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[G.R. No. 183278. April 24, 2009]

IMELDA O. COJUANGCO, PRIME HOLDINGS, INC., and THE ESTATE OF RAMON U. COJUANGCO, *petitioners, vs.* **SANDIGANBAYAN, REPUBLIC OF THE PHILIPPINES, and THE SHERIFF OF SANDIGANBAYAN,** *respondents.*

SYLLABUS

1. COMMERCIAL LAW; CORPORATIONS; DIVIDEND; PAYMENT TO STOCKHOLDERS OF A CORPORATION AS A RETURN UPON THEIR INVESTMENT.—The term "dividend" in its technical sense and ordinary acceptation is that part or portion of the profits of the enterprise which the corporation, by its governing agents, sets apart for ratable division among the holders of the capital stock. It is a payment to the stockholders of a corporation as a return upon their investment, and the right thereto is an incident of ownership of stock.

2. ID.; ID.; ID.; ID.; WHEN PAYABLE.— Dividends are payable to the stockholders of record as of the date of the declaration of dividends or holders of record on a certain future date, as the case may be, unless the parties have agreed otherwise. And a transfer of shares which is not recorded in the books of the corporation is valid only as between the parties, hence, the transferor has the right to dividends as against the corporation without notice of transfer but it serves as trustee of the real owner of the dividends, subject to the contract between the transferor and transferee as to who is entitled to receive the dividends.

3. CIVIL LAW; PROPERTY; OWNERSHIP; ATTRIBUTES.— Ownership is a relation in law by virtue of which a thing pertaining to one person is completely subjected to his will in everything not prohibited by law or the concurrence with the rights of another. Its traditional elements or attributes include *jus utendi* or the right to receive from the thing what it produces.

Supreme Court E-Library

4. REMEDIAL LAW; CIVIL PROCEDURE; JUDGMENTS; GENERAL RULE THAT SUBJECT OF EXECUTION IS THAT ORDAINED IN THE DISPOSITIVE PORTION; EXCEPTIONS.— The general rule is that the portion of a decision that becomes the subject of execution is that ordained or decreed in the dispositive part thereof, there are recognized exceptions to this rule, *viz:* (a) where there is ambiguity or uncertainty, the body of the opinion may be referred to for purposes of construing the judgment, because the dispositive part of a decision must find support from the decision's *ratio decidendi*; and (b) where extensive and explicit discussion and settlement of the issue is found in the body of the decision.

APPEARANCES OF COUNSEL

Herrera Teehankee & Cabrera for petitioners.
The Solicitor General for respondents.

D E C I S I O N

CARPIO MORALES, *J.*:

The present petition is one for *Certiorari*.

Petitioners Imelda O. Cojuangco, Prime Holdings, Inc., and the Estate of Ramon Cojuangco assail *via certiorari* the Resolutions dated November 7, 2007[1] and June 13, 2008[2] of the Sandiganbayan in Civil Case No. 0002, *Republic of the Philippines v. Ferdinand Marcos, et al.*

A brief recital of the antecedent facts is in order.

On July 16, 1987, respondent Republic of the Philippines (Republic) filed before the Sandiganbayan a "Complaint for Reconveyance, Reversion, Accounting, Restitution and

[1] Annex "A" of the Petition, *rollo*, pp. 51-58. Penned by Associate Justice Jose R. Hernandez and concurred in by Associate Justices Gregory S. Ong and Rodolfo A. Ponferrada.

[2] Annex "B" of the Petition, *id.* at 59-68. Penned by Associate Justice Jose R. Hernandez and concurred in by Associate Justices Gregory S. Ong and Rodolfo A. Ponferrada.

Supreme Court E-Library

Damages," docketed as Civil Case 0002, praying for the recovery of alleged ill-gotten wealth from the late President Marcos and former First Lady Imelda Marcos and their cronies, including some 2.4 million shares of stock in the Philippine Long Distance Telephone Company (PLDT).

The complaint, which was later amended to implead herein petitioners Ramon and Imelda Cojuangco (the Cojuangcos), alleged that the Marcoses' ill-gotten wealth included shares in the PLDT covered by shares of stock in the Philippine Telecommunications Investment Corporation (PTIC), registered in the name of Prime Holdings, Inc. (Prime Holdings).

