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evaluation of the evidence. The petition does not deal with purely legal issues.

We further hold that the Court of Appeals correctly implemented the provisions of Republic Act No. 6031 in its aforementioned 1971 resolution.

WHEREFORE, these cases are returned to the Court of Appeals for adjudication. It should resolve the pending motion for execution dated September 15, 1982 filed by respondents Yap and Castillon.

SO ORDERED.

Fernando, C.J., Makasiar, Concepcion Jr., Guerrero, Abad Santos, De Castro, Melencio-Herrera, Plana, Vasquez, Relova and *Gutierrez, Jr., JJ.*, concur.

Teehankee, J., files a brief concurrence.

Escolin, J., did not take part.

TEEHANKEE, *J.* :

I concur, subject to the qualification that under the express provisions of Republic Act No. 6031, the judgment of the Zamboanga CFI, passing upon (and affirming) the appealed judgment of the City Court in the two ejectment cases, is "final." Hence, appeal to a higher court is no longer a matter of right. The Court of Appeals, if satisfied that the "findings of fact contained in the decision" of the CFI sought to be reviewed "are supported by substantial evidence as basis thereof and the conclusions are not clearly against the law and jurisprudence," may summarily turn down and deny due course to the petition for review.

FIRST DIVISION

[G.R. No. 57707. November 19, 1982]

PHILEX MINING CORPORATION, petitioner, *vs.* HON. DOMINGO CORONEL REYES, Presiding Judge, Court

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of First Instance of Albay, 10th Judicial District, Branch IV, and RICHARD HUENEFELD, respondents.

SYNOPSIS

Private respondent sued petitioner Company in the Court of First Instance for Specific Performance with Damages to compel the issuance of the former's lost stockholder's certificate, plus damages. Petitioner Company moved for dismissal of the complaint on the ground that the Court of First Instance has no jurisdiction over the case, the issue being one of intra-corporate relationship between a stockholder and a corporation which falls within the original and exclusive jurisdiction of the Securities and Exchange Commission. Private respondent filed an opposition claiming that the refusal of petitioner Company to issue a replacement certificate resulted in actual damages to him, and thus, it is no longer a case of intra-corporate conflict, but one which is civil or tortious in nature. Respondent Court denied the motion to dismiss, as well as a reconsideration of such denial. Hence, this petition.

The Supreme court granted the petition and ruled that the issue of whether or not a corporation is bound to replace a stockholder's lost certificate of stock is a matter purely between a stockholder and the corporation, hence, clearly an intra-corporate dispute under Presidential Decree No. 902-A, and the question of damages raised therein is merely incidental to that main issue; consequently, it is the Securities and Exchange Commission and not respondent Court of First Instance, that has original and exclusive jurisdiction, by express mandate of the law.

Petition granted.

SYLLABUS

1. MERCANTILE LAW; PRESIDENTIAL DECREE NO. 902-A; INTRA-CORPORATE CONTROVERSY; MEANING OF.— Under Section 5 of Presidential Decree No. 902-A an intra-corporate controversy is one which arises between a stockholder and the corporation. There is no distinction, qualification, nor any exemption whatsoever. The provision is broad and covers all kinds of controversies between stockholders and corporations.

2. ID.; ID.; ID.; QUESTION OF REPLACEMENT OF A STOCKHOLDER'S LOST CERTIFICATE OF STOCK, A TYPICAL INTRA-CORPORATE DISPUTE.— The issue of whether or not a corporation is bound to replace a stockholder's lost certificate of stock is a matter purely between a stockholder and the corporation.

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It is a typical intra-corporate dispute. The question of damages raised is merely incidental to that main issue.

3. ID.; ID.; ID.; JURISDICTION OF THE SECURITIES AND EXCHANGE COMMISSION OVER SAME.— The controversy between the parties being clearly an intra-corporate one, it is the Securities and Exchange Commission, as held by it, and not respondent Court of First Instance, that has original and exclusive jurisdiction, by express mandate of the law.

