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it is the right of such party to appear in his or her own behalf to prosecute or defend a cause in court. If in the process petitioner suffered reverses, she has only herself to blame. She is bound by the consequences of her own voluntary act.

The judgment of conviction of the petitioner for slight physical injuries inflicted by the petitioner upon the offended party was arrived at by the Regional Trial Court based on the testimony of the offended party corroborated by her witnesses and proof of the injury. Such judgment has become final and petitioner must now face the reality of submitting herself for its execution.

WHEREFORE, the petition is DENIED without pronouncement as to costs.

SO ORDERED.

Narvasa, Cruz, Griño-Aquino, and *Medialdea, JJ.*, concur.

FIRST DIVISION

[G.R. No. 92481. November 9, 1990]

MANUEL G. VIRAY and JOSE EDUARDO J. ALARILLA, *petitioners, vs.* **COURT OF APPEALS (Tenth Division), HON. DEMETRIO BATARIO, JR., Presiding Judge of RTC-Manila, Branch 48, LUISITO MAGPAYO, ENRIQUE C. ARANETA, LORENZO M. HOCSON, JOSE GERARDO M. MANALO, JR. and JOSE S. FERNANDEZ,** *respondents.*

SYLLABUS

1. REMEDIAL LAW; JURISDICTION; REGULAR COURTS AND SECURITIES AND EXCHANGE COMMISSION; THE BETTER POLICY IN DETERMINING WHETHER THE

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SECURITIES AND EXCHANGE COMMISSION OR THE REGULAR COURT HAS JURISDICTION OVER A CASE WOULD BE TO CONSIDER NOT ONLY THE STATUS OR RELATIONSHIP OF THE PARTIES BUT ALSO THE NATURE OF THE QUESTION THAT IS THE SUBJECT OF THEIR CONTROVERSY. — The establishment of any of the relationships mentioned in *Union* will not necessarily always confer jurisdiction over the dispute on the SEC to the exclusion of the regular courts. The statement made in one case that the rule admits of no exceptions or distinctions is not that absolute. The better policy in determining which body has jurisdiction over a case would be to consider not only the status or relationship of the parties but also the nature of the question that is the subject of their controversy.

2. **ID.; ID.; ID.; NOT EVERY CONFLICT BETWEEN A CORPORATION AND ITS STOCKHOLDERS INVOLVES CORPORATE MATTERS WHICH ONLY THE SECURITIES AND EXCHANGE COMMISSION CAN RESOLVE.—** It should be obvious that not every conflict between a corporation and its stockholders involves corporate matters that only the SEC can resolve in the exercise of its adjudicatory or quasi-judicial powers. If, for example, a person leases an apartment owned by a corporation of which he is a stockholder, there should be no question that a complaint for his ejectment for non-payment of rentals would still come under the jurisdiction of the regular courts and not of the SEC. By the same token, if one person injures another in a vehicular accident, the complaint for damages filed by the victim will not come under the jurisdiction of the SEC simply because of the happenstance that both parties are stockholders of the same corporation. A contrary interpretation would dissipate the powers of the regular courts and distort the meaning and intent of PD No. 902-A.

3. **ID.; ID.; ID.; THE TREND TOWARDS VESTING ADMINISTRATIVE BODIES LIKE THE SEC WITH THE POWER TO ADJUDICATE MATTERS COMING UNDER THEIR SPECIALIZATION SHOULD NOT DEPRIVE THE COURTS OF JUSTICE TO DECIDE ORDINARY CASES. —** It is true that the trend is toward vesting administrative bodies like the SEC with the power to adjudicate matters coming under their particular specialization, to insure a more knowledgeable solution of the problems submitted to them. This would also

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relieve the regular courts of a substantial number of cases that would otherwise swell their already clogged dockets. But as expedient as this policy may be, it should not deprive the courts of justice of their power to decide ordinary cases in accordance with the general laws that do not require any particular expertise or training to interpret and apply. Otherwise, the creeping take-over by the administrative agencies of the judicial power vested in the courts would render the Judiciary virtually impotent in the discharge of the duties assigned to it by the Constitution.

