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In this instance, private respondents' separation benefits may be released to them without filing a separate money claim before the Commission on Audit. It would be unjust and a violation of private respondents' right to equal protection if they were not allowed to claim, under the same conditions as their fellow workers, what is rightfully due to them.

WHEREFORE, the Petition is **DENIED.**

SO ORDERED.

Carpio (Chairperson), del Castillo, and *Mendoza, JJ.*, concur.

Brion, J., on leave.

THIRD DIVISION

[G.R. No. 184251. March 9, 2016]

ESTATE OF DR. JUVENCIO P. ORTAÑEZ, represented by DIVINA ORTAÑEZ-ENDERES, LIGAYA NOVICIO, and CESAR ORTAÑEZ, *petitioners, vs.* **JOSE C. LEE, BENJAMIN C LEE, CARMENCITA TAN, ANGEL ONG, MA. PAZ CASAL-LEE, JOHN OLIVER PASCUAL, CONRADO CRUZ, JR., BRENDA ORTAÑEZ, and JULIE ANN PARADO and JOHN DOES,** *respondents.*

SYLLABUS

1. COMMERCIAL LAW; CORPORATIONS; CAPITAL STOCK; THE SALE OF THE SHARES OF STOCK OF THE ESTATE TO A THIRD PARTY WITHOUT THE COURT'S APPROVAL AND THE INCREASE IN AUTHORIZED CAPITAL STOCK OF THE SUBJECT CORPORATION, APPROVED ON THE VOTE OF

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PETITIONERS' NON-EXISTENT SHAREHOLDINGS, DECLARED VOID. — We refer to the details of the antecedent facts of the case as culled from this Court's decision promulgated on 23 February 2004 x x x. We observed in the aforesaid decision that Juliana Ortañez (Juliana)and her three sons invalidly entered into a Memorandum of Agreement extra-judicially partitioning the intestate estate among themselves, despite their knowledge that there were other heirs or claimants to the Estate and before the final settlement of the Estate by the intestate court. Since the appropriation of the estate properties was invalid, the subsequent sale thereof by Juliana and Lee to a third party (FLAG), without court approval, was likewise void. It goes without saying that the increase in Philinterlife's authorized capital stock, approved on the vote of petitioners' non-existent shareholdings was likewise void *ab initio.*

2. **ID.; ID.; CAPITAL STOCK; ONLY THOSE INCREASES ON CAPITAL STOCK SUBSEQUENT TO THE ILLEGAL SALES OF SHARES OF STOCK ARE CONSIDERED VOID, AND QUESTIONS ON THE INCREASE OF STOCKS MADE BEFORE THE ILLEGAL SALES SHOULD BE THE SUBJECT OF A SEPARATE PROCEEDING.—** Upon a closer analysis of our ruling in G.R. No. 146006, however, we note that only the 4 March 1982 memorandum of agreement was declared void and as a consequence thereto, the subsequent sale to FLAG was likewise declared void. With regard to the increases in Philinterlife's capital stock, we only declared void those **increases approved on the vote of petitioners' non-existent shareholdings**. In other words, only those increases subsequent to the illegal sales of shares of stock are considered void. The validity of the increases of stock *before* 1989 (from 1980 to 1988) has never been questioned before any court. Parenthetically, any question on the increase of stocks made before the illegal sales should not be raised in the instant election contest case but should be the subject of a separate proceeding.

3. **ID.; ID.; ID.; PETITIONERS FAILED TO PROVE 51% OWNERSHIP OF THE OUTSTANDING CAPITAL STOCK OF THE SUBJECT CORPORATION DURING THE STOCKHOLDERS' MEETING.—** Capital Structure proffered by the respondents negated the claim of petitioners that they have *always* been the true and lawful owners of at least 51%

