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WHEREFORE, the Order appealed from is hereby REVERSED and SET ASIDE. The petition for change of names shall be deemed DENIED. No costs.

Melencio-Herrera, Plana and *Gutierrez, Jr., JJ.*, concur.
Teehankee (Chairman), in the result.
Relova, J., on leave.

FIRST DIVISION

[G.R. No. L-33320. May 30, 1983]

RAMON A. GONZALES, petitioner, *vs.* THE PHILIPPINE NATIONAL BANK, respondent.

SYLLABUS

1. COMMERCIAL LAW; CORPORATION CODE; LIMITATIONS OF RIGHT OF INSPECTION UNDER THE NEW CODE (B.P. BLG. 68).— As may be noted, among the changes introduced in the new Code with respect to the right of inspection granted to a stockholder are the following: the records must be kept at the principal office of the corporation; the inspection must be made on business days; the stockholder may demand a copy of the excerpts of the records or minutes; and the refusal to allow such inspection shall subject the erring officer or agent of the corporation to civil and criminal liabilities. However, while seemingly enlarging the right of inspection, the new Code has prescribed limitations to the same. It is now expressly required as a condition for such examination that the one requesting it must not have been guilty of using improperly any information secured through a prior examination, and that the person asking for such examination must be "acting in good faith and for a legitimate purpose in making his demand."

2. ID.; ID.; ID.; UNQUALIFIED PROVISION UNDER THE PREVIOUS LAW, NOW DISSIPATED BY THE CLEAR PROVISION OF SECTION 74 OF B.P. BLG. 68.— The unqualified provision on the right of inspection previously contained in Section 51, Act No. 1459, as amended, no longer holds true under the provisions of the present

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law. The argument of the petitioner that the right granted to him under Section 51 of the former Corporation law should not be dependent on the propriety of his motive or purpose in asking for the inspection of the books of the respondent bank loses whatever validity it might have had before the amendment of the law. If there is any doubt in the correctness of the ruling of the trial court that the right of inspection granted under Section 51 of the old Corporation Law must be dependent on a showing of proper motive on the part of the stockholder demanding the same, it is now dissipated by the clear language of the pertinent provision contained in Section 74 of Batas Pambansa Blg. 68.

3. ID.; ID.; ID.; MODE OF ACQUISITION OF ONE SHARE OF STOCK, AS EVIDENCE OF BAD FAITH AND ULTERIOR MOTIVE.— Although the petitioner has claimed that he has justifiable motives in seeking the inspection of the books of the respondent bank, he has not set forth the reasons and the purposes for which he desires such inspection, except to satisfy himself as to the truth of published reports regarding certain transactions entered into by the respondent bank and to inquire into their validity. The circumstances under which he acquired one share of stock in the respondent bank purposely to exercise the right of inspection do not argue in favor of his good faith and proper motivation. Admittedly he sought to be a stockholder in order to pry into transactions entered into by the respondent bank even before he became a stockholder. His obvious purpose was to arm himself with materials which he can use against the respondent bank for acts done by the latter when the petitioner was a total stranger to the same. He could have been impelled by a laudable sense of civil consciousness, but it could not be said that his purpose is germane to his interest as a stockholder.

4. ID.; ID.; PROVIDES THAT CORPORATIONS CREATED BY CHARTERS SHALL BE GOVERNED PRIMARILY BY SAID CHARTERS; RESPONDENT BANK WITH A CHARTER OF ITS OWN IS NOT GOVERNED BY THE CORPORATION CODE.— The Philippine National Bank is not an ordinary corporation. Having a charter of its own, it is not governed, as a rule, by the Corporation Code of the Philippines. Section 4 of the said Code provides: "SEC. 4.— *Corporations created by special laws or charters.* — Corporations created by special laws or charters shall be governed primarily by the provisions of the special law or charter creating them or applicable to them, supplemented by the provisions of this Code, insofar as they are applicable." The provision of Section 74 of Batas Pambansa Blg.

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68 of the new Corporation Code with respect to the right of a stockholder to demand an inspection or examination of the books of the corporation may not be reconciled with the above-quoted provisions of the charter of the bank. It is not correct to claim, therefore, that the right of inspection under Section 74 of the new Corporation Code may apply in a supplementary capacity to the charter of the respondent bank.