4. ID.; ID.; ID.; REGULAR COURT HAS JURISDICTION TO INTERPRET A MEMORANDUM OF AGREEMENT ALTHOUGH SUBJECT MATTER OF THE SAME IS SHARES OF STOCKS. — In the case before us, we see no need for any special preparation or skill in the interpretation of the MOA. The controversy is an ordinary civil litigation. To resolve it, the court simply has to apply the rules of civil law and the canons of construction usually employed to discover the intent of the parties who executed the contract. The fact that the subject matter of the MOA is shares of stock is not the controlling consideration as no complicated question of corporation law is involved. If the subject matter of the MOA had been a house and lot instead, any conflict arising therefrom would not necessarily be cognizable only by the Housing and Land Use Regulatory Board. The suggestion in the case at bar that the interpretation of the MOA should be left to the SEC because it has more expertise on the matter is not only erroneous; it disparages the regular court and belittles their competence to render justice according to the general laws and the applicable jurisprudence. We do not find that the regional trial courts lack the necessary ability to interpret an ordinary contract such as the MOA in the case at bar. There is nothing complicated about the document that requires any special aptitude or expertise and justifies its referral to another entity like the SEC for a more definitive interpretation. In the first instance, the complaint for rescission should be heard by the Regional Trial Court of Manila, primarily to determine if the petitioners are stockholders and directors of OTSI and if their differences with the private respondents are in the nature of an intra-corporate dispute cognizable only by the SEC. Whatever its decision may be is, of course, subject to review by this Court.

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5. ID.; PROVISIONAL REMEDIES; INJUNCTION; PRELIMINARY INJUNCTION, PROPER REMEDY IN CASE AT BAR. — A review of the records of this case shows that the respondent court has not acted precipitately or arbitrarily in issuing the writ of preliminary injunction. The hearing on the application for the writ took three hours and was participated in by the parties, who actively argued in favor of their respective positions and submitted evidence in support thereof. There was no lack of basis for its pronouncement. Among the acts which the trial court felt the petitioners should be restrained from committing were the disposition of the assets of OTSI, the withdrawal of its funds, the transfer or destruction of its records, the cut-off of its power and communication lines, and the removal of its forklifts, furniture and other equipment, all to the prejudice of the private respondents. As we held in *Madrigal v. Rodas*, injunction is the remedy to prevent one party from taking advantage of his favored position to the damage of the other party. The petitioners were in a favored position because they were actually in physical control of OTSI at the time the TRO was issued by Judge Bataria. We find that the lower court committed no disrespect for this Court in issuing the writ of preliminary injunction after determining the urgent need therefor on the basis of the evidence submitted to it at the hearing. Significantly, we issued no temporary restraining order against the issuance of such writ.

APPEARANCES OF COUNSEL

Cuevas, Dela Cuesta & De las Alas for petitioners.

Rogelio R. Udarbe for Intervenors.

Sycip, Salazar, Hernandez & Gatmaitan for private respondents.

Feria, Feria, Lugtu & La'O co-counsel for private respondents.

D E C I S I O N

CRUZ, *J.*:

The parties have been importuning this Court for the early disposition of this case, which they themselves have cluttered with ponderous pleadings. From the very start, we have been

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urged to act precipitately. One motion bordering on disrespect asked for the immediate resolution of this controversy as if it were the only matter in our docket. Some averments are marked with near hysteria and sonorous predictions of violence and bloodshed. One gathers the impression that we are being stampeded into a rash decision, without the careful reflection and exhaustive deliberation that should characterize a judicial proceeding.

I

This is not a simple ejectment case. It involves millions of pesos and affects the livelihood of more than two thousand persons employed by the corporation that is the subject of the disputed contract. The basis of the conflicting contentions of the parties is a Memorandum of Agreement which, by hindsight, could probably have been more clearly worded. They differ now as to its nature, one claiming it is a contract of sale and the other that it is merely a contract to sell. This in turn has triggered a conflict of jurisdiction, which lies at the heart of all this controversy.

The MOA was concluded by Luisito C. Magpayo and Manuel G. Viray in March 1989, on behalf of their respective groups, and called for the transfer from the former to the latter of 99.91% of the shares of stock in the Ocean Terminal Services, Inc. for the stipulated consideration of ₱68 million to be paid according to a prescribed schedule. Viray then became chairman of the board of OTSI and Jose J. Alarilla its president. Later, alleging non-compliance with the agreement, Magpayo unilaterally rescinded it and demanded from the petitioners the return to him of the control, management and assets of the company. These acts were resisted by Viray, who maintained that he had not defaulted on the prescribed payments or violated any of the conditions of the MOA. Magpayo then sued for judicial confirmation of the rescission and the enforcement of his demands upon Viray for the surrender of OTSI. Viray denied that the contract was subject to rescission and questioned the jurisdiction of the trial court.

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Upon the filing of the complaint against Viray and Alarilla on March 9, 1990, Presiding Judge Corona Somera of the Regional Trial Court of Manila issued a temporary restraining order effective only for five days or until the case could be raffled to a regular branch of the court. The TRO restrained the petitioners from "negotiating and/or selling the corporation to third parties and/or representing themselves as directors and officers of OTSI; and continuing to exercise any of the powers or functions pertaining to a director and officer of OTSI."