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of Philinterlife. It should be noted that the last valid uncontested outstanding capital stock before the illegal sales was 10,000 shares. Prior to the sales made to FLAG on 15 April 1989 and 30 October 1991, the outstanding capital stock as reflected in the General Information Sheet dated 16 April 1988, is 10,000 shares at ₱10,000,000.00 and not 5,000 shares as advanced by the petitioners. Therefore, the total number of outstanding shares during the 15 March 2006 annual stockholders' meeting was definitely not 5,000 shares as petitioners posit. Even before the illegal sale, the Estate only owned 2,029 shares, not even close to majority of the total outstanding capital stock of 10,000 shares. x x x. From the x x x facts and based on a careful evaluation of the evidence on record, we are of the considered view that petitioners indeed failed to present the required preponderance of evidence to prove their allegation in the complaint that they represented more than 51% of the outstanding capital stock of Philinterlife during the annual stockholders' meeting held on 15 March 2006.

4. ID.; ID.; IN THE ABSENCE OF EVIDENCE TO THE CONTRARY, THE PRESUMPTION IS THAT THE RESPONDENTS WERE DULY ELECTED AS DIRECTORS/ OFFICERS OF SUBJECT CORPORATION DURING ITS ANNUAL STOCKHOLDERS' MEETING.— [T]he core issue to be resolved in the present case is simply on whether respondents were validly elected as Board of Directors during the annual stockholders' meeting of Philinterlife held on 15 March 2006. We agree with the courts below that in the absence of evidence to the contrary, the presumption is that the respondents were duly elected as directors/officers of Philinterlife during the aforesaid annual stockholders' meeting. Petitioners cannot, in the instant election contest case, question the increases in the capital stocks of the corporation.

APPEARANCES OF COUNSEL

Picazo Buyco Tan Fider & Santos for petitioner Ortañez-Enderes.

Nelson A. Clemente for petitioners Novicio & Ortañez.

Raymund P. Palad for respondents Brenda Ortañez and Julie Ann Parado.

Fernandez & Associates Law Firm for respondents Jose C. Lee, *et al*.

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D E C I S I O N

PEREZ, *J.*:

Before us for resolution is the appeal filed by the Estate of Dr. Juvencio P. Ortañez (Dr. Ortañez), Ligaya Novicio, Divina Ortañez-Enderes, and Cesar Ortañez (petitioners) seeking to nullify the 28 February 2008 Decision[1] of the Court of Appeals (CA) in CA-G.R. SP No. 97829. The CA affirmed the 17 January 2007 Judgment[2] of the Regional Trial Court (RTC), Branch 90, Quezon City, which dismissed the petitioners' complaint for failure to present the required preponderance of evidence to substantiate the material allegations embodied therein.

Culled from the records are the following antecedent facts:

On 6 July 1956, Dr. Ortañez organized and founded the Philippine International Life Insurance Company, Inc. (Philinterlife). At the time of its incorporation, Dr. Ortañez owned ninety percent (90%) of the subscribed capital stock of Philinterlife.

Upon his death on 21 July 1980, Dr. Ortañez left behind an estate consisting of, among others, 2,029 shares of stock in Philinterlife, then representing at least 50.725% of the outstanding capital stock of Philinterlife which was at 4,000 shares valued at ₱4,000,000.00.

On 30 March 2006, petitioners filed a Complaint for Election Contest before the RTC of Quezon City. The case was docketed as Civil Case No. Q-06-143 and raffled to Branch 90. The complaint challenged the lawfulness and validity of the meeting and election conducted by the group of Jose C. Lee (respondents) on 15 March 2006. During the assailed meeting, Jose C. Lee (Lee), Angel Ong, Benjamin C. Lee, Carmelita Tan, Ma. Paz C. Lee, John Oliver Pascual, Edwin C. Lee, Conrado C. Cruz, Jr.,

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[1] *Rollo*, pp. 55-70; Penned by Associate Justice Agustine S. Dizon with Associate Justices Lucenito N. Tagle and Japar B. Dimaampao concurring.

[2] CA *rollo*, pp. 32-35; Presided by Judge Reynaldo B. Daway.

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Brenda Ortañez, Julie Ann Parado and Gary Jason Santos were elected as members of the Board of Directors of Philinterlife.

Petitioners claimed that before the contested election, they formally informed the respondents that without the participation of the Estate, no quorum would be constituted in the scheduled annual stockholders' meeting.

