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WHEREFORE, the petition is **DENIED**. The Order dated October 8, 2011 of the Regional Trial Court of Pinamalayan, Oriental Mindoro in Civil Case No. SCA-07-11 (Criminal Case No. 2012) is hereby **AFFIRMED and UPHELD**.

With costs against the petitioner.

SO ORDERED.

Velasco, Jr. (Chairperson) Peralta, Reyes, and *Perlas-Bernabe,*[*] *JJ.,* concur.

THIRD DIVISION

[G.R. No. 200620. March 18, 2015]

ROBERTO L. ABAD, MANUEL D. ANDAL, BENITO V. ARANETA, PHILIP G. BRODETT, ENRIQUE L. LOCSIN and ROBERTO V. SAN JOSE, *petitioners, vs.* **PHILIPPINE COMMUNICATIONS SATELLITE CORPORATION, represented by VICTOR AFRICA,** *respondent.*

SYLLABUS

1. REMEDIAL LAW; CIVIL PROCEDURE; ACTIONS; JURISDICTION; THE REGIONAL TRIAL COURT AND NOT THE SANDIGANBAYAN HAS JURISDICTION OVER CASES WHICH DO NOT INVOLVE A SEQUESTERED-RELATED INCIDENT BUT AN INTRA-CORPORATE CONTROVERSY; CASE AT BAR—[I]t is the RTC and not the Sandiganbayan which has jurisdiction over cases which do not involve a sequestration-related incident but an intra-corporate controversy. x x x In the case at bar, the complaint concerns

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[*] Designated additional member per raffle dated March 9, 2015.

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PHILCOMSAT's demand to exercise its right of inspection as stockholder of PHC but which petitioners refused on the ground of the ongoing power struggle within POTC and PHILCOMSAT that supposedly prevents PHC from recognizing PHILCOMSAT's representative (Africa) as possessing such right or authority from the legitimate directors and officers. Clearly, the controversy is intra-corporate in nature as they arose out of intra-corporate relations between and among stockholders, and between stockholders and the corporation.

2. **ID.; ID.; ID.; A COMPLAINT SHOULD NOT BE DISMISSED FOR INSUFFICIENCY OF CAUSE OF ACTION IF IT APPEARS CLEARLY FROM THE COMPLAINT AND ITS ATTACHMENTS THAT THE PLAINTIFF IS ENTITLED TO RELIEF; APPLICATION IN CASE AT BAR.—** A complaint should not be dismissed for insufficiency of cause of action if it appears clearly from the complaint and its attachments that the plaintiff is entitled to relief. Conversely, a complaint may be dismissed for lack of cause of action if it is obvious from the complaint *and its annexes* that the plaintiff is not entitled to any relief. Here, attached to the complaint is the Board Secretary's Certificate stating, among others, that PHILCOMSAT board of directors had authorized its President to exercise the right of inspection in its subsidiary PHC, and to file a case in court in case of refusal by PHC.

3. **ID.; ID.; ID.; COMPROMISE AGREEMENT; THE AUTHORITY OF THE PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT (PCGG) TO ENTER INTO COMPROMISE AGREEMENTS IN CIVIL CASES AND TO GRANT IMMUNITY, UNDER CERTAIN CIRCUMSTANCES, IN CRIMINAL CASES IS NOW SETTLED AND ESTABLISHED; SUSTAINED.—** The authority of the PCGG to enter into Compromise Agreements in civil cases and to grant immunity, under certain circumstances, in criminal cases is now settled and established. In *Republic of the Philippines and Jose O. Campos, Jr. vs. Sandiganbayan, et al.* (173 SCRA 72 [1989]), this Court categorically stated that amicable settlements and compromises are not only allowed but actually encouraged in civil cases. A specific grant of immunity from criminal prosecutions was also sustained. In *Benedicto vs. Board of Administrators of Television Stations RPN, BBC, and IBC* (207 SCRA 659 [1992]), the Court ruled that the authority of the PCGG to validly enter into

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> Compromise Agreement for the purpose of avoiding litigation or putting an end to one already commenced was indisputable. x x x Having been sealed with court approval, the Compromise Agreement has the force of *res judicata* between the parties and should be complied with in accordance with its terms.

