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WHEREFORE, the petition for review is **DENIED.** The Resolutions dated January 7, 2008 and June 2, 2008 of the Court of Appeals are hereby **AFFIRMED.**

SO ORDERED.

Velasco, Jr. (Chairperson), Bersamin,[*] *Villarama, Jr.,*[**] and *Leonen, JJ.,* concur.

THIRD DIVISION

[G.R. No. 187456. June 2, 2014]

ALABANG DEVELOPMENT CORPORATION, *petitioner, vs.* **ALABANG HILLS VILLAGE ASSOCIATION and RAFAEL TINIO,** *respondents.*

SYLLABUS

1. REMEDIAL LAW; CIVIL PROCEDURE; ACTIONS; PETITIONER LACKS CAPACITY TO SUE BECAUSE IT NO LONGER POSSESSES JURIDICAL PERSONALITY BY REASON OF ITS DISSOLUTION AND LAPSE OF THE THREE-YEAR GRACE PERIOD PROVIDED UNDER SECTION 122 OF THE CORPORATION CODE.— Anent the first assigned error, the Court does not agree that the CA erred in relying on the case of *Columbia Pictures, Inc. v. Court of Appeals*. The CA cited the case for the purpose of restating and distinguishing the jurisprudential definition of the terms "lack of capacity to sue" and "lack of personality to sue;" and of applying these definitions to the present case. Thus, the fact that, unlike in the instant case, the corporations involved in the *Columbia* case were foreign corporations is of no moment. The definition of the term "lack of capacity to sue" enunciated

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[*] Designated additional member in liue of Associate Justice Jose Catral Mendoza per Raffle dated July 12, 2010.

[**] Designated additional member, per Special Order No. 1691 dated May 22, 2014.

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in the said case still applies to the case at bar. Indeed, as held by this Court and as correctly cited by the CA in the case of *Columbia*: "[l]ack of legal capacity to sue means that the plaintiff is not in the exercise of his civil rights, or does not have the necessary qualification to appear in the case, or does not have the character or representation he claims[;] 'lack of capacity to sue' refers to a plaintiff's general disability to sue, such as on account of minority, insanity, incompetence, **lack of juridical personality** or any other general disqualifications of a party. ..." In the instant case, petitioner lacks capacity to sue because it no longer possesses juridical personality by reason of its dissolution and lapse of the three-year grace period provided under Section 122 of the Corporation Code, as will be discussed below.

2. ID.; ID.; ID.; TO ALLOW PETITIONER TO INITIATE THE SUBJECT COMPLAINT AND PURSUE IT UNTIL FINAL JUDGMENT, ON THE GROUND THAT SUCH COMPLAINT WAS FILED FOR THE SOLE PURPOSE OF LIQUIDATING ASSETS, WOULD BE TO CIRCUMVENT THE PROVISIONS OF SECTION 122 OF THE CORPORATION CODE.— In the instant case, there is no dispute that petitioner's corporate registration was revoked on May 26, 2003. Based on the above-quoted provision of law, it had three years, or until May 26, 2006, to prosecute or defend any suit by or against it. The subject complaint, however, was filed only on October 19, 2006, more than three years after such revocation. It is likewise not disputed that the subject complaint was filed by petitioner corporation and not by its directors or trustees. In fact, it is even averred, albeit wrongly, in the first paragraph of the Complaint that "[p]laintiff is a duly organized and existing corporation under the laws of the Philippines, with capacity to sue and be sued. x x x" Petitioner, nonetheless, insists that a corporation may still sue, even after it has been dissolved and the three-year liquidation period provided under Section 122 of the Corporation Code has passed. Petitioner cites the cases of *Gelano v. Court of Appeals*, *Knecht v. United Cigarette Corporation*, and *Pepsi-Cola Products Philippines, Inc. v. Court of Appeals*, as authority to support its position. The Court, however, agrees with the CA that in the abovecited cases, the corporations involved filed their respective complaints while they were still in existence. In other words, they already had pending actions at the time that

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their corporate existence was terminated. The import of this Court's ruling in the cases cited by petitioner is that the trustee of a corporation may continue to prosecute a case commenced by the corporation within three years from its dissolution until rendition of the final judgment, even if such judgment is rendered beyond the three-year period allowed by Section 122 of the Corporation Code. However, there is nothing in the said cases which allows an already defunct corporation to initiate a suit after the lapse of the said three-year period. On the contrary, the factual circumstances in the abovecited cases would show that the corporations involved therein did not initiate any complaint after the lapse of the three-year period. In fact, as stated above, the actions were already pending at the time that they lost their corporate existence. In the present case, petitioner filed its complaint not only after its corporate existence was terminated but also beyond the three-year period allowed by Section 122 of the Corporation Code. Thus, it is clear that at the time of the filing of the subject complaint petitioner lacks the capacity to sue as a corporation. To allow petitioner to initiate the subject complaint and pursue it until final judgment, on the ground that such complaint was filed for the sole purpose of liquidating its assets, would be to circumvent the provisions of Section 122 of the Corporation Code.