APPEARANCES OF COUNSEL

Ramon A. Gonzales in his own behalf.

Juan Diaz for respondent.

DECISION

VASQUEZ, *J.*:

Petitioner Ramon A. Gonzales instituted in the erstwhile Court of First Instance of Manila a special civil action for mandamus against the herein respondent praying that the latter be ordered to allow him to look into the books and records of the respondent bank in order to satisfy himself as to the truth of the published reports that the respondent has guaranteed the obligation of Southern Negros Development Corporation in the purchase of a US$23 million sugar-mill to be financed by Japanese suppliers and financiers; that the respondent is financing the construction of the ₱21 million Cebu-Mactan Bridge to be constructed by V.C. Ponce, Inc., and the construction of Passi Sugar Mill at Iloilo by the Honiron Philippines, Inc., as well as to inquire into the validity of said transactions. The petitioner has alleged that his written request for such examination was denied by the respondent. The trial court having dismissed the petition for mandamus, the instant appeal to review the said dismissal was filed.

The facts that gave rise to the subject controversy have been set forth by the trial court in the decision herein sought to be reviewed, as follows:

" 'Briefly stated, the following facts gathered from the stipulation of the parties served as the backdrop of this proceeding.

'Previous to the present action, the petitioner instituted several cases in this Court questioning different transactions entered into by the Bank with

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other parties. First among them is Civil Case No. 69345 filed on April 27, 1967, by petitioner as a taxpayer *versus* Sec. Antonio Raquiza of Public Works and Communications, the Commissioner of Public Highways, the Bank, Continental Ore Phil., Inc., Continental Ore, Huber Corporation Allis Chalmers and General Motors Corporation. In the course of the hearing of said case on August 3, 1967, the personality of herein petitioner to sue the bank and question the letters of credit it has extended for the importation by the Republic of the Philippines of public works equipment intended for the massive development program of the President was raised. In view thereof, he expressed and made known his intention to acquire one share of stock from Congressman Justiniano Montano which, on the following day, August 30, 1967, was transferred in his name in the books of the Bank.

'Subsequent to his aforementioned acquisition of one share of stock of the Bank, petitioner, in his dual capacity as a taxpayer and stockholder, filed the following cases involving the bank or the members of its Board of Directors to wit:

'1. On October 18, 1967, Civil Case No. 71044 *versus* the Board of Directors of the Bank; the National Investment and Development Corp., Marubeni Iida Co., Ltd., and Agro-Inc. Dev. Co. or Saravia;

'2. On May 11, 1968, Civil Case No. 72936 *versus* Roberto Benedicto and other Directors of the Bank, Passi (Iloilo) Sugar Central, Inc., Calinog-Lambunao Sugar Mill Integrated Farming, Inc., Talog Sugar Milling Co., Inc., Safary Central, Inc., and Batangas Sugar Central Inc.;

'3. On May 8, 1969, Civil Case No. 76427 *versus* Alfredo Montelibano and the Directors of both the PNB and DBP;

'On January 11, 1969, however, petitioner addressed a letter to the President of the Bank (Annex A, Pet.), requesting submission to look into the records of its transactions covering the purchase of a sugar central by the Southern Negros Development Corp. to be financed by Japanese suppliers and financiers; its financing of the Cebu-Mactan Bridge to be constructed by V.C. Ponce, Inc. and the construction of the Passi Sugar Mills in Iloilo. On January 23, 1969, the Asst. Vice-President and Legal Counsel of the Bank answered petitioner's letter denying his request for being not germane to his interest as a one-share stockholder and for the cloud of doubt as to his real intention and purpose in acquiring said share. (Annex B, Pet.) In view of the Bank's refusal, the petitioner instituted this action.' " (Rollo, pp. 16-18.)

The petitioner has adopted the above finding of facts made by the trial court in its brief which he characterized as having been "correctly stated." (Petitioner-Appellant's Brief, pp. 5-7.)

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The court *a quo* denied the prayer of the petitioner that he be allowed to examine and inspect the books and records of the respondent bank regarding the transactions mentioned on the grounds that the right of a stockholder to inspect the record of the business transactions of a corporation granted under Section 51 of the former Corporation Law (Act No. 1459, as amended) is not absolute, but is limited to purposes reasonably related to the interest of the stockholder, must be asked for in good faith for a specific and honest purpose and not gratify curiosity or for speculative or vicious purposes; that such examination would violate the confidentiality of the records of the respondent bank as provided in Section 16 of its charter, Republic Act No. 1300, as amended; and that the petitioner has not exhausted his administrative remedies.