The petitioners filed a motion to dismiss on the ground of lack of jurisdiction and a motion for partial lifting of the temporary restraining order insofar as it restrained them from representing themselves and acting as officers and directors of OTSI. On the same date, consistently with their position in the regional trial court, they filed with the Securities and Exchange Commission a complaint, subsequently docketed as SEC Case No. 03735, seeking to prevent Magpayo and his group from interfering with the management and control of OTSI. They also prayed for a temporary restraining order.

On March 13, 1990, Judge Demetrio Batario, Jr., to whom Civil Case No. 90-52338 was raffled, renewed the TRO issued by Judge Somera. The following day, this was challenged on *certiorari* and prohibition in the Court of Appeals, where the petitioners sought as ancillary relief the issuance of a temporary restraining order to restrain the TRO of the regional trial court. This order was granted the same day by the respondent court.

On March 15, 1990, the private respondents filed a motion to dismiss the SEC case for lack of jurisdiction and at the same time prayed to lift the TRO of the respondent court on the same ground. Both motions were opposed by the petitioners.

After conducting a hearing on the petition filed by Viray, the respondent court lifted its TRO on March 22, 1990, holding that Judge Batario had lawfully issued his TRO, but at the same time declaring that "this has no bearing on the application for preliminary injunction scheduled for hearing before the respondent judge on March 29, 1990."

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The petitioners came to this Court the following day and, alleging grave abuse of discretion, urged us to reverse the respondent court. However, in view of the complexity of the issues raised, let alone the voluminous documents they had annexed to their petition, we decided to look into the matter more carefully.

The hearing on the application for preliminary injunction was held as scheduled before Judge Batario and lasted for all of three hours. After considering the arguments of the parties, he granted the application and issued the writ, which is now the object of the challenge in the supplemental petition for *certiorari* and *mandamus* filed on April 2, 1990. The validity of the TRO earlier issued by him is no longer in issue. What we deal with now is the propriety and lawfulness of the writ of preliminary injunction which replaced the TRO on March 29, 1990.

It must also be stated that on March 30, 1990, Viray filed a petition for consignation against the private respondents, together with Citibank, which was docketed as Civil Case No. 90-909 in the Regional Trial Court of Makati.

To complete the picture, we also note that two motions for leave to intervene were separately filed by Mila Perez, *et al.* and the KAMADA, only to be withdrawn later.

II

As we see it, the basic issue before us is which as between the Regional Trial Court of Quezon City and the Securities and Exchange Commission has primary jurisdiction over the complaint for rescission.

The trouble with some pleadings is that they are tiresomely verbose and unnecessarily prolix, as if they were intended more to impress the client than to convince this Court. The parties seem to have some difficulty in identifying the basic questions and confining the narration of facts and the discussion of their arguments within the relevant limits. Counsel obviously do not realize that clarity and simplicity can help considerably in the early decision of the case. In many litigations, and this is one of them, much of the task of the judge is devoted to separating

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the chaff from the grain, which is essentially yeoman's work and should not waste the time of the court.

As simply as we can deduce it, the petitioners' position is as follows:

In the MOA, the private respondents sold practically all the shares of stock in OTSI to the Viray group for a specified consideration payable in installments. The transaction was a contract of sale that immediately transferred ownership of the OTSI to them notwithstanding that the contract price had not yet been fully paid. Upon their acquisition of the said shares, Viray and Alarilla became stockholders of OTSI and so qualified to be directors and officers thereof. The MOA carried no provision for automatic rescission and in any case there was no ground therefor because they had not defaulted in the installment payments agreed upon. Moreover, and most important, the Regional Trial Court of Manila has no jurisdiction over the matter because it is an intra-corporate dispute that can be settled only by the SEC under PD No. 902-A. The complaint does not ask only for judicial rescission but pleads other issues requiring the expertise of the SEC to decide. The question of ownership of the shares of stock cannot be resolved without applying corporation law principles, with which the SEC is more familiar. Furthermore, the private respondents are estopped from assailing the title of the petitioners after having consistently acknowledged it for more than one year. The respondent judge should therefore have dismissed the complaint filed by the private respondents and declined to issue the writ of preliminary injunction.

For their part, the private respondents argue as follows:

The MOA is not a contract of sale but merely a contract to sell. Title to the shares of stock was not immediately transferred to the petitioners and could be acquired by them only upon full payment of the stipulated consideration. Automatic rescission of the contract for breach of any of its conditions can be deduced from the terms thereof, and upon such rescission the petitioners lost their right to remain as officers and directors of OTSI. They were designated to these positions only as agents of the private respondents, who are the real owners of the shares of

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stock. This agency could be terminated at will by the principals. The petitioners could not have been elected to their present positions because, not being stockholders of OTSI, their election would have been violative of the Corporation Code. The private respondents are not estopped from raising this objection because it is based on law and public policy. Significantly, the petitioners had recognized the jurisdiction of the civil court over the dispute when they filed the consignation suit in the Regional Trial Court of Makati. This is a clear admission that the dispute between the parties is clearly not an intra-corporate dispute falling under the jurisdiction of the SEC under PD No. 902-A. It is an ordinary civil action for rescission of a contract that can be resolved by the Regional Trial Court of Manila as a court of general jurisdiction.