Petitioners averred that in spite of their formal announcement and notice that they were not participating in the session, the respondents continued, in bad faith, with the illegal meeting. Further, respondents allegedly elected themselves as directors of Philinterlife and proceeded to elect their own set of officers.

Petitioners, who insisted that they represented at least 51% of the outstanding capital stock of 5,000 shares of Philinterlife, conducted on the same day and in the same venue but in a different room, their own annual stockholders' meeting and proceeded to elect their own set of directors, to wit: Rafael Ortañez, Divina Ortañez-Enderes, Ligaya Novicio, Cesar Ortañez and Leopoldo Tomas.

Petitioners complained that despite being the true and lawful directors, they were prevented by respondents to enter into the office premises of Philinterlife's corporate records and assets.

In their backgrounder, petitioners narrated that on 15 April 1989 and 30 October 1991, the 2,029 shares of stock of the Estate were sold to the group of Lee, through an entity called Filipino Loan Assistance Group (FLAG). By reason of said sale, respondents took control of the management of the corporation. In the course of their management, and by voting on the shares that they had illegally acquired, respondents increased the authorized capital stock of Philinterlife to 5,000 shares.

The aforementioned sale of the shares of stock of the Estate was challenged by some of the heirs (some of the petitioners) before the estate court, which in due course, issued an order declaring the sale null and void *ab initio*. The case eventually reached this Court and was docketed as G.R. No. 146006.

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In the Court's decision in G.R. No. 146006,[3] it affirmed the lower court's ruling that indeed the sale was null and void. Furthermore, the Court ruled that all increases in the authorized capital stock of Philinterlife made and effected by the respondents using the shares that they illegally acquired were null and void as well. Petitioners submit that as a necessary and logical consequence, majority ownership over Philinterlife was restored to the Estate, which was the controlling stockholder prior to the unlawful sale of the shares.

Petitioners pointed out that in the Court's Resolutions dated 22 April 2005 and 22 August 2005 in G.R. No. 146006, it reiterated its 23 February 2004 ruling that all increases in the capital stock of the corporation effected by Lee and his group were null and void.

They further submitted that the exercise of pre-emptive right of the Estate to acquire 51% of the additional 1,000 paid up shares of stock, raising the total outstanding capital stock to 5,000 shares, was recognized by the RTC of Quezon City, which acted as an Intestate Court in Sp. Proc. No. Q-30884, through its Order dated 6 July 2000 and was upheld by this Court in its decision in G.R. No. 146006.

On the basis and strength of the aforesaid decision and resolutions of this Court in G.R. No. 146006, petitioners argued that the valid and lawful capital stock of Philinterlife remained at 5,000 shares of stock. From this 5,000 shares, petitioner Estate owns 2,029 shares, plus 510 shares which also legally belongs to it by reason of its pre-emptive right, or a total of 2,539 shares. These figures indicate that they still represent majority of the outstanding capital stock of Philinterlife.

Petitioners concluded that notwithstanding the decision and subsequent resolutions of this Court in G.R. No. 146006, respondents unlawfully held on to the management and control of Philinterlife and maliciously resisted and prevented all their efforts to regain control and management thereof.

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[3] *Rollo*, pp. 227-258.

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Respondents, for their part, categorically denied the material allegations of the complaint and raised the defense that the stockholders' meeting they conducted on 15 March 2006 was valid as it was allegedly attended by stockholders representing 98.76% of the 50,000 shares representing the authorized and issued capital stock of Philinterlife.

In a Judgment[4] dated 17 January 2007, the RTC dismissed the complaint filed by petitioners on the ground that the latter did not present the required preponderance of evidence to substantiate their claim that they were the owners of at least 51% of the outstanding capital stock of Philinterlife.

Dissatisfied with the RTC ruling, petitioners elevated the matter to the CA.