APPEARANCES OF COUNSEL

Norberto B. Tria for petitioner.
Jose A. Suing for Alabang Hills Village Ass'n.
Felisberto Verano, Jr. for R.S. Tinio.

D E C I S I O N

PERALTA, *J.*:

Before the Court is a petition for review on *certiorari* assailing the Decision[1] of the Court of Appeals (*CA*), dated March 27, 2009, in CA-G.R. CV No. 88864.

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[1] Penned by Associate Justice Portia Aliño-Hormachuelos, with Associate Justices Jose Catral Mendoza (now a member of this Court) and Ramon M. Bato, Jr. concurring; Annex "A" to petition, *rollo*, pp. 25-33.

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The factual and procedural antecedents of the case, as summarized by the CA, are as follows:

> The case traces its roots to the *Complaint* for Injunction and Damages filed [with the Regional Trial Court (RTC) of Muntinlupa City] on October 19, 2006 by [herein petitioner, Alabang Development Corporation] ADC against [herein respondents, Alabang Hills Village Association, Inc.] AHVAI and Rafael Tinio (Tinio), President of AHVAI. The *Complaint* alleged that [petitioner] is the developer of Alabang Hills Village and still owns certain parcels of land therein that are yet to be sold, as well as those considered open spaces that have not yet been donated to [the] local government of Muntinlupa City or the Homeowner's Association. Sometime in September [2006], ADC learned that AHVAI started the construction of a multi-purpose hall and a swimming pool on one of the parcels of land still owned by ADC without the latter's consent and approval, and that despite demand, AHVAI failed to desist from constructing the said improvements. ADC thus prayed that an injunction be issued enjoining defendants from constructing the multi-purpose hall and the swimming pool at the Alabang Hills Village.
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> In its *Answer With Compulsory Counterclaim*, AHVAI denied ADC's asseverations and claimed that the latter has no legal capacity to sue since its existence as a registered corporate entity was revoked by the Securities and Exchange Commission (SEC) on May 26, 2003; that ADC has no cause of action because by law it is no longer the absolute owner but is merely holding the property in question in trust for the benefit of AHVAI as beneficial owner thereof; and that the subject lot is part of the open space required by law to be provided in the subdivision. As counterclaim, it prayed that an order be issued divesting ADC of the title of the property and declaring AHVAI as owner thereof; and that ADC be made liable for moral and exemplary damages as well as attorney's fees.
>
> Tinio filed his separate *Answer With Compulsory Counterclaim*, practically reiterating the defenses of AHVAI.[2]

On January 4, 2007, the RTC of Muntinlupa City, Branch 276, rendered judgment dismissing herein petitioner's complaint on the grounds that the latter has no personality to file the same;

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[2] *Id*. at 26-27.

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that the subject property "is a reserved area for the beneficial use of the homeowners, as mandated by law;" and that the Housing and Land Use Regulatory Board (*HLURB)*, not the RTC, has exclusive jurisdiction over the dispute between petitioner and respondents.[3]

Aggrieved, herein petitioner filed a Notice of Appeal of the RTC decision. Herein respondent AHVAI, on the other hand, moved that it be allowed to prosecute its compulsory counterclaim praying, for this purpose, that the RTC decision be amended accordingly.

In its Order dated February 20, 2007, the RTC approved petitioner's notice of appeal but dismissed respondent AHVAI's counterclaim on the ground that it is dependent on petitioner's complaint. Respondent AHVAI then filed an appeal with the CA.

In its assailed Decision dated March 27, 2009, the CA dismissed both appeals of petitioner and respondent, and affirmed the decision of the RTC. With respect to petitioner, the CA ruled that the RTC correctly dismissed petitioner's complaint as the same was filed when petitioner was already defunct and, as such, it no longer had capacity to file the said complaint. As regards, respondent AHVAI's counterclaim, the CA held that "where there is no claim against the [respondent], because [petitioner] is already inexistent and has no capacity to sue, the counterclaim is improper and it must be dismissed, more so where the complaint is dismissed at the instance of the [respondent]."