APPEARANCES OF COUNSEL

Castillo Laman Tan Pantaleon & San Jose for petitioners.
Bernadette S. Yanzon for respondent.

D E C I S I O N

VILLARAMA, JR., *J.*:

This case is a remnant of the multiple suits generated by the two factions battling for control of two sequestered corporations since 2004, a controversy we already resolved with finality in 2013.

Assailed in this petition for review under Rule 45 are the Decision[1] dated October 21, 2011 and Resolution[2] dated February 10, 2012 of the Court of Appeals (CA) in CA-G.R. SP No. 99789. The CA reversed the Order[3] dated June 21, 2007 of the Regional Trial Court (RTC) of Makati City, Branch 149 in Civil Case No. 06-095.

Respondent Philippine Communications Satellite Corporation (PHILCOMSAT), along with Philippine Overseas Telecommunications Corporation (POTC) were among those private companies sequestered by the Philippine Commission on Good Government (PCGG) after the EDSA People Power Revolution in 1986. PHILCOMSAT owns 81% of the outstanding capital stock of Philcomsat Holdings Corporation (PHC). The majority shareholders of PHILCOMSAT are also the seven families who have owned and controlled POTC (Ilusorio, Nieto,

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[1] *Rollo,* pp. 54-59-A. Penned by Associate Justice Japar B. Dimaampao and concurred in by Associate Justices Stephen C. Cruz and Ramon A. Cruz.

[2] *Id*. at 61-63.

[3] *Id*. at 64-65. Penned by Presiding Judge Cesar O. Untalan.

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Poblador, Africa, Benedicto, Ponce Enrile and Elizalde).

During the administration of President Gloria Macapagal-Arroyo, Enrique L. Locsin and Manuel D. Andal, along with Julio Jalandoni, were appointed nominee-directors representing the Republic of the Philippines through the PCGG in the board of directors of POTC and the board of directors of PHILCOMSAT. These PCGG nominees have aligned with the Nieto family against the group of Africa and Ilusorio (Africa-Bildner), in the ensuing battle for control over the respective boards of POTC, PHILCOMSAT and PHC. Benito Araneta was also a nominee of PCGG during the term of President Joseph Ejercito Estrada.

On August 31, 2004, the following were elected during the annual stockholders' meeting of PHC conducted by the Nieto-PCGG group: Locsin (Director and Acting Chairman); Oliverio Laperal (Director and Vice-Chairman); Manuel H. Nieto, Jr. (Director, President and Chief Executive Officer); Philip G. Brodett (Director and Vice-President); Andal (Director, Treasurer and Chief Financial Officer); Roberto V. San Jose (Director and Corporate Secretary); Jalandoni, Lokin, Jr., Prudencio Somera, Roberto Abad and Benito Araneta as Directors. Said election at PHC was the offshoot of separate elections conducted by the two factions in POTC and PHILCOMSAT, the Africa-Bildner group and the Nieto-PCGG group.

In the July 28, 2004 stockholders' meetings of POTC and PHILCOMSAT, Victor Africa was among those in the Africa-Bildner group who were elected as Directors. He was designated as the POTC proxy to the PHILCOMSAT stockholders' meeting. While Locsin, Andal and Nieto, Jr. were also elected as Directors, they did not accept their election as POTC and PHILCOMSAT Directors. Instead, the Nieto-PCGG group held the stockholders' meeting for PHILCOMSAT on August 9, 2004 at the Manila Golf Club. Immediately after the stockholders' meeting, an organizational meeting was held, and Nieto, Jr. and Locsin were respectively elected as Chairman and President of PHILCOMSAT. At the same meeting, they issued a proxy in favor of Nieto, Jr. and/or Locsin authorizing them to represent PHILCOMSAT and vote the PHILCOMSAT shares in the stockholders' meeting of PHC scheduled on August 31, 2004.

