inc. (“VVCCI”) when the latter suspended the petitioner as a member of VVCCI for a period of six (6) months or from September 21, 2013 until March 21, 2014.

The material and relevant facts of the case, as culled from the record, are as follows:

The instant case stemmed from a Complaint<sup>[4]</sup> for invalidation of corporate acts and resolutions that was filed by the herein petitioner against the private respondents in the trial court on November 28, 2013. In the said complaint, the petitioner averred that he was a proprietary member in good standing of VVCCI. He stated that, in the corporate By-laws<sup>[5]</sup> of VVCCI that was adopted and filed with the Securities and Exchange Commission (SEC) in the year 1975, the members thereof set the number of authorized membership certificates at not more than one thousand five hundred (1,500). Thereafter, during the meeting of the board of directors of VVCCI on June 22, 1979, a Resolution<sup>[6]</sup> was passed increasing the membership certificates by five hundred (500) or from one thousand five hundred (1,500) to two thousand (2,000). Consequently, the total number of members' shares issued and outstanding was pegged at one thousand nine hundred thirty eight (1,938), inclusive of the members' shares forming part of the increase.

On February 23, 2013, the annual members' meeting was held by the VVCCI through its hold-over board of directors. However, the said annual members' meeting was adjourned for lack of quorum. Meanwhile, herein private respondents

proceeded with the said meeting by using the original 1,500 membership certificates as the basis for determining the presence of a quorum. Thus, a quorum was then declared based on the attendance, at the most, of only 790 or 793 members, in person or by proxy, and herein private respondents were constituted as the new members of the board of directors of VVCCI.

Subsequently, on October 18, 2013, the private respondents, as the new members of the board of directors of VVCCI, held a meeting where they found herein petitioner to be guilty of "less serious violations of the by-laws" and imposed upon the latter the penalty of suspension as a member of VVCCI for a period of six (6) months or from September 21, 2013 until March 21, 2014. Hence, on October 26, 2013, while herein petitioner was at the premises of VVCCI, a security guard in the employ of VVCCI prevented the captain waiter from serving food to the petitioner on the ground that the latter was listed among the suspended members of VVCCI.

The foregoing antecedents then prompted herein petitioner to file a commercial case for invalidation of corporate acts and resolutions in the trial court against herein private respondents praying that the claims of the private respondents to the office of director of VVCCI be invalidated. Moreover, the petitioner prayed for the nullification of the annual members' meeting of VVCCI that was held on February 23, 2013, as well as the subsequent meetings of the board of directors that were held thereafter, including all the resolutions and measures that were approved thereat. Further, the petitioner prayed that a writ of preliminary injunction be issued enjoining all the private respondents from excluding him as a *bona fide* proprietary member of the VVCCI and from preventing him from exercising and using his rights as a member thereof.

For their part, the private respondents, in their Comment and Opposition<sup>[7]</sup>, countered that, after the annual members' meeting of VVCCI on February 23, 2013, the individual members organized themselves as the new board of directors and, thereafter, elected a new set of officers of VVCCI. Thereafter, the new members of the board of directors of VVCCI started to manage the affairs of VVCCI pending the peaceful turnover of the same by the hold-over board of directors. However, on March 1, 2013, the hold-over board of directors filed a case in the Regional Trial Court of Pasig (RTC of Pasig) questioning the election of the herein private respondents as members of board of directors of VVCCI. However, the said case was dismissed after the RTC of Pasig declared the case to be an election contest and for lack of cause of action. The dismissal of the said case was affirmed by this Court and, consequently, by the Supreme Court in G.R. No. 209120. Thus, the private respondents, being the new members of the board of directors of VVCCI, took over the management of VVCCI.

On September 17, 2013, the members of the board of directors of VVCCI appointed some members of the VVCCI as part of its committee on discipline that would conduct an investigation as regards the hold-over board of directors of VVCCI for the past seventeen (17) years or from 1996 until 2013 for violation of Section 35 of the by-laws of VVCCI. In essence, the committee on discipline raised the issue that the petitioner, along with the other members of VVCCI, expelled some members of the board of directors of VVCCI who were purportedly critical of the abuses of its 17-year old holdover board of directors. Accordingly, an investigation was conducted on the matter where herein petitioner, along with the other members of VVCCI, were required to submit their written explanations on the charges against them. The petitioner, however, failed to file his answer to the aforesaid charges against him.

Subsequently, the members of the board of directors of VVCCI found the petitioner to have committed acts which are inimical to VVCCI and voted to impose upon him the penalty of suspension in the club for six (6) months.

During the hearing in the trial court in connection with the prayer of the petitioner for the issuance of a writ of preliminary injunction, the public respondent judge expressed her opinion that the instant case was not an election contest within the purview of the Interim Rules Governing Intra-Corporate Controversies ("Interim Rules") in that the case that was filed by the petitioner was filed way beyond the fifteen (15)-day period prescribed therein. Consequently, the public respondent judge ruled in the herein assailed Order dated January 28, 2014 that she would not allow any evidence touching on the election of the members of the board of directors during the annual members' meeting of VVCCI that was held on February 23, 2013. The pertinent portion of the said assailed order reads:

"The parties are reminded that the Court shall not entertain any issue respecting the 23 February 2013 elections; otherwise, the mandatory period within which to file an Election Contest would be rendered nugatory. The Court cannot allow indirectly what is barred directly by the Rules. Accordingly, the only issue remaining is whether due process was observed in suspending the plaintiff."

Likewise, during the said hearing on January 28, 2014, the private respondents agreed to provide the relief that was sought by the petitioner in his prayer for the issuance of a writ of preliminary injunction. Thus, the membership of the petitioner at VVCCI was immediately reinstated, thereby rendering his prayer for the issuance of a writ of preliminary injunction as moot and academic.

Meanwhile, on January 14, 2014, the petitioner also filed in the trial court an Urgent Motion or Request for Production/Copying of Documents<sup>[8]</sup> praying, among others, that VVCCI produce the following documents during the hearing in the trial court on his prayer for the issuance of a writ of preliminary injunction, to wit:

1. The original copy of the stock and transfer book and all cancelled membership fee certificates of VVCCI;
2. The original copy of the certificate of incorporation of VVCCI issued by the SEC on May 30, 1975;
3. The original copy of the directors' certificate to the bylaws of VVCCI dated August 24, 1975 that was filed with the SEC;
4. The original copy of the by-laws of VVCCI dated June 30, 1975 that was filed with the SEC;
5. The original copy of the certificate of filing of by-laws of the VVCCI that was issued by the SEC on October 20, 1976; and
6. The original copy of the duly-signed resolution that was adopted and approved by the members of the board of directors of VVCCI on June 22, 1979 increasing the membership certificates of VVCCI from 1,500 to 2,000.

In the herein assailed resolution of the trial court dated February 3, 2014, the urgent motion for the production or copying of the aforementioned documents was likewise denied by the trial court. The relevant portion of the said assailed resolution states:

"Here, with the Court reiterating its position that the instant case is not an election contest since it was filed way beyond the reglementary period