On 28 February 2008,[5] the CA dismissed the petition on the grounds that: 1) petitioners are guilty of forum shopping; 2) the decision of this Court in G.R. No. 146006 was already interpreted and clarified by RTC, Branch 93 in Civil Case No. 05-115 in favor of the respondents, when a writ of preliminary injunction was issued against petitioners and; 3) petitioners are not even stockholders on the stock books of Philinterlife even if the basis for filing of the complaint in Civil Case No. Q-06-143 is the 5,000 shares existing on the books of Philinterlife as of 1982.

Hence, this Petition for Review on *Certiorari*[6] under Rule 45 of the Rules of Court.

Petitioners essentially allege that the CA erred when:

(1) it refused to acknowledge the final and executory decision of this Court in G.R. No. 146006, declaring that petitioner Estate is the owner of majority of the capital stock of Philinterlife;

(2) it ruled that the election of respondents as directors of Philinterlife was in accordance with the provisions of the

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[4] CA *rollo*, pp. 32-35.

[5] *Rollo*, pp. 55-70.

[6] *Id.* at 3-45.

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> Corporation Code, despite the categorical pronouncement of this Court in G.R. No. 146006 that it is the Estate, and not the respondents, which own the controlling interest in Philinterlife.[7]

For reasons to be discussed hereunder, we rule in favor of respondents.

We note respondents' submission that in March 1983, Jose S. Ortañez sold certain shares of stocks which he personally and exclusively owned to Lee and eighteen (18) other stockholders including Divina Ortañez-Enderes and her family. These shares of stock are separate and distinct from the 2,029 shares of stock belonging to the Estate. The respondents direct the Court's attention to the General Information Sheets of Philinterlife from 31 March 1983 to 16 April 1988, where it is shown that even before the alleged illegal sales on 15 April 1980 and 30 October 1996, Lee and the other respondents were stockholders and directors of Philinterlife.[8]

Respondents also claim that as of 27 July 1987, the authorized capital stock of Philinterlife was increased to ₱10,000,000.00 in compliance with Ministry Order 2-84; that as of 31 January 1989, the authorized capital stock was still at ₱10,000,000.00 and the Estate's 2,025 shares have minority interest of 20.29% only; that as of 20 February 2003, 90% of the company's controlling interest approved the increase of capital stock to ₱50,000,000.00 as mandated by law. Moreover, respondents allege that the 15 March 2006 annual stockholders' meeting presided over by Lee was attended by stockholders representing 98.76% of the 50,000 authorized and fully subscribed capital stock.

We agree with the lower courts that the petitioners failed to present credible and convincing evidence that Philinterlife's outstanding capital stock during the 15 March 2006 annual stockholders' meeting was 5,000 and that they own more than

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[7] *Id.* at 15-16.

[8] *Id.* at 707-723.

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2,550 shares or 51% thereof. The unrebutted presumption is that respondents, as defendants below, were duly elected as directors-officers of Philinterlife.

G.R. No. 146006

We refer to the details of the antecedent facts of the case as culled from this Court's decision promulgated on 23 February 2004, is as follows:

Dr. Juvencio P. Ortañez incorporated the Philippine International Life Insurance Company, Inc. on July 6, 1956. At the time of the company's incorporation, Dr. Ortañez owned ninety (90%) of the subscribed capital stock.

On July 21, 1980, Dr. Ortañez died. He left behind a wife (Juliana Salgado Ortañez), three legitimate children (Rafael, Jose and Antonio Ortañez) and five illegitimate children by Ligaya Novicio (herein private respondent Ma. Divina Ortañez-Enderes and her siblings Jose, Romeo, Enrico Manuel and Cesar, all surnamed Ortañez)

On September 24, 1980, Rafael Ortañez filed before the Court of First Instance of Rizal, Quezon City a petition for letters of administration of the intestate estate of Dr. Ortañez, docketed as SP. Proc. Q-30884. Private respondent Ma. Divina Ortañez-Enderes and her siblings filed an opposition to the petition for letters of administration. x x x

On March 10, 1982, Rafael and Jose Ortañez were appointed joint special administrators of their father's estate. x x x [The] inventory of the estate included, x x x among other properties, 2,029 shares of stock in Philinterlife representing 50.725% of the company's outstanding capital stock at that time.