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Thereafter, the two factions took various legal steps including the filing of suits and countersuits to gain legitimacy for their respective election as directors and officers of POTC and PHILCOMSAT. The Africa group had sought the invalidation of the proxy issued in favor of Nieto, Jr. and/or Locsin and consequent nullification of the elections held during the annual stockholders' meeting of PHC on August 31, 2004 (Civil Case No. 04-1049 of RTC, Makati City, Branch 138). Prior to this, there was the pending case involving the compromise agreement dated June 28, 1996 entered into by Atty. Potenciano Ilusorio with the Republic of the Philippines and the PCGG relative to the Ilusorio family's shareholdings in POTC, including those shares forcibly taken from him by former President Ferdinand Marcos which were placed in the name of Independent Realty Corporation (IRC) and Mid-Pasig Land Development (Mid-Pasig). By Decision dated June 15, 2005, this Court affirmed the validity of the said compromise agreement in G.R. Nos. 141796 and 141804. As a result of the compromise agreement, the Ilusorio, Africa, Poblador, Benedicto and Ponce Enrile families gained majority control (51.37%) and the Nieto family and PCGG became the minority.

On November 17, 2005, Africa in his capacity as President and CEO of PHILCOMSAT, and as stockholder in his own right, wrote the board and management of PHC that PHILCOMSAT will exercise its right of inspection over the books, records, papers, etc. pertinent to the business transactions of PHC for the 3rd quarter of 2005, specifically the company's financial documents.[4]

In his letter dated November 22, 2005, Nieto, Jr. said that Africa's request will be referred to the PHC Board of Directors or Executive Committee in view of the several pending cases involving the Africa and Nieto-PCGG groups on one hand, and the PHC and its board of directors on the other. He further advised Africa to inform them in writing of his reasons and purposes for such inspection.[5] In reply, Africa reiterated his

[4] *Id*. at 102-103.

[5] *Id*. at 104.

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request for inspection asserting that the PHILCOMSAT board of directors was elected on September 22, 2005 under circumstances in consonance with the final decision of this Court and that there is no case against its legitimacy.[6]

On the day of the scheduled inspection, PHILCOMSAT sent its representatives, Atty. Samuel Divina and Enrico Songco. However, Brodett disallowed the conduct of the inspection which prompted PHILCOMSAT through its counsel to make a written query whether the refusal of Brodett to permit the conduct of PHC's inspection of corporate books and financial documents was with the knowledge and authority of PHC's board of directors. But no reply or communication was received by Africa from the PHC.[7]

On February 2, 2006, PHILCOMSAT filed in the RTC a Complaint[8] for Inspection of Books against the incumbent PHC directors and/or officers, to enforce its right under Sections 74 and 75 of the Corporation Code of the Philippines. The original defendants were Julio J. Jalandoni, Luis K. Lokin, Jr., Oliverio G. Laperal, Nieto, Jr., Prudencio C. Somera, and herein petitioners Andal, Locsin, Brodett, San Jose and Araneta.

In its Order dated June 21, 2007, the RTC dismissed the complaint for lack of jurisdiction. Citing *Del Moral v. Republic of the Philippines*[9] and *Olaguer v. RTC, National Capital Judicial Region, Br. 48, Manila*,[10] said court ruled that it is the Sandiganbayan which has jurisdiction considering that plaintiff is a sequestered corporation of the Republic through the PCGG alleging a right of inspection over PHC but which right or authority was being raised as a defense by the defendants.

PHILCOMSAT appealed to the CA thru a petition for review under Rule 43 arguing that it is the RTC and not Sandiganbayan

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[6] *Id*. at 105.

[7] *Id*. at 106-122.

[8] *Id*. at 75-82.

[9] 496 Phil. 657 (2005).

[10] 252 Phil. 495 (1989).

