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Isagani Cruz succinctly held, social justice is to be afforded to all:

> x x x social justice — or any justice for that matter — is for the deserving whether he be a millionaire in his mansion or a pauper in his hovel. It is true that, in case of reasonable doubt, we are called upon to tilt the balance in favor of the poor simply because they are poor, to whom the Constitution fittingly extends its sympathy and compassion. But never is it justified to prefer the poor simply because they are poor, or to eject the rich simply because they are rich, for justice must always be served, for poor and rich alike, according to the mandate of the law.[44]

WHEREFORE, the petition is *DENIED* and the appealed Decision *AFFIRMED*. Costs against petitioners.

SO ORDERED.

Ynares-Santiago (Chairperson), Austria-Martinez, Chico-Nazario, and *Nachura, JJ.,* concur.

THIRD DIVISION

[G.R. No. 170585. October 6, 2008]

DAVID C. LAO and JOSE C. LAO, *petitioners, vs.* **DIONISIO C. LAO,** *respondent.*

SYLLABUS

1. REMEDIAL LAW; DISCIPLINE OF JUDGES; VOLUNTARY INHIBITION; DECISION IS LEFT TO THE SOUND DISCRETION OF THE JUDGE; SUSTAINED. — In cases of voluntary inhibition, the law leaves to the sound discretion

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[44] *Land Bank of the Philippines v. Court of Appeals, supra* note 1, at 157.

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of the judge the decision to decide for himself the question of whether or not he will inhibit himself from the case. Section 1, Rule 137 of the Rules of Court provides: Section 1. *Disqualification of judges*. — No judge or judicial officer shall sit in any case in which he, or his wife or child, is pecuniarily interested as heir, legatee, creditor, or otherwise, or in which he is related to either party within the sixth degree of consanguinity or affinity, or to counsel within the fourth degree, computed according to the rules of the civil law, or in which he has been executor, administrator, guardian, trustee, or counsel, or in which he has presided in any inferior court when his ruling or decision is the subject of review, without the written consent of all parties in interest, signed by them and entered upon the record. A judge may, in the exercise of his sound discretion, disqualify himself from sitting in a case, for just or valid reasons other than those mentioned above. Here, Justice Magpale voluntarily inhibited himself "in order to free the entire court [CA] of the slightest suspicion of bias and prejudice x x x." We certainly cannot nullify the decision of Justice Magpale recusing himself from the case because that is a matter left entirely to his discretion. Nor can We fault him for doing so. No judge should preside in a case in which he feels that he is not wholly free, disinterested, impartial, and independent.

2. MERCANTILE LAW; CORPORATION CODE; CORPORATIONS; TRANSFER OF SHARES; DUE DELIVERY OF THE CERTIFICATE OF SHARES BY THE SELLER IS REQUIRED. — Absent a written document, petitioners must prove, at the very least, possession of the certificates of shares in the name of the alleged seller. Again, they failed to prove possession. They failed to prove the due delivery of the certificates of shares of the sellers to them. Section 63 of the Corporation Code provides: Sec. 63. *Certificate of stock and transfer of shares*. — The capital stock of stock corporations shall be divided into shares for which certificates signed by the president or vice-president, countersigned by the secretary or assistant secretary, and sealed with the seal of the corporation shall be issued in accordance with the by-laws. Shares of stock so issued are personal property and may be transferred by delivery of the certificate or certificates indorsed by the owner or his attorney-in-fact or other person legally authorized to make the transfer. No transfer, however,

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shall be valid, except as between the parties, until the transfer is recorded in the books of the corporation so as to show the names of the parties to the transaction, the date of the transfer, the number of the certificate or certificates and the number of shares transferred.