The Sandiganbayan dismissed the complaint with respect to the recovery of the PLDT shares, hence, the Republic appealed to this Court, docketed as **G.R. No. 153459**, which appeal was later consolidated with pending cases of similar import – G.R. Nos. 149802, 150320, and 150367.

By Decision[3] dated January 20, 2006, this Court, in **G.R. No. 153459**, ruled in favor of the Republic, declaring it to be the owner of 111,415 PTIC shares registered in the name of Prime Holdings. The dispositive portion of the Decision reads:

> WHEREFORE, the petition of the Republic of the Philippines in G.R. No. 153459 is **GRANTED** to the extent that it prays for the reconveyance to the Republic of 111,415 PTIC shares registered in the name of PHI. The petitions in G.R. Nos. 149802, 150320, 150367, and 153207 are **DENIED** for lack of merit.
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> SO ORDERED.

The Decision became final and executory on October 26, 2006, hence, the Republic filed on November 20, 2006 with the Sandiganbayan a Motion for the Issuance of a Writ of Execution, praying for the cancellation of the 111,415 shares/ certificates of stock registered in the name of Prime Holdings and the annotation of the change of ownership on PTIC's Stock and Transfer Book. The Republic further prayed for the issuance

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[3] *Yuchengco v. Sandiganbayan*, G.R. Nos. 149802, 150320, 150367, 153207, and 153459, January 20, 2006, 479 SCRA 1.

of an order for PTIC to account for all cash and stock dividends declared and/or issued by PLDT in favor of PTIC from 1986 up to the present including compounded interests appurtenant thereto.

By Resolution dated December 14, 2006, the Sandiganbayan granted the Motion for the Issuance of a Writ of Execution with respect to the reconveyance of the shares, but denied the prayer for accounting of dividends.

On Motion for Reconsideration of the Republic, the Sandiganbayan, by the first assailed **Resolution dated November 7, 2007**, directed PTIC to deliver the cash and stock dividends pertaining to the 111,415 shares, including compounded interests, ratiocinating that the same were covered by this Court's Decision in **G.R. No. 153459**, since the Republic was therein adjudged the owner of the shares and, therefore, entitled to the fruits thereof.

The Cojuangcos (hereafter petitioners) moved to reconsider the November 7, 2007 Sandiganbayan Resolution, alleging that this Court's Decision in **G.R. No. 153459** did not include a disposition of the dividends and interests accruing to the shares adjudicated in favor of the Republic.

By the other challenged **Resolution dated June 13, 2008**, the Sandiganbayan partly granted petitioners' Motion for Reconsideration by including legal interests, but not compounding the same, from the accounting and remittance to the Republic. The Sandiganbayan thereupon issued a Writ of Execution,[4] hence, spawned the present petition for *certiorari*.

From the myriad assignments of error proffered by petitioners, the pivotal issues for the Court's resolution are: (1) whether the Sandiganbayan gravely abused its discretion in ordering the accounting, delivery, and remittance to the Republic of the stock, cash, and property dividends pertaining to the 111,415 PTIC shares of Prime Holdings, this Court's Decision in **G.R. No. 153459** not having even discussed the same; and (2) whether the Republic,

[4] Annex "K" of Petition, *rollo*, pp. 449-450.

Supreme Court E-Library

having transferred the shares to a third party, is entitled to the dividends, interests, and earnings thereof.

Petitioners insist on a literal reading of the dispositive portion of this Court's Decision in **G.R. No. 153459** as excluding the dividends, interests, and earnings accruing to the shares of stock from being accounted for and remitted.

The term "dividend" in its technical sense and ordinary acceptation is that part or portion of the profits of the enterprise which the corporation, by its governing agents, sets apart for ratable division among the holders of the capital stock.[5] It is a payment to the stockholders of a corporation as a return upon their investment,[6] and the right thereto is an incident of ownership of stock.[7]

This Court, in directing the reconveyance to the Republic of the 111,415 shares of PLDT stock owned by PTIC in the name of Prime Holdings, declared the Republic as the owner of said shares and, necessarily, the dividends and interests accruing thereto.