III

It would seem that the petitioners are begging the question. They are assuming at the outset that they are stockholders of OTSI when that is the very question that has yet to be resolved.

The fact is that as far as the private respondents are concerned, the petitioners are neither officers nor stockholders of OTSI. The rescission of the MOA has reduced them to outsiders and it is as such that they have sued in the Regional Trial Court of Manila. Their defense is that they continue to be officers and stockholders of OTSI, but this has yet to be proved. Already, however, they would have the case dismissed immediately and transferred to the SEC.

The provision they invoke is Section 5 of PD No. 902-A, which vests in the SEC original and exclusive jurisdiction to hear and decide cases involving:

(a) Devices or schemes employed by, or any acts of, the Board of Directors, business associations, its officers or partners, amounting to fraud and misrepresentation which may be detrimental to the interest of the public and/or of the stockholders, partners, members of associations or organizations registered with the Commission.

(b) Controversies arising out of intra-corporate or partnership relations, between and among stockholders, members, or associates;

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between any and/or all of them and the corporation, partnership or association of which they are stockholders, members or associates, respectively; and between such corporation, partnership or association and the state insofar as it concerns their individual franchise or right to exist as such entity.

(c) Controversies in the election or appointments of directors, trustees, officers or managers of such corporations, partnerships, or associations.

(d) Petitions of corporations, partnerships or associations to be declared in the state of suspension of payments in cases where the corporation, partnership or association possesses sufficient property to cover all its debts but foresees the impossibility of meeting them when they respectively fall due or in cases where the corporation, partnership or association has no sufficient assets to cover its liabilities but is under the management of a rehabilitation receiver or management committee created pursuant to this Decree.

In support of their position, the petitioners invoke *DBP v. Ilustre*,[1] where it was held that a case instituted in the guise of a complaint for the rescission of a contract was actually an action for recovery of the control and management of a corporation and so came under the jurisdiction not of the courts but of the SEC.

Attention is also called to *Boman Environmental Development Corporation v. Court of Appeals*,[2] where the Regional Trial Court of Makati was sustained by the respondent court for assuming jurisdiction over a case involving the balance of the payment for shares of stock due from the corporation to the seller. The decision was reversed by this Court, which held that the claim was an intra-corporate dispute coming under the original and exclusive jurisdiction of the SEC.

The petitioners especially cite *Saavedra v. SEC*,[3] also involving a complaint for rescission, this time filed with the

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[1] 138 SCRA 111.

[2] 167 SCRA 541.

[3] 159 SCRA 57.

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SEC, which was challenged on the ground that the case came under the jurisdiction of the ordinary civil courts. In sustaining the denial of the motion to dismiss, this Court observed as follows:

> As aptly held by the SEC, the dispute at bar is an intra-corporate that has arisen between and among the principal stockholders of the corporation due to the refusal of the defendants (now petitioners) to fully comply with what has been covenanted by the parties. Such dispute involves a controversy "between and among stockholders" specifically as to plaintiffs right as stockholder over unpaid assignment of shares and the validity of defendant's acquisition of the same. In other words, the present case involves an intra-corporate dispute as to who has the right to remain and act as owners-stockholders of the corporation.

Viray's reliance on this case is understandable, as the facts are strikingly similar to those in the case at bar. However, a closer examination of the records[4] of the case reveals that the Amended Complaint filed with the SEC was for "Delivery of Shares of Stocks, Specific Performance Damages, With Prayer for Preliminary Restraining Order, Preliminary Injunction, Permanent Injunction, Attachment with Preliminary Attachment," with the following pertinent allegations:

x x x x x x x x x

> 9. As clearly stated above, in case of violation of the subject MOA, specifically the payment of the consideration of the sale, the same shall automatically rescind the subject agreement including the two other documents, Contract of Lease and Deed of Assignment executed in consideration thereof;
>
> 10. In view of the breach and non-compliance with the provisions of the subject contract, the herein plaintiff rescinded the subject MOA, the Contract of Lease, and the Deed of Assignment all dated 2 July 1987 through a notarial rescission entitled "Rescission of Memorandum of Agreement" dated 16 September 1987 (xerox copy thereof is hereto attached as Annex "D" and made an integral part hereof).
>
> 11. The subject rescission of MOA together with the two other documents, was preceded by a formal request upon Mr. Honorio

[4] *Rollo*, pp. 25, 27-28.