Thus, the instant petition based on the following grounds:

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN RELYING ON THE CASE OF "COLUMBIA PICTURES, INC. *v.* COURT OF APPEALS" IN RESOLVING PETITIONER'S LACK OF CAPACITY

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[3] See Annex "Q" to petition, *id*. at 104-108.

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN FINDING LACK OF CAPACITY OF THE PETITIONER IN FILING THE CASE CONTRARY TO THE EARLIER RULINGS OF THIS HONORABLE COURT

THE HONORABLE COURT OF APPEALS GRAVELY ERRED WHEN IT FAILED TO RESOLVE THE ISSUE THAT PETITIONER IS MANDATED TO CEDE PROPERTIES TO RESPONDENT AHVAI[4]

Anent the first assigned error, the Court does not agree that the CA erred in relying on the case of *Columbia Pictures, Inc. v. Court of Appeals*.[5] The CA cited the case for the purpose of restating and distinguishing the jurisprudential definition of the terms "lack of capacity to sue" and "lack of personality to sue;" and of applying these definitions to the present case. Thus, the fact that, unlike in the instant case, the corporations involved in the *Columbia* case were foreign corporations is of no moment. The definition of the term "lack of capacity to sue" enunciated in the said case still applies to the case at bar. Indeed, as held by this Court and as correctly cited by the CA in the case of *Columbia*: "[l]ack of legal capacity to sue means that the plaintiff is not in the exercise of his civil rights, or does not have the necessary qualification to appear in the case, or does not have the character or representation he claims[;] 'lack of capacity to sue' refers to a plaintiff's general disability to sue, such as on account of minority, insanity, incompetence, **lack of juridical personality** or any other general disqualifications of a party. ..."[6] In the instant case, petitioner lacks capacity to sue because it no longer possesses juridical personality by reason of its dissolution and lapse of the three-year grace period provided under Section 122 of the Corporation Code, as will be discussed below.

With respect to the second assigned error, Section 122 of the Corporation Code provides as follows:

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[4] *Rollo*, p. 11.

[5] 329 Phil. 875 (1996).

[6] *Id.* at 901.

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SEC. 122. *Corporate liquidation.* — Every corporation whose charter expires by its own limitation or is annulled by forfeiture or otherwise, or whose corporate existence for other purposes is terminated in any other manner, shall nevertheless be continued as a body corporate for three (3) years after the time when it would have been so dissolved, for the purpose of prosecuting and defending suits by or against it and enabling it to settle and close its affairs, to dispose of and convey its property and to distribute its assets, but not for the purpose of continuing the business for which it was established.

At any time during said three (3) years, said corporation is authorized and empowered to convey all of its property to trustees for the benefit of stockholders, members, creditors, and other persons in interest. From and after any such conveyance by the corporation of its property in trust for the benefit of its stockholders, members, creditors and others in interest, all interest which the corporation had in the property terminates, the legal interest vests in the trustees, and the beneficial interest in the stockholders, members, creditors or other persons in interest.

Upon winding up of the corporate affairs, any asset distributable to any creditor or stockholder or member who is unknown or cannot be found shall be escheated to the city or municipality where such assets are located.

Except by decrease of capital stock and as otherwise allowed by this Code, no corporation shall distribute any of its assets or property except upon lawful dissolution and after payment of all its debts and liabilities.

This Court has held that:

It is to be noted that the time during which the corporation, through its own officers, may conduct the liquidation of its assets and sue and be sued as a corporation is limited to three years from the time the period of dissolution commences; but there is no time limit within which the trustees must complete a liquidation placed in their hands. It is provided only (Corp. Law, Sec. 78 [now Sec. 122]) that the conveyance to the trustees must be made within the three-year period. It may be found impossible to complete the work of liquidation within the three-year period or to reduce disputed claims to judgment. The authorities are to the effect that suits by or against a corporation

abate when it ceased to be an entity capable of suing or being sued (7 R.C.L., Corps., par. 750); but trustees to whom the corporate assets have been conveyed pursuant to the authority of Sec. 78 [now Sec. 122] may sue and be sued as such in all matters connected with the liquidation...[7]

In the absence of trustees, this Court ruled, thus:

… Still in the absence of a board of directors or trustees, those having any pecuniary interest in the assets, including not only the shareholders but likewise the creditors of the corporation, acting for and in its behalf, might make proper representations with the Securities and Exchange Commission, which has primary and sufficiently broad jurisdiction in matters of this nature, for working out a final settlement of the corporate concerns.[8]

In the instant case, there is no dispute that petitioner's corporate registration was revoked on May 26, 2003. Based on the above-quoted provision of law, it had three years, or until May 26, 2006, to prosecute or defend any suit by or against it. The subject complaint, however, was filed only on October 19, 2006, more than three years after such revocation.