Ownership is a relation in law by virtue of which a thing pertaining to one person is completely subjected to his will in everything not prohibited by law or the concurrence with the rights of another. Its traditional elements or attributes include *jus utendi* or the right to receive from the thing what it produces.[8]

Contrary to petitioners' contention, while the general rule is that the portion of a decision that becomes the subject of execution is that ordained or decreed in the dispositive part thereof, there are recognized exceptions to this rule, *viz*: (a) where there is ambiguity or uncertainty, the body of the opinion may be referred to for purposes of construing the judgment, because the dispositive part of a decision must find support from the decision's *ratio*

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[5] *Vide Nielson & Co. v. Lepanto Consolidated Mining Co.*, No. L-21601, December 28, 1968, 26 SCRA 540, 569.

[6] *Vide* DE LEON, *THE CORPORATION CODE OF THE PHILIPPINES* Annotated, p. 384, 2002 Ed.., citing 19 Am Jur 2d 370.

[7] *Id*. at 410; citing 18 Am. Jur 2d 281-283.

[8] *Vide Distilleria Washington, Inc. v. La Tondeña Distillers, Inc.*, G.R. No. 120961, October 2, 1997, 280 SCRA 116, 125.

decidendi; and (b) where extensive and explicit discussion and settlement of the issue is found in the body of the decision.[9]

In **G.R. No. 153459**, although the inclusion of the dividends, interests, and earnings of the 111,415 PTIC shares as belonging to the Republic was not mentioned in the dispositive portion of the Court's Decision, it is clear from its body that what was being adjudicated in favor of the Republic was the whole block of shares and the fruits thereof, said shares having been found to be part of the Marcoses' ill-gotten wealth, and therefore, public money.

It would be absurd to award the shares to the Republic as their owner and not include the dividends and interests accruing thereto. An owner who cannot exercise the "*juses*" or attributes of ownership — the right to possess, to use and enjoy, to abuse or consume, to accessories, to dispose or alienate, to recover or vindicate, and to the fruits — is a **crippled owner**.[10]

Respecting petitioners' argument that the Republic has yielded its right to the fruits of the shares when it sold them to Metro Pacific Assets Holdings, Inc., (Metro Pacific), the same does not lie.

Dividends are payable to the stockholders of record as of the date of the declaration of dividends or holders of record on a certain future date, as the case may be, unless the parties have agreed otherwise.[11] And a transfer of shares which is not recorded in the books of the corporation is valid only as between the parties, hence, the transferor has the right to dividends as against the corporation without notice of transfer but it serves as trustee of the real owner of the dividends, subject to the contract between the transferor and transferee as to who is entitled to receive the dividends.[12]

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[9] *Insular Life v. Toyota Bel-Air*, G.R. No. 137884, March 28, 2008.

[10] *Samartino v. Raon*, G.R. No. 131482, July 3, 2002, 383 SCRA 664, 674.

[11] De Leon, p. 410, citing SEC Opinion, November 12, 1986.

[12] Sec. 63. *Certificate of stock and transfer of shares.* — The capital stock of stock corporations shall be divided into shares for which certificates

Supreme Court E-Library

It is thus clear that the Republic is entitled to the dividends accruing from the subject 111,415 shares since 1986 when they were sequestered up to the time they were transferred to Metro Pacific via the Sale and Purchase Agreement of February 28, 2007;[13] and that the Republic has since the latter date been serving as trustee of those dividends for the Metro Pacific up to the present, subject to the terms and conditions of the said agreement they entered into.

WHEREFORE, the petition is *DENIED*. The challenged Resolutions dated November 7, 2007 and June 13, 2008 of the Sandiganbayan in Civil Case No. 0002 are, in light of the foregoing, *AFFIRMED*.

SO ORDERED.

Puno, C.J., Ynares-Santiago, Austria-Martinez, Corona, Chico-Nazario, Velasco, Jr., Nachura, Leonardo-de Castro, Brion, and *Bersamin, JJ.,* concur.

Carpio and *Tinga, JJ.,* no part due to inhibition in main case.

Peralta, J., no part.

Quisumbing, J., on official leave.

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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, except as between the parties, until the transfer is recorded in the books of the corporation showing 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.**

No shares of stock against which the corporation holds any unpaid claim shall be transferable in the books of the corporation. (Emphasis supplied)

[13] See Comment/Opposition to the Petition, Annex "H" of the Petition, *rollo*, pp. 370-399.