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Saavedra, Jr., to peacefully vacate, pack-up and leave the company premises prior to the expiration of the grace period within which to comply therewith in a letter dated September 14, 1987 (xerox copy of which is hereto attached as Annex "E" and made an integral part hereof).

12. After the execution of the Rescission of Memorandum of Agreement, the corresponding notice together with copies thereof was delivered and sent to the defendants through Mr. Honorio Saavedra, Jr., in a letter dated 11 September 1987 and served on October 16, 1987 (xerox copy of which is hereto attached as Annex "F" and made an integral part hereof).

13. Despite the Rescission of the MOA and despite the full knowledge by defendants that their failure to observe and comply with the subject MOA has resulted in the rescission of their rights and authority over the subject corporation, they refused to acknowledge the same and still continued to hold on to the company properties and premises to the great damage and prejudice of the corporation.

14. Not contented with that, the herein defendant, Honorio Saavedra, Jr., knowingly, willfully and unlawfully gave malicious representations before the various government entities, thereby, preventing the herein plaintiffs from peacefully taking over the full and complete control of the management of the corporation.

15. *Likewise, despite such knowledge and awareness of the fact that they have no more rights and authority over the subject corporation, the herein defendants refused to deliver and turn over the subject shares of stocks to the herein plaintiffs again to the great damage and prejudice of the corporation.* (Italics supplied.)

16. As of the present, the operations and activities of the corporation has been grounded in view of the malicious and unwarranted refusal by the herein defendants in preventing complainants from entering the company offices and taking control of the company books, properties and equipments therein.

17. The corresponding demands, requests and pleas were made, done and resorted to by the herein plaintiffs, but to no avail; defendants still unlawfully, and unjustifiably refused to turn-over the company premises, properties, machineries, equipment, and other paraphernalia to the herein plaintiffs who are now the lawful owners and stockholders of the subject corporation.

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It is clear from these allegations that the complaint was not merely for rescission of the MOA. Petitioners pleaded the issue of control over the corporation which was clearly a matter falling under PD No. 902-A. There was therefore a need to enlist SEC's expertise and technical know-how for a proper determination of the same.

It will also be noted that the MOA upon which the complaint with the SEC was based was precisely worded. Par. 7 thereof provided as follows:

> That the second party in turn shall *faithfully comply with his obligations under the Agreement, particularly the payment of the consideration of the transfer and sale of the company, and which failure shall be a violation of the agreement including all other documents purporting to assign and transfer the equity interests of the First Party to the corporation including the contract of lease over the property of Mr. Gregorio M. Ramos where the plant and equipment of the company are housed and located*, all payments so far made by the Second Party to the First Party at the time of the violation shall be automatically forfeited in favor of the First Party to compensate for whatever damages the latter may have suffered by reason of the non-payment of the consideration of the sale. x x x (Italics supplied.)

The intention of the parties was easily discernible, leaving no room for conflicting interpretations. The stipulation left no doubt that the buyer's non-compliance with his obligations under the MOA, particularly the payment of the consideration, was to be considered a violation of the agreement and would automatically cancel it.

By contrast, the provisions of the MOA in the case at bar admit of different interpretations of the intention of the parties as expressed in the following provisions:

> 2. *Delivery of Stock Certificate to Buyer.*
>
> Upon the execution of this Agreement, the SELLER shall deliver to the Escrow Agent the certificates of stocks endorsed in blank, covering all the Shares. The Escrow Agent shall hold on to the certificates of stocks and shall deliver or release the same to the BUYER only in accordance with the following schedules:

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a) TWENTY FOUR THOUSAND TWO HUNDRED SIXTY FIVE (24,265) shares covered by certificates duly endorsed in blank, upon payment by the BUYER of the ₱15 million downpayment;

b) TWENTY NINE THOUSAND ONE HUNDRED EIGHTEEN (29,118) shares covered by certificates duly endorsed in blank, upon payment by the BUYER of the amount of ₱18 million on 6 May 1989;

c) FIFTY SIX THOUSAND ONE HUNDRED SEVENTEEN (56,117) shares covered by certificates duly endorsed in blank, when all the amortizations on the loans referred to in Section 1 (c) hereof are fully paid or when the collaterals presently securing the same have been released.

8. *Transfer of Ownership.*

When full payment is made by the BUYER in accordance with the provision of par. (1) hereof, the SELLER shall execute and deliver a final Deed of Sale of Shares and such other documents that may be necessary or required to effect the cancellation of the existing certificates of stock covering the Shares and new ones be issued in the name of the BUYER or his assigns. It is further agreed that all transfer and documentary taxes with respect to the sale of the shares covered by this Agreement shall be paid by the SELLER.