It is likewise not disputed that the subject complaint was filed by petitioner corporation and not by its directors or trustees. In fact, it is even averred, albeit wrongly, in the first paragraph of the Complaint[9] that "[p]laintiff is a duly organized and existing corporation under the laws of the Philippines, with capacity to sue and be sued. x x x"[10]

Petitioner, nonetheless, insists that a corporation may still sue, even after it has been dissolved and the three-year liquidation period provided under Section 122 of the Corporation Code

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[7] *Reburiano v. Court of Appeals*, 361 Phil. 294, 307 (1999), citing *Sumera v. Valencia*, 67 Phil. 721, 726 (1939).

[8] *Clemente v. Court of Appeals*, G.R. No. 82407, March 27, 1995, 242 SCRA 717, 723.

[9] Annex "J" to petition, *rollo*, pp. 56-62.

[10] *Id*. at 56.

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has passed. Petitioner cites the cases of *Gelano v. Court of Appeals*,[11] *Knecht v. United Cigarette Corporation*,[12] and *Pepsi-Cola Products Philippines, Inc. v. Court of Appeals*,[13] as authority to support its position. The Court, however, agrees with the CA that in the abovecited cases, the corporations involved filed their respective complaints while they were still in existence. In other words, they already had pending actions at the time that their corporate existence was terminated.

The import of this Court's ruling in the cases cited by petitioner is that the trustee of a corporation may continue to prosecute a case commenced by the corporation within three years from its dissolution until rendition of the final judgment, even if such judgment is rendered beyond the three-year period allowed by Section 122 of the Corporation Code. However, there is nothing in the said cases which allows an already defunct corporation to initiate a suit after the lapse of the said three-year period. On the contrary, the factual circumstances in the abovecited cases would show that the corporations involved therein did not initiate any complaint after the lapse of the three-year period. In fact, as stated above, the actions were already pending at the time that they lost their corporate existence.

In the present case, petitioner filed its complaint not only after its corporate existence was terminated but also beyond the three-year period allowed by Section 122 of the Corporation Code. Thus, it is clear that at the time of the filing of the subject complaint petitioner lacks the capacity to sue as a corporation. To allow petitioner to initiate the subject complaint and pursue it until final judgment, on the ground that such complaint was filed for the sole purpose of liquidating its assets, would be to circumvent the provisions of Section 122 of the Corporation Code.

As to the last issue raised, the basic and pivotal issue in the instant case is petitioner's capacity to sue as a corporation and

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[11] G.R. No. L-39050, February 24, 1981, 103 SCRA 90.

[12] 433 Phil. 380 (2002).

[13] 486 Phil. 170 (2004).

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it has already been settled that petitioner indeed lacks such capacity. Thus, this Court finds no cogent reason to depart from the ruling of the CA finding it unnecessary to delve on the other issues raised by petitioner.

WHEREFORE, the instant petition is **DENIED.** The assailed Decision of the Court of Appeals in CA-G.R. CV No. 88864, sustaining the Decision of the Regional Trial Court of Muntinlupa City, Branch 276, in Civil Case No. 06-138, is **AFFIRMED.**

SO ORDERED.

Velasco, Jr. (Chairperson), Brion,[*] *Villarama, Jr.,*[**] and *Leonen, JJ.,* concur.

FIRST DIVISION

[G.R. No. 188710. June 2, 2014]

PEOPLE OF THE PHILIPPINES, *plaintiff-appellee, vs.* **MATIMANAY WATAMAMA *A.K.A.* AKMAD SALIPADA,** *accused-appellant,* **TENG MIDTIMBANG** (at large), *accused.*

SYLLABUS

1. CRIMINAL LAW; MURDER; QUALIFYING CIRCUMSTANCES; TREACHERY.— The factual findings of the trial court, as well as its calibration of the witnesses' testimonies and its conclusions, are accorded by this Court with high respect – especially so if the same are affirmed by the CA. An exception to this rule is when, as in this case, there exists a fact or circumstance of weight and influence

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[*] Designated additional member in liue of Associate Justice Jose Catral Mendoza per Raffle dated July 12, 2010.

[**] Designated additional member, per Special Order No. 1691 dated May 22, 2014.