3. ID.; ID.; ID.; ID.; MERE INCLUSION AS SHAREHOLDER IN THE GENERAL INFORMATION SHEET SUBMITTED TO THE SECURITIES AND EXCHANGE COMMISSION (SEC) IS INSUFFICIENT PROOF THAT ONE IS A SHAREHOLDER OF A COMPANY; RATIONALE. — The mere inclusion as shareholder of petitioners in the General Information Sheet of PFSC is insufficient proof that they are shareholders of the company. Petitioners bank heavily on the General Information Sheet submitted by PFSC to the SEC in which they were named as shareholders of PFSC. They claim that respondent is now estopped from contesting the General Information Sheet. While it may be true that petitioners were named as shareholders in the General Information Sheet submitted to the SEC, that document alone does not conclusively prove that they are shareholders of PFSC. The information in the document will still have to be correlated with the corporate books of PFSC. As between the General Information Sheet and the corporate books, it is the latter that is controlling. As correctly ruled by the CA: We agree with the trial court that mere inclusion in the General Information Sheets as stockholders and officers does not make one a stockholder of a corporation, for this may have come to pass by mistake, expediency or negligence. As professed by respondent-appellee, this was done merely to comply with the reportorial requirements with the SEC. This maybe against the law but "practice, no matter how long continued, cannot give rise to any vested right." If a transferee of shares of stock who failed to register such transfer in the Stock and Transfer Book of the Corporation could not exercise the rights granted unto him by law as stockholder, with more reason that such rights be denied to a person who is not a stockholder of a corporation. Petitioners-appellants never secured such a standing as stockholders of PFSC and consequently, their petition should be denied. It should be stressed that the burden of proof is on petitioners to show that they are shareholders of PFSC. This is so because they do not have any certificates of shares in their name. Moreover, they do not appear in the corporate books

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as registered shareholders. If they had certificates of shares, the burden would have been with PFSC to prove that they are not shareholders of the corporation.

APPEARANCES OF COUNSEL

Romeo C. Dela Cruz for petitioners.
Pizarras and Associates Law Offices for respondent.

D E C I S I O N

REYES, R.T., *J.*:

IS the mere inclusion as shareholder in the General Information Sheet of a corporation sufficient proof that one is a shareholder in such corporation?

This is the main question for resolution in this petition for review on *certiorari* of the Amended Decision[1] of the Court of Appeals (CA) affirming the Decision[2] of the Regional Trial Court (RTC), Branch 11, Cebu City in CEB-25916-SRC.

The Facts

On October 15, 1998, petitioners David and Jose Lao filed a petition with the Securities and Exchange Commission (SEC) against respondent Dionisio Lao, president of Pacific Foundry Shop Corporation (PFSC). Petitioners prayed for a declaration as stockholders and directors of PFSC, issuance of certificates of shares in their name and to be allowed to examine the corporate books of PFSC.[3]

Petitioners claimed that they are stockholders of PFSC based on the General Information Sheet filed with the SEC, in which they are named as stockholders and directors of the corporation.

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[1] *Rollo*, pp. 44-53. Penned by Associate Justice Enrico A. Lanzanas, with Associate Justices Sesinando E. Villon and Vicente L. Yap, concurring.

[2] *Id.* at 148-154. Penned by Judge Isaias Dicdican.

[3] *Id.* at 45.

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Petitioner David Lao alleged that he acquired 446 shares in PFSC from his father, Lao Pong Bao, which shares were previously purchased from a certain Hipolito Lao. Petitioner Jose Lao, on the other hand, alleged that he acquired 333 shares from respondent Dionisio Lao himself.[4]

Respondent denied petitioners' claim. He alleged that the inclusion of their names in the corporation's General Information Sheet was inadvertently made. He also claimed that petitioners did not acquire any shares in PFSC by any of the modes recognized by law, namely subscription, purchase, or transfer. Since they were neither stockholders nor directors of PFSC, petitioners had no right to be issued certificates or stocks or to inspect its corporate books.[5]

On June 19, 2000, Republic Act 8799, otherwise known as the Securities Regulation Code, was enacted, transferring jurisdiction over all intra-corporate disputes from the SEC to the RTC. Pursuant to the law, the petition with the SEC was transferred to the RTC in Cebu City and docketed as Civil Case No. CEB-25916-SRC. The case was consolidated with another intra-corporate dispute, Civil Case No. CEB-25910-SRC, filed by the Heirs of Uy Lam Tiong against respondent Dionisio Lao.[6]

During pre-trial, the parties agreed to submit the case for resolution based on the evidence on record.[7]

RTC Disposition

On December 19, 2001, the RTC rendered a Joint Decision[8] with the following pertinent disposition, thus:

WHEREFORE, in view of the foregoing premises, judgment is hereby rendered by the Court in these cases:

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[4] *Id.* at 72-73.