On April 15, 1989 [and October 30, 1991], the decedent's wife, Juliana Ortañez [and Special Administrator Jose Ortañez], sold [their] shares with right to repurchase in favor of Filipino Loan Assistance Group (FLAG), represented by its president, Jose C. Lee. [Both of them] failed to repurchase x x x, thus ownership thereof was consolidated by FLAG in its name.

It appears that on [March 4, 1982] (during the pendency of the intestate proceedings). Juliana Ortañez and her two children, Rafael and Jose Ortañez, entered into a memorandum of agreement for the extrajudicial settlement of the estate of Dr. Juvencio Ortañez,

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partitioning the estate (including Philinterlife shares of stock) among themselves. x x x

x x x x x x x x x

On November 8, 1995, the intestate court x x x appointed Ma. Divina Ortañez-Enderes as special administratrix of the Philinterlife shares of stock.

x x x Special Administratrix Enderes filed urgent motions to declare (1) void *ab initio* the memorandum of agreement dated March 4, 1982; [(2)] x x x to declare the partial nullity of the extrajudicial settlement of the decedent's estate; (3) to declare void *ab initio* the deeds of sale of Philinterlife shares of stock x x x.

x x x x x x x x x

On August 11, 1997, the intestate court x x x [ruled that] "a sale of a property of the estate without an Order of the probate court is void and passes no title to the purchaser. Since the sales in question were entered into by Juliana S. Ortañez and Jose S. Ortañez in their personal capacity without prior approval of the Court, the same is not binding upon the Estate."

On August 29, 1997, the intestate court x x x [granted] the motion [for the annulment of the] March 4, 1982 memorandum of agreement or extrajudicial partition of [the] estate. [The Memorandum of Agreement was declared partially void *ab initio* insofar as the transfer/waiver/renunciation of the Philinterlife shares of stock was concerned. This was eventually brought up to the Supreme Court but to no avail. The decision attained finality and was subsequently recorded in the book of entries of judgment.][9]

x x x x x x x x x

We observed in the aforesaid decision that Juliana Ortañez (Juliana) and her three sons invalidly entered into a Memorandum of Agreement extra-judicially partitioning the intestate estate among themselves, despite their knowledge that there were other heirs or claimants to the Estate and before the final settlement of the Estate by the intestate court. Since the appropriation of the estate properties was invalid, the subsequent sale thereof

[9] *Id.* at 227-258.

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by Juliana and Lee to a third party (FLAG), without court approval, was likewise void.

It goes without saying that the increase in Philinterlife's authorized capital stock, approved on the vote of petitioners' non-existent shareholdings was likewise void *ab initio*.

Over-stretching of G.R. No. 146006

Petitioners anchor their claim on this Court's ruling in G.R. No. 146006 to support their argument that they own 51% of the outstanding capital stock of Philinterlife. They insist that pursuant thereto, *all* increases in the authorized capital stock of Philinterlife are null and void; thus, it logically follows that the authorized capital stock of Philinterlife remains at 5,000 (capital stock at the time of death of Dr. Ortañez) to date and that the 2,029 shares owned by petitioners, coupled with the shares owned by other petitioners in their individual capacity, constitute more than 51% of the issued capital stock.

Upon a closer analysis of our ruling in G.R. No. 146006, however, we note that only the 4 March 1982 memorandum of agreement was declared void and as a consequence thereto, the subsequent sale to FLAG was likewise declared void. With regard to the increases in Philinterlife's capital stock, we only declared void those **increases approved on the vote of petitioners' non-existent shareholdings**.[10] In other words, only those increases subsequent to the illegal sales of shares of stock are considered void. The validity of the increases of stock *before* 1989 (from 1980 to 1988) has never been questioned before any court. Parenthetically, any question on the increase of stocks made before the illegal sales should not be raised in the instant election contest case but should be the subject of a separate proceeding.

Petitioners argue that G.R. No. 146006 serves as their "best evidence of the fact that petitioners have *always been the true and lawful owners of at least 51% of Philinterlife*."[11] We iterate

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[10] *Id.* at 252.