The petitioners assert that Par. 2 entitles Viray to ownership over such number of shares as may be covered by the installment payments as they are made, because the MOA actually provides for three (3) separate sales of shares of stock. The private respondents say otherwise, contending that the MOA is a mere contract to sell where ownership of the shares is reserved with the seller, to be transferred only upon full payment of the purchase price. In the disposition of these differences in interpretation, there is *no need* to enlist SEC's expertise or technical know-how.

The difference between *Saavedra* and the case before us is that in the former, the status of the defendants as stockholders of the corporation was not in issue and was in fact admitted by both parties. The MOA on that matter was clear enough, unlike in the case at bar. The herein private respondents have gone to the regular court and not the SEC precisely because they do not recognize the petitioners as stockholders of OTSI

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under the provisions of the MOA. In the present case, the only concern of the private respondents is the judicial confirmation of their rescission of the MOA, which would not need the expertise of SEC to resolve. It is a purely civil matter resoluble by civil law principles.

As in *Saavedra*, it was not claimed that the complainant in the Ilustre case and the private respondents in the Boman case were not stockholders. The status of the parties was not an issue in those cases. It is so in the case at bar.

The petitioners argue that it is impossible for the RTC to resolve the issue of ownership of the OTSI controlling shares without resolving the applicable corporation law principles like the effect of endorsement of the shares of stocks, of registration on the stocks and transfer, which are matters which the law precisely reserve for SEC jurisdiction. This is an untenable contention.

In *DMRC Enterprises v. Este del Sol Mountain Reserve, Inc.*,[5] the Court said:

> The purpose and the wording of the law escapes the respondent. Nowhere in said decree do we find even so much an intimidation that absolute jurisdiction and control is vested in the SEC in all matters affecting corporations. To uphold the respondents' arguments would remove without legal imprimatur from the regular courts all conflicts over matters involving or affecting corporations, regardless of the nature of the transactions which give rise to such dispute. *The Courts would then be divested of jurisdiction not by reason of the nature of the dispute submitted to them for adjudication, but solely for the reason that the dispute involves a corporation.* This cannot be done. To do so would not only be to encroach on the legislative prerogative to grant and revoke jurisdiction of the courts but such a sweeping interpretation may suffer constitutional infirmity. Neither can we reduce jurisdiction of the courts by judicial fiat. (Art. X, Sec. 1, 1973 Constitution; italics supplied.)

Curiously, the petitioners aver that jurisdiction cannot be made to depend on the exclusive characterization of the case

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[5] 132 SCRA 293.

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by one of the parties and contend that the allegations in the complaint cannot be the basis of the Court's assumption of jurisdiction over the subject matter of the case.

In the same case, the Court declared:

> Jurisdiction of a court is conferred by the Constitution and by the laws in force at the time of the commencement of the action. (*People v. Maisno*, 71 SCRA 600; *Villamayor v. Luciano,* 88 SCRA 156.) However, *whether or not a court has jurisdiction over the subject matter of a case is determined from the allegations of the complaint.* (*Magay v. Estiandan,* 69 SCRA 456; *Republic v. Sebastian,* 72 SCRA 222.) Therefore, to resolve the issue raised to us, an interpretation of the law on jurisdiction, must be made *vis-a-vis* the averments of the petitioner's complaint. (Italics supplied.)

In *Republic v. Sebastian*,[6] the Court had occasion to restate the settled rule that "the subject matter of a given case is determined not by the nature of the action that a party is entitled under the facts and the law to bring but by *the nature and character of the pleadings and issues submitted by the parties to the court for trial and judgment*. To ascertain the jurisdiction of the trial court over the subject matter, *We have to rely on the allegations, the truth of which is to be theoretically admitted in considering the motion to dismiss*." (Italics supplied.)

In fact, the herein private respondents deny the claimed status of the petitioners as stockholders of OTSI on the ground alone of their interpretation of the provisions of the MOA. As previously noted, it is the private respondents' contention that title to the shares covered by the agreement would pass to the petitioners only upon their payment in full of the stipulated consideration, and not before. Pending such payment, they cannot be regarded as stockholders of the corporation and so are also not qualified to be directors and officers thereof. When Viray and Alarilla became chairman of the board of directors and president of OTSI, respectively, it was only by virtue of their designation as such by the private respondents, who remained the controlling stockholders. The petitioners were mere agents

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[6] 72 SCRA 222.

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of the private respondents. That was the reason the private respondents sued the petitioners before the Regional Trial Court of Manila and not the SEC.

According to *Union Glass and Container Corporation v. SEC*:[7]

> x x x in order that the SEC can take cognizance of a case, the controversy must pertain to any of the following relationships: (a) between the corporation, partnership or association and the public; (b) between the corporation, partnership or association and its stockholders, partners, members, or officers; (c) between the corporation, partnership or association and the state insofar as its franchise, permit or license to operate is concerned; and (d) among the stockholders, partners and associates themselves.