[5] *Id.* at 73.

[6] *Id.* at 73-74.

[7] *Id.* at 74.

[8] *Id.* at 148-154.

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(a) Denying the petition of David C. Lao and Jose C. Lao to be recognized as stockholders and directors of Pacific Foundry Shop Corporation, to be issued certificates of stock of said corporation and to be allowed to exercise rights of stockholders of the same corporation.[9]

In denying the petition, the RTC ratiocinated:

x x x Thus, the petitioners David C. Lao and Jose C Lao do not appear to have become registered stockholders of Pacific Foundry Shop corporation, as they do not appear to have acquired shares of stock of the corporation either as subscribers or by purchase from a holder of outstanding shares or by purchase from the corporation of additionally issued shares.

x x x x x x x x x

Secondly, the claim or contention of the petitioners David C. Lao and Jose C. Lao is wanting in merit because they have no stock certificates in their names. A stock certificate, as we very well know, is the evidence of ownership of corporate stock. If ever the said petitioners acquired shares of stock of the corporation, there is a need for their acquisition of said shares to be registered in the Stock and Transfer Book of the corporation. Registration is necessary to entitle a person to exercise the rights of a stockholder and to hold office as director or other offices (12 Fletcher 343). That is why it is explicitly provided in Section 63 of the Corporation Code of the Philippines that no transfer of shares of stock shall be valid until the transfer is recorded in the books of the corporation. An unregistered transfer is not valid as against the corporation (*Uson vs. Diosomito*, 61 Phil. 535). A transfer must be registered, or at least notice thereof given to the corporation for the purpose of registration, before the transferee can acquire any right as against the corporation other than the right to have the transfer registered (12 Fletcher 339). An unrecorded transferee can not enjoy the status of a stockholder, he can not vote nor he voted for (*Price & Sulu Development Corp. vs. Martin*, 58 Phil. 707). Until the transfer is registered, the transferee is not a stockholder but an outsider (*Rivera vs. Florendo*, G.R. No. 57586, October 8, 1986). So, a person who has acquired or purchased shares of stock of a corporation, and who desires to be recognized as stockholder for the purpose of

[9] *Id.* at 153-154.

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voting and exercising other rights of a stockholder, must secure such a standing by having the acquisition or transfer recorded in the corporate books (*Price & Sulu development Corp. vs. Martin*, supra). Unfortunately, in the cases at bench, the petitioners David C. Lao and Jose C. Lao did not secure such a standing. Consequently, their petition to be recognized as stockholders of Pacific Foundry Shop Corporation must fail.[10]

Petitioners appealed to the CA.

CA Disposition

On May 27, 2005, the CA rendered a Decision[11] modifying that of the RTC, disposing as follows:

WHEREFORE, premises considered, judgment is hereby rendered modifying the Joint Decision dated December 19, 2001 of the trial court in so far as it relates to Civil Case No. CEB-25916-SRC by:

(a) Declaring that petitioners have owned since 1987 shares of stock in Pacific Foundry Shop Corporation, numbering 446 for petitioner-appellant David C. Lao and 333 for petitioner-appellant Jose C. Lao;

(b) Ordering respondent-appellee through the corporate secretary to issue to petitioners-appellants the certificates of stock for the aforementioned number of shares;

(c) Ordering respondent-appellee, as President of Pacific Foundry Shop Corporation, to allow petitioners-appellants to exercise their rights as stock holders;

(d) Ordering respondent-appellee to call a stockholders meeting every fourth Saturday of January in accordance with the By-Laws of Pacific Foundry shop Corporation.[12]

The CA decision was penned by Justice Arsenio Magpale and concurred in by Justices Sesinando Villon and Enrico Lanzanas.

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[10] *Id.* at 152-153.