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which has jurisdiction over the case involving a stockholder's right to inspect corporate books and records. Petitioners countered that the main controversy is rooted upon the issue of who are the rightful representative and board of directors of PHILCOMSAT. Accordingly, PHILCOMSAT's right of inspection hinges on the resolution of the ongoing power struggle within PHILCOMSAT, specifically on the issue of who between the Africa and Nieto-Locsin groups is the legitimate board of directors. It was further pointed out that POTC and PHILCOMSAT were both under sequestration by the PCGG, and hence all issues and controversies arising therefrom or related or incidental thereto fall under the exclusive and original jurisdiction of the Sandiganbayan. Petitioners also contended that the petition should be dismissed on the ground of *litis pendentia* as the CA may take judicial notice of the fact that many cases involving Africa's purported authority to represent PHILCOMSAT are pending before several courts, which issue must necessarily be resolved to determine who possesses the right of inspection of PHC's books and records.

Finding merit in petitioners' arguments, the CA granted the petition, as follows:

> **WHEREFORE**, the *Petition* is hereby **GRANTED**. The *Order* of dismissal dated 21 June 2007 of the Regional Trial Court of Makati City, Branch 149, in Civil Case No. 06-095, is **REVERSED and SET ASIDE**. Accordingly, the case is remanded to the court *a quo* for further proceedings. The court *a quo* is reminded to hear and decide the case with dispatch.
>
> **SO ORDERED**.[11]

With the denial of their motion for reconsideration, petitioners are now before this Court.

The issues submitted for our resolution are: (1) whether it is the Sandiganbayan or RTC which has jurisdiction over a stockholders' suit to enforce its right of inspection under Section 74 of the Corporation Code; and (2) whether the

[11] *Rollo*, p. 59.

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complaint failed to state a cause of action considering that PHILCOMSAT never authorized Africa or any other person to file the said complaint.

The petition has no merit.

Both issues presented in this case pertaining to the jurisdiction of the RTC in intra-corporate disputes within the sequestered corporations of PCGG, and who between the contending groups held the controlling interest in POTC, and consequently in PHILCOMSAT and PHC, have already been resolved in the consolidated petitions docketed as G.R. No. 184622 (*Philippine Overseas Telecommunications Corp. [POTC] and Philippine Communications Satellite Corporation [PHILCOMSAT] v. Victor Africa, et al.)*, G.R. Nos. 184712-14 (*POTC and PHILCOMSAT v. Hon. Jenny Lin Aldecoa-Delorino, Pairing Judge of RTC Makati City, Br. 138, et al.)*, G.R. No. 186066 (*Philcomsat Holdings Corp., represented by Concepcion Poblador v. PHILCOMSAT, represented by Victor Africa*), and G.R. No. 186590 (*Philcomsat Holdings Corp., represented by Erlinda I. Bildner v. Philcomsat Holdings Corp., represented by Enrique L. Locsin*).[12]

On the first issue, we ruled that it is the RTC and not the Sandiganbayan which has jurisdiction over cases which do not involve a sequestration-related incident but an intra-corporate controversy.

Originally, Section 5 of Presidential Decree (P.D.) No. 902-A vested the original and exclusive jurisdiction over cases involving the following in the SEC, to wit:

x x x x x x x x x

(a) Devices or schemes employed by, or any acts of the board of directors, business associates, its officers or partners, amounting to fraud and misrepresentation which may be detrimental to the interest of the public and/or of the stockholder, partners, members of associations or organization registered with the Commission;

(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**

[12] Decided July 3, 2013, 700 SCRA 453.

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> **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 as such entity;
>
> (c) Controversies in the election or appointment of directors, trustees, officers or managers of such corporations, partnership or associations;
>
> (d) Petitions of corporations, partnerships or associations to be declared in the state of suspension of payment 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 respective 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.