Assailing the conclusions of the lower court, the petitioner has assigned the single error to the lower court of having ruled that his alleged improper motive in asking for an examination of the books and records of the respondent bank disqualifies him to exercise the right of a stockholder to such inspection under Section 51 of Act No. 1459, as amended. Said provision reads in part as follows:

"Sec. 51. . . . The record of all business transactions of the corporation and the minutes of any meeting shall be open to the inspection of any director, member or stockholder of the corporation at reasonable hours."

Petitioner maintains that the above-quoted provision does not justify the qualification made by the lower court that the inspection of corporate records may be denied on the ground that it is intended for an improper motive or purpose, the law having granted such right to a stockholder in clear and unconditional terms. He further argues that, assuming that a proper motive or purpose for the desired examination is necessary for its exercise, there is nothing improper in his purpose for asking for the examination and inspection herein involved.

Petitioner may no longer insist on his interpretation of Section 51 of Act No. 1459, as amended, regarding the right of a stockholder to inspect and examine the books and records of a

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corporation. The former Corporation Law (Act No. 1459, as amended) has been replaced by Batas Pambansa Blg. 68, otherwise known as the "Corporation Code of the Philippines." The right of inspection granted to a stockholder under Section 51 of Act No. 1459 has been retained, but with some modifications. The second and third paragraphs of Section 74 of Batas Pambansa Blg. 68 provide the following:

"The records of all business transactions of the corporation and the minutes of any meeting shall be open to inspection by any director, trustee, stockholder or member of the corporation at reasonable hours on business days and he may demand, in writing, for a copy of excerpts from said records or minutes, at his expense.

"Any officer or agent of the corporation who shall refuse to allow any director, trustee, stockholder or member of the corporation to examine and copy excerpts from its records or minutes, in accordance with the provisions of this Code, shall be liable to such director, trustee, stockholder or member for damages, and in addition, shall be guilty of an offense which shall be punishable under Section 144 of this Code: Provided, That if such refusal is made pursuant to a resolution or order of the board of directors or trustees, the liability under this section for such action shall be imposed upon the directors or trustees who voted for such refusal: and Provided, further, That it shall be a defense to any action under this section that the person demanding to examine and copy excerpts from the corporation's records and minutes has improperly used any information secured through any prior examination of the records or minutes of such corporation or of any other corporation, or was not acting in good faith or for a legitimate purpose in making his demand."

As may be noted from the above-quoted provisions, among the changes introduced in the new Code with respect to the right of inspection granted to a stockholder are the following: the records must be kept at the principal office of the corporation; the inspection must be made on business days; the stockholder may demand a copy of the excerpts of the records or minutes; and the refusal to allow such inspection shall subject the erring officer or agent of the corporation to civil and criminal liabilities. However, while seemingly enlarging the right of inspection, the new Code has prescribed limitations to the same. It is now expressly required as a condition for such examination that the

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one requesting it must not have been guilty of using improperly any information secured through a prior examination, and that the person asking for such examination must be "acting in good faith and for a legitimate purpose in making his demand."

The unqualified provision on the right of inspection previously contained in Section 51, Act No. 1459, as amended, no longer holds true under the provisions of the present law. The argument of the petitioner that the right granted to him under Section 51 of the former Corporation Law should not be dependent on the propriety of his motive or purpose in asking for the inspection of the books of the respondent bank loses whatever validity it might have had before the amendment of the law. If there is any doubt in the correctness of the ruling of the trial court that the right of inspection granted under Section 51 of the old Corporation Law must be dependent on a showing of proper motive on the part of the stockholder demanding the same, it is now dissipated by the clear language of the pertinent provision contained in Section 74 of Batas Pambansa Blg. 68.