[11] *Id.* at 72-80.

[12] *Id.* at 79-80.

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In modifying the RTC decision, the appellate court gave credence to the General Information Sheet submitted by petitioners that names them as stockholders of PFSC, thus:

> The General Information Sheet of PFSC for the years 1987-1998 state that petitioners-appellants David C. Lao and Jose C. Lao own 446 and 333 shares, respectively, in PFSC. It is also indicated therein that David C. Lao occupied various key positions in PFSC from 1987-1998 and Jose C. Lao served as Director in PFSC from 1990-1998. The Sworn Statements of Uy Lam Tiong, former corporate secretary of the PFSC, also state that petitioners-appellants David C. Lao and Jose C. Lao, per corporate records of PFSC, own shares of stock numbering 446 and 333, respectively. The minutes of the Annual Stockholders Meeting of PFSC on January 28, 1988 at 3:00 o'clock p.m. shows that among those present were petitioners-appellants David C. Lao and Jose C. Lao. During the said meeting, petitioner-appellant David C. Lao was nominated and elected Director of PFSC. Withal, the Minutes of the Meeting of the Board of Directors of PFSC at its Office at Hipodromo, Cebu City, on January 28, 1988 at 4:00 p.m. disclose that petitioner-appellant David C. Lao was elected vice-president of PFSC. Both minutes were signed by the officers of PFSC including respondent-appellee.[13]

Respondent filed a motion for reconsideration[14] of the CA decision.

On July 11, 2005, respondent moved to inhibit[15] the *ponente* of the CA decision, Justice Magpale, from resolving his pending motion for reconsideration.

On July 22, 2005, Justice Magpale issued a Resolution[16] voluntarily inhibiting himself from further participating in the resolution of the pending motion for reconsideration. Justice Magpale stated:

> Although the undersigned *ponente* does not agree with the imputations of respondent-appellee and that the same are not any of

[13] *Id.* at 77-78.

[14] *Id.* at 81-91.

[15] *Id.* at 92-93.

[16] *Id.* at 41-42.

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those grounds mentioned in Rule 137 of the Revised Rules of Court, nonetheless the *ponente* voluntarily inhibits himself from further handling this case in order to free the entire court of the slightest suspicion of bias and prejudice against the respondent–appellee.[17]

Amended Decision

On August 31, 2005, the CA rendered an Amended Decision[18] affirming that of the RTC, with a *fallo* reading:

> IN VIEW OF THE FOREGOING, the May 27, 2005 Decision of this Court is hereby SET ASIDE and the Decision of the Regional Trial Court, Branch 11, Cebu City with respect to Civil Case No. 25916-SRC is hereby AFIRMED *in toto*.[19]

The Amended Decision was penned by Justice Enrico Lanzanas and concurred in by Justices Sesinando Villon and Vicente Yap. The CA stated:

> Petitioners-appellants maintain that they acquired their shares of stocks through transfer — the third mode mentioned by the trial court. David C. Lao claims that he acquired his 446 shares through his father, Lao Pong Bao, when the latter purchased said shares from Hipolito Lao. On the other hand, Jose C. Lao asserts that he acquired his 333 shares through Dionisio C. Lao himself from the original 1,333 shares of stocks of the latter.
>
> Petitioner-appellants asseverations are unavailing. To substantiate their statements, they merely relied on the General Information Sheets submitted to the Securities and Exchange Commission for the year 1987 to 1998, as well as on the Minutes of the Stockholders Meeting and Board of Directors Meeting held on January 28, 1988. They did not adduce evidence that would indubitably show that there was indeed a valid transfer of stocks, *i.e*. endorsement and delivery, from the transferors, Hipolito Lao and Dionisio Lao, to them as transferees.
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> x x x x x x x x x
>
> To our mind, David C. Lao utterly failed to confute the argument posited by respondent-appellee or demonstrate compliance with any

[17] *Id.* at 41.

[18] *Id.* at 41-53.