APPEARANCES OF COUNSEL

Agrava, Lucero, Alikpala & Gineta Law Office for petitioner.
Muñoz Law Office for private respondent.

DECISION

MELENCIO-HERRERA, *J.*:

A special civil action for Certiorari seeking to set aside the Orders of respondent Judge of the Court of First Instance of Albay in Civil Case No. 6400, denying petitioner's Motion to Dismiss based on lack of jurisdiction on March 12, 1981, and the Motion for its reconsideration on June 25, 1981.

The relevant facts follow:

Private respondent, Richard Huenefeld, is a stockholder of petitioner Philex Mining Corporation (Philex, for short). He originally owned 800,000 shares of stock.

On February 15, 1979, Philex declared a 10% stock dividend. Stock Certificate No. 190579 for 80,000 shares was issued by Philex in favor of Huenefeld. On April 18, 1979, Philex sent the stock certificate to Huenefeld through its transfer agent, First Asian Stock Transfer, Inc. (First Asian, for brevity). Huenefeld claims that he never received the stock certificate.

On February 6, 1980, First Asian wrote Huenefeld informing him that the stock certificate had been delivered to him at this address at Michelle Apartment, 2030 A. Mabini Street, Manila; and that if the certificate could not be located that Huenefeld execute an Affidavit of Loss, with the notice of loss to be published once a week for three (3) consecutive weeks in a

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newspaper of general circulation in accordance with the procedure prescribed by Republic Act No. 201 (now Section 73, Corporation Code).

On March 4, 1980, Huenefeld, through counsel, replied that RA 201 is not applicable because the stock certificate was not lost in the possession of the stockholder; that assuming it was, the expenses of publication and premiums for the bond should be at Philex's expense; and demanded the issuance of a replacement stock certificate. Huenefeld also submitted an Affidavit of Loss but did not comply with the other requirements on publication.

On November 3, 1980, Huenefeld commenced suit for Specific Performance with Damages against Philex, First Asian and/or the latter's General Manager, before the Court of First Instance of Albay, Branch IV, Legaspi City (Civil Case No. 6400), presided by respondent Judge, to compel the issuance of a replacement for Stock Certificate No. 190579, plus damages.

On January 27, 1981, Philex filed a Motion to Dismiss on the ground that the Court of First Instance has no jurisdiction over the case, the issue being one of intra-corporate relationship between a stockholder and a corporation, which under Presidential Decree No. 902-A, falls within the original and exclusive jurisdiction of the Securities and Exchange Commission (SEC).

Huenefeld filed an Opposition claiming that the refusal of Philex to issue a replacement certificate resulted in actual damages to him, and thus, it is no longer a case of intra-corporate conflict, but one which is civil or tortious in nature.

On March 12, 1981, respondent Court issued the first questioned Order holding in abeyance resolution of the incident as the grounds alleged did not appear to be indubitable. Philex moved for reconsideration.

In the interim, Philex filed a Petition with the SEC (SEC Case No. 002053) praying that the Commission hear the controversy; that Huenefeld be held to have received Stock Certificate No.

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190579 and had subsequently lost the same; and that the provisions of RA 201, or Section 73 of the new Corporation Code, be followed for the issuance of a replacement certificate, at Huenefeld's expense.

Philex informed respondent Court of the filing of the petition with the SEC and reiterated that Civil Case No. 6400 be dismissed.

On June 25, 1981, respondent Court issued the second challenged Order denying Philex's Motion for Reconsideration for lack of merit.

On August 17, 1981, Philex filed the present Petition.

On August 21, 1981, we issued a Temporary Restraining Order enjoining respondent Judge from further proceeding with Civil Case No. 6400. And on October 19, 1981, we resolved to give due course and required the parties to submit simultaneous Memoranda, with which they complied.

The issue is whether respondent Court of First Instance has jurisdiction over the present controversy, which Philex contends is an intra-corporate one, but which Huenefeld denies.