Although the petitioner has claimed that he has justifiable motives in seeking the inspection of the books of the respondent bank, he has not set forth the reasons and the purposes for which he desires such inspection, except to satisfy himself as to the truth of published reports regarding certain transactions entered into by the respondent bank and to inquire into their validity. The circumstances under which he acquired one share of stock in the respondent bank purposely to exercise the right of inspection do not argue in favor of his good faith and proper motivation. Admittedly he sought to be a stockholder in order to pry into transactions entered into by the respondent bank even before he became a stockholder. His obvious purpose was to arm himself with materials which he can use against the respondent bank for acts done by the latter when the petitioner was a total stranger to the same. He could have been impelled by a laudable sense of civic consciousness, but it could not be said that his purpose is germane to his interest as a stockholder.

We also find merit in the contention of the respondent bank that the inspection sought to be exercised by the petitioner would

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be violative of the provisions of its charter. (Republic Act No. 1300, as amended.) Sections 15, 16 and 30 of the said charter provide, respectively as follows:

" 'Sec. 15. *Inspection by Department of Supervision and Examination of the Central Bank.*— The National Bank shall be subject to inspection by the Department of Supervision and Examination of the Central Bank.'

'Sec. 16. *Confidential information.*— The Superintendent of Banks and the Auditor General, or other officers designated by law to inspect or investigate the condition of the National Bank, shall not reveal to any person other than the President of the Philippines, the Secretary of Finance, and the Board of Directors the details of the inspection or investigation, nor shall they give any information relative to the funds in its custody, its current accounts or deposits belonging to private individuals, corporations, or any other entity, except by order of a Court of competent jurisdiction.'

'Sec. 30. *Penalties for violation of the provision of this Act.*— Any director, officer, employee, or agent of the Bank, who violates or permits the violation of any of the provisions of this Act, or any person aiding or abetting the violations of any of the provisions of this Act, shall be punished by a fine not to exceed ten thousand pesos or by imprisonment of not more than five years, or both such fine and imprisonment.' "

The Philippine National Bank is not an ordinary corporation. Having a charter of its own, it is not governed, as a rule, by the Corporation Code of the Philippines. Section 4 of the said Code provides:

"SEC. 4. *Corporations created by special laws or charters.*— Corporations created by special laws or charters shall be governed primarily by the provisions of the special law or charter creating them or applicable to them, supplemented by the provisions of this Code, insofar as they are applicable."

The provision of Section 74 of Batas Pambansa Blg. 68 of the new Corporation Code with respect to the right of a stockholder to demand an inspection or examination of the books of the corporation may not be reconciled with the above-quoted provisions of the charter of the respondent bank. It is not correct to claim, therefore, that the right of inspection under Section 74 of the new Corporation Code may apply in a supplementary capacity to the charter of the respondent bank.

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WHEREFORE, the petition is hereby DISMISSED, without costs.

Melencio-Herrera, Plana and *Gutierrez, Jr., JJ.*, concur.
Teehankee (Chairman), **in the result.**

SECOND DIVISION

[G.R. No. L-33422. May 30, 1983]

ROSENDO BALUCANAG, petitioner, *vs.* HON. JUDGE ALBERTO J. FRANCISCO and RICHARD STOHNER, respondents.

SYLLABUS

1. CIVIL LAW; CONTRACTS; LEASE; PARTIES BOUND BY THE STIPULATIONS THEREIN; CASE AT BAR.— Respondent Stohner does not assail the validity of the stipulation in the lease contract regarding the making and removal of improvements on the leased premises. Neither has he advanced any reason why he should not be bound by it.

2. ID.; OWNERSHIP; BUILDER IN GOOD FAITH; ART. 448 OF THE NEW CIVIL CODE APPLIES ONLY TO ONE WHO BUILDS ON A LAND IN THE BELIEF THAT HE IS THE OWNER; NOT APPLICABLE IN THE CASE AT BAR WHERE LESSEE KNOWS HE IS NOT THE OWNER.— Respondent Stohner cannot be considered a builder in good faith. Art. 448 of the Civil Code, relied upon by respondent judge, applies only to a case where one builds on land in the belief that he is the owner thereof and it does not apply where one's only interest in the land is that of a lessee under a rental contract. In the case at bar, there is no dispute that the relation between Balucanag and Stohner is that of lessor and lessee, the former being the successor in interest of the original owner of the lot. As the Supreme Court ruled in Lopez, Inc. *vs.* Phil. and Eastern Trading Co., Inc., ". . . the principle of possessor in good faith refers only to a party who occupies or possess property in the belief that he is the owner thereof and said good faith ends only when he discovers