[19] *Id.* at 52.

of the statutory requirements as to warrant a favorable ruling on his part. No proof was ever shown that there was endorsement and delivery to him of the stock certificates representing the 446 shares of Hipolito Lao. Neither was the transfer registered in PFSC's Stock and Transfer Book. Conversely, Dionisio C. Lao was able to show conformity with the aforementioned requirements. Accordingly, it is but logical to conclude that the certificate of stock covering 446 shares of Hipolito Lao was in fact endorsed and delivered to Dionisio C. Lao and as such is reflected in PFSC's Stock and Transfer Book x x x.

In fact, it is a rule that private transactions are presumed to have been faire and regular and that the regular course of business is presumed to have been followed. Thus, the transfer made by Hipolito Lao of the 446 shares of stocks to Dionisio C. Lao is deemed to have been valid and well-founded unless proven otherwise. David C. Lao's mere allegation that Dionisio Lao illegally appropriated upon himself the 446 shares failed to hurdle such presumption. In this jurisdiction, neither fraud nor evil is presumed and the record does not show either as to establish by clear and sufficient evidence that may lead Us to believe such allegation. The party alleging the same has the burden of proof to present evidence necessary to establish his claim, unfortunately however petitioners failed to do so. The General Information Sheets and the Minutes of the Meetings adduced by petitioners-appellants do not prove such allegation of fraud or deceit. In the absence thereof, the presumption remains that private transactions have been fair and regular.

As for the alleged shares of Jose C. Lao, We find his position identically situated with David C. Lao. There is also no evidence on record that would clearly establish how he acquired said shares of PFSC. Jose C. Lao failed to show that there was endorsement and delivery to him of the stock certificates or any documents showing such transfer or assignment. In fact, the 333 shares being claimed by him is still under the name of Dionisio C. Lao was reflected by the Certificate of Stock as well as in PFSC's Stock and Transfer Book. Corollary, Jose C. Lao could not be considered a stockholder of PFSC in the absence of support reflecting his right to the 333 shares other than the inclusion of his name in the General Information Sheets from 1987 to 1998 and the Minutes of the Stockholder's Meeting and Board of Director's Meeting.[20]

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[20] *Id.* at 48-51.

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Petitioners moved for reconsideration but their motion was denied.[21] Hence, the present petition for review on *certiorari* under Rule 45 of the 1997 Rules of Civil Procedure.

Issues

Petitioners raise five (5) issues for Our consideration, thus:

1. Whether or not the inhibition of Justice Arsenio J. Magpale is proper when there is no "extrinsic evidence of bias, bad faith, malice, or corrupt purpose" on the part of Justice Magpale, which is required by this Honorable Court in its decision in *Webb, et al. v. People of the Philippines*, 276 SCRA 243 [1997], as basis for disqualification.

2. Whether or not the inhibition of Justice Magpale constitutes, in effect, forum shopping, which is proscribed under Section 5, Rule 7 of the Rules of Court, as amended, and decisions of this Honorable Court.

3. Whether or not determination of ownership of shares of stock in a corporation shall be based on the Stock and Transfer Book alone, or other evidence can be considered pursuant to the decision of this Honorable Court in *Tan v. Securities and Exchange Commission*, 206 SCRA 740.

4. Whether or not the admissions and representations of respondent in the General Information Sheets submitted by him to the Securities and Exchange Commission during the years 1987 to 1998 that (a) petitioners were stockholders of Pacific Foundry Shop Corporation; that (b) petitioner David C. Lao and Jose C. Lao owned 446 and 333 shares in the corporation, respectively; and that (c) petitioners had been directors and officers of the corporation, as well as the Sworn Statement of Uy Lam Tiong, former Corporate Secretary, the Minutes of the Annual Stockholders Meeting of PFSC on January 28, 1988, and the Minutes of Meeting of the Board of Directors on January 28, 1988, mentioned by Justice Magpale in his *ponencia*, are sufficient proof of petitioners ownership of stocks in the corporation.

5. Whether or not respondent is stopped from questioning petitioners' ownership of stocks in the corporation in view

[21] *Id.* at 55-56.