Section 5 of Presidential Decree No. 902-A provides:

"Sec. 5. In addition to the regulatory and adjudicative functions of the Securities and Exchange Commission over corporations, partnerships and other forms of associations registered with it as expressly granted under existing laws and decrees, it shall have *original* and *exclusive* jurisdiction to hear and decide cases involving:

a) . . . . . .

b) Controversies arising out of *intra-corporate* or partnership relations, between and among stockholders, members, or associates; *between any or all of them and the corporation,* partnership or association for 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." (Italics ours)

Evident from the foregoing is that an intra-corporate controversy is one which arises between a stockholder and the

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corporation. There is no distinction, qualification, nor any exemption whatsoever. The provision is broad and covers all kinds of controversies between stockholders and corporations. The issue of whether or not a corporation is bound to replace a stockholder's lost certificate of stock is a matter purely between a stockholder and the corporation. It is a typical intra-corporate dispute. The question of damages raised is merely incidental to that main issue.

Huenefeld's attempt to limit intra-corporate controversies thus:

"The phrase *'controversies arising out of intra-corporate relations'* would seem to refer to controversies, cases or intramurals among or between stockholders and the corporation involving the exercise of stockholders' privileges, rights, benefits and their duties in a corporation, and the existence in law of a corporation.

Like, for instance, an example of *'controversies arising out of an intra-corporate relation'* are cases between stockholders in 1) contesting or vying for a seat in the Board of Directors, 2) questions on voting by proxy, 3) election and tenure of office and qualification of directors, 4) removal and resignation of Directors, 5) repeal and amendment of corporate charter and by-laws, 6) questions on corporate meetings and increase of capital stocks, etc." (pp. 70, 80, Rollo).

is not well taken. The foregoing interpretation does not square with the intent of the law, which is to segregate from the general jurisdiction of regular Courts controversies involving corporations and their stockholders and to bring them to the SEC for exclusive resolution, in much the same way that labor disputes are now brought to the Ministry of Labor and Employment (MOLE) and the National Labor Relations Commission (NLRC), and not to the Courts.

The Securities and Exchange Commission, on October 7, 1981, in resolving the Motion to Dismiss filed by Huenefeld before it, ruled:

". . . . . .

"After a thorough consideration of the allegations and arguments adduced in the motion to dismiss, as well as petitioners opposition thereto, the Commission resolves to DENY said motion. It appearing that the instant suit before us involves an intra-corporate dispute, the same is, therefore,

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within the *original* and *exclusive* jurisdiction of the Commission to resolve. (pp. 94-95, *ibid).*

. . . ."

The controversy between the parties being clearly an intra-corporate one, it is the SEC, as held by it, and not respondent Court of First Instance, that has original and exclusive jurisdiction, by express mandate of the law.

WHEREFORE, granting this Petition, the challenged Orders of respondent Judge, dated March 12, 1981 and June 25, 1981, are hereby annulled and set aside, and Civil Case No. 6400 of the Court of First Instance of Albay is hereby ordered dismissed. Private respondent may seek relief in SEC Case No. 2053 now pending with the Securities and Exchange Commission. The Temporary Restraining Order heretofore issued is hereby made permanent.

Costs against private respondent, Richard Huenefeld.

SO ORDERED.

Teehankee (Chairman), Plana, Vasquez, Relova and *Gutierrez, Jr., JJ.,* concur.

SECOND DIVISION

[G.R. No. 58506. November 19, 1982]

PEOPLE OF THE PHILIPPINES, plaintiff-appellee, *vs.* NILO DE JESUS and WILFREDO YALONG, defendants-appellants.

SYNOPSIS

Feliciano de los Santos was shot twice hours after an altercation with appellant de Jesus and was pronounced dead on arrival in the hospital. Appellants who earlier went into hiding were arrested and charged with murder for the death of Feliciano. On arraignment, both appellants pleaded not guilty. De Jesus denied participation in the shooting and pointed to Yalong as the assailant. Yalong, on the other hand, admitted having shot