Upon the enactment of Republic Act No. 8799 (*The Securities Regulation Code*), effective on August 8, 2000, the jurisdiction of the SEC over intra-corporate controversies and the other cases enumerated in Section 5 of P.D. No. 902-A was transferred to the Regional Trial Court pursuant to Section 5.2 of the law, which provides:

> 5.2. The Commission's jurisdiction over all cases enumerated in Section 5 of Presidential Decree No. 902-A is hereby transferred to the Courts of general jurisdiction or the appropriate Regional Trial Court; *Provided*, That the Supreme Court in the exercise of its authority may designate the Regional Trial Court branches that shall exercise jurisdiction over these cases. The Commission shall retain jurisdiction over pending cases involving intra-corporate disputes submitted for final resolution which should be resolved within one (1) year from the enactment of this Code. The Commission shall retain jurisdiction over pending suspension of payments/rehabilitation cases filed as of 30 June 2000 until finally disposed.

To implement Republic Act No. 8799, the Court promulgated its resolution of November 21, 2000 in A.M. No. 00-11-03-SC designating certain branches of the RTC to try and decide the cases enumerated in Section 5 of P.D. No. 902-A. Among the RTCs designated as special commercial courts was the RTC (Branch 138) in Makati City, the trial court for Civil Case No. 04-1049.

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On March 13, 2001, the Court adopted and approved the *Interim Rules of Procedure for Intra-Corporate Controversies under Republic Act No. 8799* in A.M. No. 01-2-04-SC, effective on April 1, 2001, whose Section 1 and Section 2, Rule 6 state:

> Section 1. *Cases covered*. – The provisions of this rule shall apply to **election contests** in stock and non-stock corporations.
>
> Section 2. *Definition*. – An **election contest** refers to **any controversy or dispute involving** title or claim to any elective office in a stock or non-stock corporation, the validation of proxies, **the manner and validity of elections**, and the qualifications of candidates, including the proclamation of winners, to the office of director, trustee or other officer directly elected by the stockholders in a close corporation or by members of a non-stock corporation where the articles of incorporation or by-laws so provide. (bold underscoring supplied)

Conformably with Republic Act No. 8799, and with the ensuing resolutions of the Court on the implementation of the transfer of jurisdiction to the Regional Trial Court, the RTC (Branch 138) in Makati had the authority to hear and decide the election contest between the parties herein. There should be no disagreement that jurisdiction over the subject matter of an action, being conferred by law, could neither be altered nor conveniently set aside by the courts and the parties.

To buttress its position, however, the Nieto-Locsin Group relied on Section 2 of Executive Order No. 14, which expressly mandated that the PCGG "shall file all such cases, whether civil or criminal, with the Sandiganbayan, which shall have exclusive and original jurisdiction thereof."

The reliance was unwarranted.

Section 2 of Executive Order No. 14 had no application herein simply because the subject matter involved was an intra-corporate controversy, not any incidents arising from, incidental to, or related to any case involving assets whose nature as ill-gotten wealth was yet to be determined. In *San Miguel Corporation v. Kahn,* the Court held that:

> The subject matter of his complaint in the SEC does not therefore fall within the ambit of this Court's Resolution of August 10, 1988 on the cases just mentioned, to the effect that, citing PCGG v. Pena, et al., all cases of the Commission regarding 'the funds, moneys, assets, and properties illegally acquired

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or misappropriated by former President Ferdinand Marcos, Mrs. Imelda Romualdez Marcos, their close relatives, Subordinates, Business Associates, Dummies, Agents, or Nominees, whether civil or criminal, are lodged within the exclusive and original jurisdiction of the Sandiganbayan,' and all incidents arising from, incidental to, or related to, such cases necessarily fall likewise under the Sandiganbayan's exclusive and original jurisdiction, subject to review on certiorari exclusively by the Supreme Court." His complaint does not involve any property illegally acquired or misappropriated by Marcos, et al., or "any incidents arising from, incidental to, or related to" any case involving such property, but assets indisputably belonging to San Miguel Corporation which were, in his (de los Angeles') view, being illicitly committed by a majority of its board of directors to answer for loans assumed by a sister corporation, Neptunia Co., Ltd.