> of his admissions and representations in the General Information Sheets he submitted to the Securities and Exchange Commission from 1987 to 1998 that petitioners were stockholders and officers of the corporation.[22]

Essentially, only two (2) issues are raised in this petition. The first concerns the voluntary inhibition of Justice Magpale, while the second involves the substantive issue of whether or not petitioners are indeed stockholders of PFSC.

Our Ruling

We deny the petition.

Voluntary inhibition is within the sound discretion of a judge.

Petitioners claim that the motion to inhibit Justice Magpale from resolving the pending motion for reconsideration was improper and unethical. They assert that the "bias and prejudice" grounds alleged by private respondent were unsubstantiated and, worse, constituted proscribed forum shopping. They argue that Justice Magpale should have resolved the pending motion, instead of voluntarily inhibiting himself from the case.

In cases of voluntary inhibition, the law leaves to the sound discretion of the judge the decision to decide for himself the question of whether or not he will inhibit himself from the case. Section 1, Rule 137 of the Rules of Court provides:

> Section 1. *Disqualification of judges*. — No judge or judicial officer shall sit in any case in which he, or his wife or child, is pecuniarily interested as heir, legatee, creditor, or otherwise, or in which he is related to either party within the sixth degree of consanguinity or affinity, or to counsel within the fourth degree, computed according to the rules of the civil law, or in which he has been executor, administrator, guardian, trustee, or counsel, or in which he has presided in any inferior court when his ruling or decision is the subject of review, without the written consent of all parties in interest, signed by them and entered upon the record.

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[22] *Id.* at 279-281.

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A judge may, in the exercise of his sound discretion, disqualify himself from sitting in a case, for just or valid reasons other than those mentioned above.

Here, Justice Magpale voluntarily inhibited himself "in order to free the entire court [CA] of the slightest suspicion of bias and prejudice x x x."[23] We certainly cannot nullify the decision of Justice Magpale recusing himself from the case because that is a matter left entirely to his discretion. Nor can We fault him for doing so. No judge should preside in a case in which he feels that he is not wholly free, disinterested, impartial, and independent.

We agree with petitioners that it may seem unpalatable and even revolting when a losing party seeks the disqualification of a judge who had previously ruled against him in the hope that a new judge might be more favorable to him. But We cannot take that basic proposition too far. That Justice Magpale opted to voluntarily recuse himself from the appealed case is already *fait accompli*. It is, in popular idiom, water under the bridge.

Petitioners cannot bank on his voluntary inhibition to nullify the Amended Decision later issued by the appellate court. It is highly specious to assume that Justice Magpale would have ruled in favor of petitioners on the pending motion for reconsideration if he took a different course and opted to stay on with the case. It is also illogical to presume that the Amended Decision would not have been issued with or without the participation of Justice Magpale. The Amended Decision is too far removed from the issue of voluntary inhibition. It does not follow that petitioners would be better off were it not for the voluntary inhibition.

Petitioners failed to prove that they are shareholders of PSFC.

Petitioners insist that they are shareholders of PFSC. They claim purchasing shares in PFSC. Petitioner David Lao alleges that he acquired 446 shares in the corporation from his father,

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[23] *Id.* at 41.

Lao Pong Bao, which shares were previously purchased from a certain Hipolito Lao. Petitioner Jose Lao, on the other hand, alleges that he acquired 333 shares from respondent Dionisio Lao.

Records, however, disclose that petitioners have no certificates of shares in their name. A certificate of stock is the evidence of a holder's interest and status in a corporation. It is a written instrument signed by the proper officer of a corporation stating or acknowledging that the person named in the document is the owner of a designated number of shares of its stock.[24] It is *prima facie* evidence that the holder is a shareholder of a corporation.

Nor is there any written document that there was a sale of shares, as claimed by petitioners. Petitioners did not present any deed of assignment, or any similar instrument, between Lao Pong Bao and Hipolito Lao; or between Lao Pong Bao and petitioner David Lao. There is likewise no deed of assignment between petitioner Jose Lao and private respondent Dionisio Lao.