[11] *Id.* at 519.

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that what we declared void in G.R. No. 146006 was the 4 March 1982 Memorandum of Agreement and consequently, the subsequent sales and pursuant thereto, the increased authorized capital stocks approved on the vote of petitioners' non-existent shares. Petitioners seek to over-stretch this Court's ruling in G.R. No. 146006 by arguing that *all* increases of capital stock were declared void. At this juncture, we emphasize once more, that the increases in the capital stock made *before* the illegal sales were not declared void by G.R. No. 146006. In fact, these previous increases, as discussed below, were mandated by law.

We give more weight to the Capital Structure of Philinterlife as of 15 December 1980,[12] which shows that the Estate owned 2,029 shares of the 5,000 total outstanding shares or 40.58%. It is evident, therefore, that as of 15 December 1980, the Estate no longer owned 50.725% of the outstanding capital stock of Philinterlife. In view of the increase of the capital structure of Philinterlife from 4,000 shares to 5,000 shares in 15 December 1980, the percentage of shareholdings owned by the Estate was naturally reduced from 50.73% (2,029 shares out of 4,000 shares) to 40.58% (2,029 shares out of 5,000 shares). In other words, the Estate's 2,029 shares became a minority shareholder of Philinterlife from 15 December 1980 up to 24 March 1983. The Capital Structure proffered by the respondents negated the claim of petitioners that they have *always* been the true and lawful owners of at least 51% of Philinterlife.

It should be noted that the last valid uncontested outstanding capital stock before the illegal sales was 10,000 shares. Prior to the sales made to FLAG on 15 April 1989 and 30 October 1991, the outstanding capital stock as reflected in the General Information Sheet dated 16 April 1988,[13] is 10,000 shares at ₱10,000,000.00 and not 5,000 shares as advanced by the petitioners. Therefore, the total number of outstanding shares during the 15 March 2006 annual stockholders' meeting was definitely not 5,000 shares as petitioners posit. Even before

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[12] *Id.* at 584.

[13] *Id.* at 487-488.

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the illegal sale, the Estate only owned 2,029 shares, not even close to majority of the total outstanding capital stock of 10,000 shares.

Moreover, this Court recognizes the significant weight of the Certification issued by the Insurance Commission.[14] The document certified that Department Order No. 62-87 (5 June 1987), as issued by the Insurance Commission, required domestic insurance companies to increase their minimum paid-up capital to ₱10,000,000.00 by the end of 31 December 1987.

We quote with approval the following pertinent disquisitions of the RTC, Branch 93, Quezon City in Civil Case No. 05-115:[15]

> From July 21, 1980 up to April 15, 1989, there were changes in the capital structure of Philinterlife. There were increases in the capital stock [pursuant to law].[16] These changes took place before the sale of the 2,029 shares of the Estate x x x in 1989 and 1991 to FLAG. Prior to 1995, Rafael and Jose Ortañez were the joint special administrators of the Estate x x x and their administration covered the 2,029 shares. x x x Under the joint special administration x x x, the 2,029 shares remained static. How and why these shares of the Estate remained unimproved despite the general increase in capital stock of Philinterlife during that time can only be answered by the joint special administrators.

As respondents correctly pointed out,[17] to give premium to petitioners' story that the quorum in the annual stockholders' meeting should be based on 5,000 shares is to grossly violate and disregard corporate acts and powers done by the corporation, which were validly voted upon by the stockholders including the Estate, through its then Special Administrators Rafael Ortañez and Jose Ortañez, from 1983 to 1988. Furthermore, the same increases of capital stock to 10,000 were also voted upon and approved after due notice to petitioners Divina Ortañez-Enderes, Ligaya Novicio and Cesar Ortañez who were present/allowed to be present, during the stockholders' meetings from 1983 to 1988.

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[14] *Id.* at 513.

[15] CA *rollo*, p. 155.

[16] Section 188, Insurance Code of 1978.

[17] *Rollo*, pp. 456-475.