It would not necessarily follow from the above criteria that the complaint for rescission filed by the private respondents should come automatically under the jurisdiction of the SEC. It is not clear at this point that the petitioners are stockholders of OTSI. That status has yet to be clarified at the trial of the said complaint. That status cannot be assumed without a hearing. The petitioners cannot divest the regional trial court of jurisdiction by simply asserting that they are stockholders of OTSI and their dispute with the private respondents is intra-corporate in nature.

The establishment of any of the relationships mentioned in *Union* will not necessarily always confer jurisdiction over the dispute on the SEC to the exclusion of the regular courts. The statement made in one case[8] that the rule admits of no exceptions or distinctions is not that absolute. The better policy in determining which body has jurisdiction over a case would be to consider not only the status or relationship of the parties but also the nature of the question that is the subject of their controversy.

It should be obvious that not every conflict between a corporation and its stockholders involves corporate matters that

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[7] 126 SCRA 31.

[8] *Philex Mining Corp. v. Reyes*, 118 SCRA 602.

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only the SEC can resolve in the exercise of its adjudicatory or quasi-judicial powers. If, for example, a person leases an apartment owned by a corporation of which he is a stockholder, there should be no question that a complaint for his ejectment for non-payment of rentals would still come under the jurisdiction of the regular courts and not of the SEC. By the same token, if one person injures another in a vehicular accident, the complaint for damages filed by the victim will not come under the jurisdiction of the SEC simply because of the happenstance that both parties are stockholders of the same corporation. A contrary interpretation would dissipate the powers of the regular courts and distort the meaning and intent of PD No. 902-A.

It is true that the trend is toward vesting administrative bodies like the SEC with the power to adjudicate matters coming under their particular specialization, to insure a more knowledgeable solution of the problems submitted to them. This would also relieve the regular courts of a substantial number of cases that would otherwise swell their already clogged dockets. But as expedient as this policy may be, it should not deprive the courts of justice of their power to decide ordinary cases in accordance with the general laws that do not require any particular expertise or training to interpret and apply. Otherwise, the creeping take-over by the administrative agencies of the judicial power vested in the courts would render the Judiciary virtually impotent in the discharge of the duties assigned to it by the Constitution.

In the case before us, we see no need for any special preparation or skill in the interpretation of the MOA. The controversy is an ordinary civil litigation. To resolve it, the court simply has to apply the rules of civil law and the canons of construction usually employed to discover the intent of the parties who executed the contract. The fact that the subject matter of the MOA is shares of stock is not the controlling consideration as no complicated question of corporation law is involved. If the subject matter of the MOA had been a house and lot instead, any conflict arising therefrom would not necessarily be cognizable only by the Housing and Land Use Regulatory Board. The suggestion in the case at bar that the interpretation of the MOA should be left to the SEC because it has more expertise on the

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matter is not only erroneous; it disparages the regular court and belittles their competence to render justice according to the general laws and the applicable jurisprudence.

We do not find that the regional trial courts lack the necessary ability to interpret an ordinary contract such as the MOA in the case at bar. There is nothing complicated about the document that requires any special aptitude or expertise and justifies its referral to another entity like the SEC for a more definitive interpretation. In the first instance, the complaint for rescission should be heard by the Regional Trial Court of Manila, primarily to determine if the petitioners are stockholders and directors of OTSI and if their differences with the private respondents are in the nature of an intra-corporate dispute cognizable only by the SEC. Whatever its decision may be is, of course, subject to review by this Court.

It bears stressing that the findings of the trial court in its order granting the writ of preliminary injunction are merely tentative pending a closer examination of the issues at the trial of the complaint for judicial rescission of the MOA. As the order clearly stated, it was based on *prima facie* evidence, which may be rebutted at the trial.

We turn now to the preliminary injunction, which the petitioners argue was issued with grave abuse of discretion, besides lack of jurisdiction. Their contention is that the basic function of a preliminary injunction is to preserve the *status quo* and not, as in the case at bar, to restrain the petitioners from acting as directors and officers of OTSI and to transfer its ownership to the private respondents. The petitioners also fault the respondent judge for issuing the writ despite the petition now pending before us, unlike the SEC, which suspended all proceedings out of deference for this Court.

These arguments are unacceptable.

Rule 58, Section 3, of the Rules of Court clearly provides:

SEC. 3. *Grounds for issuance of preliminary injunction.* — A preliminary injunction may be granted at any time after the commencement of the action and before judgment, when it is established:

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(a) That the plaintiff is entitled to the relief demanded, and the whole or part of such relief consists in restraining the commission or continuance of the acts complained of, or in the performance of an act or acts, either for a limited period or perpetually;

(b) That the commission or continuance of some act complained of during the litigation or the non-performance thereof would probably work injustice to the plaintiff; or

(c) That the defendant is doing, threatens or is about to do, or is procuring or suffering to be done, some act probably in violation of the plaintiff's rights respecting the subject of the action, and tending to render the judgment ineffectual."