Absent a written document, petitioners must prove, at the very least, possession of the certificates of shares in the name of the alleged seller. Again, they failed to prove possession. They failed to prove the due delivery of the certificates of shares of the sellers to them. Section 63 of the Corporation Code provides:

> Sec. 63. *Certificate of stock and transfer of shares*. — The capital stock of stock corporations shall be divided into shares for which certificates signed by the president or vice-president, countersigned by the secretary or assistant secretary, and sealed with the seal of the corporation shall be issued in accordance with the by-laws. Shares of stock so issued are personal property and may be transferred by delivery of the certificate or certificates indorsed by the owner or his attorney-in-fact or other person legally authorized to make the transfer. No transfer, however, shall be valid,

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[24] De Leon, *The Corporation Code of the Philippines Annotated*, 2002 ed., p. 550.

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except as between the parties, until the transfer is recorded in the books of the corporation so as to show the names of the parties to the transaction, the date of the transfer, the number of the certificate or certificates and the number of shares transferred.

In contrast, respondent was able to prove that he is the owner of the disputed shares. He had in his possession the certificates of stocks of Hipolito Lao. The certificates of stocks were also properly endorsed to him. More importantly, the transfer was duly registered in the stock and transfer book of the corporation. Thus, as between the parties, respondent has proven his right over the disputed shares. As correctly ruled by the CA:

Au contraire, Dionisio C. Lao was able to show through competent evidence that he is undeniably the owner of the disputed shares of stocks being claimed by David C. Lao. He was able to validate that he has the physical possession of the certificates covering the shares of Hipolito Lao. Notably, it was Hipolito Lao who properly endorsed said certificates to herein Dionisio Lao and that such transfer was registered in PFSC's Stock and Transfer Book. These circumstances are more in accord with the valid transfer contemplated by Section 63 of the Corporation Code.[25]

The mere inclusion as shareholder of petitioners in the General Information Sheet of PFSC is insufficient proof that they are shareholders of the company.

Petitioners bank heavily on the General Information Sheet submitted by PFSC to the SEC in which they were named as shareholders of PFSC. They claim that respondent is now estopped from contesting the General Information Sheet.

While it may be true that petitioners were named as shareholders in the General Information Sheet submitted to the SEC, that document alone does not conclusively prove that they are shareholders of PFSC. The information in the document will still have to be correlated with the corporate books of PFSC. As between the General Information Sheet and the corporate books, it is the latter that is controlling. As correctly ruled by the CA:

[25] *Rollo,* p. 48.

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We agree with the trial court that mere inclusion in the General Information Sheets as stockholders and officers does not make one a stockholder of a corporation, for this may have come to pass by mistake, expediency or negligence. As professed by respondent-appellee, this was done merely to comply with the reportorial requirements with the SEC. This maybe against the law but "practice, no matter how long continued, cannot give rise to any vested right."

If a transferee of shares of stock who failed to register such transfer in the Stock and Transfer Book of the Corporation could not exercise the rights granted unto him by law as stockholder, with more reason that such rights be denied to a person who is not a stockholder of a corporation. Petitioners-appellants never secured such a standing as stockholders of PFSC and consequently, their petition should be denied.[26]

It should be stressed that the burden of proof is on petitioners to show that they are shareholders of PFSC. This is so because they do not have any certificates of shares in their name. Moreover, they do not appear in the corporate books as registered shareholders. If they had certificates of shares, the burden would have been with PFSC to prove that they are not shareholders of the corporation.

As discussed, petitioners failed to hurdle their burden. There is no written document evidencing their claimed purchase of shares. We note that petitioners agreed to submit their case for decision based merely on the documents on record. Hence, no testimonial evidence was presented to prove the alleged purchase of shares. Absent any documentary or testimonial evidence, the bare assertion of petitioners that they are shareholders cannot prevail.

All told, We agree with the RTC and CA decision that petitioners are not shareholders of PFSC.

WHEREFORE, the petition is *DENIED* and the appealed Amended Decision *AFFIRMED IN FULL*.

SO ORDERED.

Ynares-Santiago (Chairperson), Austria-Martinez, Chico-Nazario, and *Nachura, JJ.,* concur.

[26] *Id.* at 51-52.