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Classified hereunder is a summary of the developments in the Capital Structure of Philinterlife from the time of death of Dr. Ortañez:

	No. of Shares		Amount
1. At the time of death 21 July 1980			
Paid-up Capital	4,000		Php4,000,000.00
Holdings of Juvencio Ortañez	2,029		Php2,029,000.00
Percentage		**50.72%**	
2. Increase in Paid-Up Capital 15 December 1980			
Paid-up Capital	5,000		Php5,000,000.00
Holdings of Juvencio Ortañez	2,029		Php2,029,000.00
Percentage		**40.58%**	
3. Increase in Paid-Up Capital 24 September 1984			
Paid-Up Capital	6,000		Php6,000,000.00
Holdings of Juvencio Ortañez	2,029		Php2,029,000.00
Percentage		**33.81%**	
4. Increase in Paid Up Capital 26 January 1987			
Paid-Up Capital	8,000		Php8,000,000.00
Holdings of Juvencio Ortañez	2,029		Php2,029,000.00
Percentage		**25.36%**	
5. Increase in Paid-Up Capital 27 July 1987			
Paid-Up Capital	10,000		Php10,000,000.00
Holdings of Juvencio Ortañez	2,029		Php2,029,000.00
Percentage		**20.29%**	

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6. Increase in Paid-Up Capital 6 February 2003			
Paid-Up Capital	20,000		Php20,000,000.00
Holdings of Juvencio Ortañez	2,029		Php2,029,000.00
Percentage		**9.85%**	
7. Increase in Paid-Up Capital 20 February 2003			
Paid-Up Capital	50,000		Php50,000,000.00
Holdings of Juvencio Ortañez			Php2,029,000.00
Percentage		**4.05%**[18]	

From the foregoing facts and based on a careful evaluation of the evidence on record, we are of the considered view that petitioners indeed failed to present the required preponderance of evidence to prove their allegation in the complaint that they represented more than 51% of the outstanding capital stock of Philinterlife during the annual stockholders' meeting held on 15 March 2006.

Clearly, the core issue to be resolved in the present case is simply on whether respondents were validly elected as Board of Directors during the annual stockholders' meeting of Philinterlife held on 15 March 2006. We agree with the courts below that in the absence of evidence to the contrary, the presumption is that the respondents were duly elected as directors/officers of Philinterlife during the aforesaid annual stockholders' meeting. Petitioners cannot, in the instant election contest case, question the increases in the capital stocks of the corporation.

Given the ruling of this Court, as provided above, we find it no longer necessary to rule on the other matters raised in this case.

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[18] *Id.* at 146-147.

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WHEREFORE, in the light of the foregoing premises, the instant appeal is hereby **DENIED.**

SO ORDERED.

Velasco, Jr. (Chairperson), Peralta, Reyes, and *Jardeleza, JJ.*, concur.

THIRD DIVISION

[G.R. No. 184513. March 9, 2016]

DESIGNER BASKETS, INC., *petitioner, vs.* **AIR SEA TRANSPORT, INC. and ASIA CARGO CONTAINER LINES, INC.,** *respondents.*

SYLLABUS

1. COMMERCIAL LAW; CODE OF COMMERCE; BILL OF LADING; DEFINED; A BILL OF LADING DEFINES THE RIGHTS AND LIABILITIES OF THE PARTIES IN REFERENCE TO THE CONTRACT OF CARRIAGE AND THE STIPULATIONS THEREIN ARE VALID AND BINDING UNLESS THEY ARE CONTRARY TO LAW, MORALS, CUSTOMS, PUBLIC ORDER OR PUBLIC POLICY.— A bill of lading is defined as "a written acknowledgement of the receipt of goods and an agreement to transport and to deliver them at a specified place to a person named or on his order." It may also be defined as "an instrument in writing, signed by a carrier or his agent, describing the freight so as to identify it, stating the name of the consignor, the terms of the contract of carriage, and agreeing or directing that the freight be delivered to bearer, to order or to a specified person at a specified place. Under Article 350 of the Code of Commerce, "the shipper as well as the carrier of the merchandise or goods may mutually demand that a bill of lading be made."