Interpreting this Rule, this Court said in Ortigas & Co., Court clearly provides:[9]

Two requisites are necessary if a preliminary injunction is to issue, namely, the existence of the right to be protected, and the facts against which the injunction is to be directed, are violative of said right. In particular, for a writ of preliminary injunction to issue, the existence of the right and the violation must appear in the allegation of the complaint and a preliminary injunction is proper only when the plaintiff appears to be entitled to the relief demanded in his complaint. x x x.

A review of the records of this case shows that the respondent court has not acted precipitately or arbitrarily in issuing the writ of preliminary injunction. The hearing on the application for the writ took three hours and was participated in by the parties, who actively argued in favor of their respective positions and submitted evidence in support thereof. There was no lack of basis for its pronouncement after the hearing that:

Considering all the foregoing, the Court holds that it has been established *prima facie* that the plaintiffs, led by plaintiff Araneta, are entitled to the relief demanded; that the actuations of defendants, if not restrained, would probably work injustice to the plaintiffs, especially plaintiff Araneta; and that if the writ of preliminary injunction prayed for is not granted, the plaintiffs' rights as to the subject of the action would be rendered ineffectual.

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[9] 148 SCRA 326.

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Among the acts which the trial court felt the petitioners should be restrained from committing were the disposition of the assets of OTSI, the withdrawal of its funds, the transfer or destruction of its records, the cut-off of its power and communication lines, and the removal of its forklifts, furniture and other equipment, all to the prejudice of the private respondents. As we held in *Madrigal v. Rodas*,[10] injunction is the remedy to prevent one party from taking advantage of his favored position to the damage of the other party. The petitioners were in a favored position because they were actually in physical control of OTSI at the time the TRO was issued by Judge Bataria.

We find that the lower court committed no disrespect for this Court in issuing the writ of preliminary injunction after determining the urgent need therefor on the basis of the evidence submitted to it at the hearing. Significantly, we issued no temporary restraining order against the issuance of such writ. But we must make it clear that, after the order granting the writ of preliminary injunction was questioned before this Court in the supplemental petition dated April 2, 1990, the lower court had no more jurisdiction to act on the motion to dissolve the writ of preliminary injunction filed by the petitioners on May 7, 1990. As we held in *Corpuz v. Court of Appeals*:[11]

> We also find that the questioned orders of respondent Judge Leviste were issued without jurisdiction, notwithstanding the fact that the writ of possession was not in order. It was presumptuous on his part to grant the motion for reconsideration when he knew very well that the subject matter of said motion was still pending with this Court in a petition for *certiorari*. The act of issuing the orders constituted disrespect and disregard of the authority and jurisdiction of this Court.

In filing that motion, the petitioners were in effect arguing against their position that the lower court had no more right to act on the complaint with the filing of the petition with this Court. Moreover, they were pleading the same proposition on

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[10] 80 Phil. 252.

[11] 90 SCRA 424.

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two fronts, the Regional Trial Court of Manila and this Court. In other words, they were forum-shopping and so were no less disrespectful to this Court than the trial judge in the aforecited Corpuz case. For such an attitude, we pronounced the following sanction in *Buan v. Lopez*:[12]

> Indeed, the petitioners in both actions, x x x have incurred not only the sanction of dismissal of their case before this Court in accordance with Rule 16 of the Rules of Court, but also the punitive measure of dismissal of both their actions, that in this Court and that in the Regional Trial Court as well. Quite recently, upon substantially identical factual premises, the Court *en banc* had occasion to condemn and penalize the act of litigants of filing the same suit in different courts, aptly described as "forum-shopping," *viz*:
>
> x x x x x x x x x
>
> x x x That same identity puts into operation the sanction of twin dismissals just mentioned. x x x.

In our discretion, however, we shall not impose a similar sanction on the herein petitioners, to permit the resolution on the merits of the important issues presented in this case.

It is not the function of this Court to determine at this time the merits of the complaint for rescission now pending before the Regional Trial Court of Manila. Decision of that case will depend not only on the legal considerations involved but also on the factual evidence that has yet to be adduced by the parties at the trial proper. In this petition, we simply rule on the question of jurisdiction and the lawfulness of the writ of preliminary injunction. We sustain the trial court on both counts.

WHEREFORE, the petition and the supplemental petition are DISMISSED, with costs against the petitioners. The Regional Trial Court of Manila is directed to proceed with the trial of Civil Case No. 90-52338 and to decide it with deliberate dispatch. It is so ordered.

Narvasa, Gancayco, Griño-Aquino, and *Medialdea, JJ.*, concur.

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[12] 145 SCRA 34.