De los Angeles' complaint, in fine, is confined to the issue of the validity of the assumption by the corporation of the indebtedness of Neptunia Co., Ltd., allegedly for the benefit of certain of its officers and stockholders, an issue evidently distinct from, and not even remotely requiring inquiry into the matter of whether or not the 33,133,266 SMC shares sequestered by the PCGG belong to Marcos and his cronies or dummies (on which, issue, as already pointed out, de los Angeles, in common with the PCGG, had in fact espoused the affirmative). De los Angeles' dispute, as stockholder and director of SMC, with other SMC directors, an intra-corporate one, to be sure, is of no concern to the Sandiganbayan, having no relevance whatever to the ownership of the sequestered stock. The contention, therefore, that in view of this Court's ruling as regards the sequestered SMC stock above adverted to, the SEC has no jurisdiction over the de los Angeles complaint, cannot be sustained and must be rejected. **The dispute concerns acts of the board of directors claimed to amount to fraud and misrepresentation which may be detrimental to the interest of the stockholders, or is one arising out of intra-corporate relations between and among stockholders, or between any or all of them and the corporation of which they are stockholders.**

Moreover, the jurisdiction of the Sandiganbayan has been held not to extend even to a case involving a sequestered company notwithstanding that the majority of the members of the board of directors were PCGG nominees. The Court marked this distinction clearly in *Holiday Inn (Phils.), Inc. v. Sandiganbayan*, holding thusly:

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> The subject-matter of petitioner's proposed complaint-in-intervention involves basically, an interpretation of contract, *i.e.*, whether or not the right of first refusal could and/or should have been observed, based on the Addendum/Agreement of July 14, 1988, which extended the terms and conditions of the original agreement of January 1, 1976. The question of whether or not the sequestered property was lawfully acquired by Roberto S. Benedicto has no bearing on the legality of the termination of the management contract by NRHDC's Board of Directors. The two are independent and unrelated issues and resolution of either may proceed independently of each other. Upholding the legality of Benedicto's acquisition of the sequestered property is not a guarantee that HIP's management contract would be upheld, for only the Board of Directors of NRHDC is qualified to make such a determination.
>
> Likewise, the Sandiganbayan correctly denied jurisdiction over the proposed complaint-in-intervention. The original and exclusive jurisdiction given to the Sandiganbayan over PCGG cases pertains to (a) cases *filed by the PCGG*, pursuant to the exercise of its powers under Executive Order Nos. 1, 2 and 14, as amended by the Office of the President, and Article XVIII, Section 26 of the Constitution, *i.e.*, where the principal cause of action is the recovery of ill-gotten wealth, as well as all incidents arising from, incidental to, or *related to such cases* and (b) *cases filed by those who wish to question or challenge the commission's acts or orders in such cases*.
>
> Evidently, petitioner's proposed complaint-in-intervention is an ordinary civil case that does not pertain to the Sandiganbayan. As the Solicitor General stated, the complaint is not directed against PCGG as an entity, but against a private corporation, in which case it is not *per se*, a PCGG case.

In the cases now before the Court, what are sought to be determined are the **propriety of the election of a party as a Director, and his authority to act in that capacity. Such issues should be exclusively determined only by the RTC pursuant to the pertinent law on jurisdiction because they did not concern the recovery of ill-gotten wealth.**[13] (Emphasis supplied)

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[13] *Id.* at 513-519.

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In the case at bar, the complaint concerns PHILCOMSAT's demand to exercise its right of inspection as stockholder of PHC but which petitioners refused on the ground of the ongoing power struggle within POTC and PHILCOMSAT that supposedly prevents PHC from recognizing PHILCOMSAT's representative (Africa) as possessing such right or authority from the legitimate directors and officers. Clearly, the controversy is intra-corporate in nature as they arose out of intra-corporate relations between and among stockholders, and between stockholders and the corporation.

As to the issue of whether the complaint should be dismissed for failure to state a cause of action since PHILCOMSAT never authorized Africa to file it, we rule in the negative.

A complaint should not be dismissed for insufficiency of cause of action if it appears clearly from the complaint and its attachments that the plaintiff is entitled to relief. Conversely, a complaint may be dismissed for lack of cause of action if it is obvious from the complaint *and its annexes* that the plaintiff is not entitled to any relief.[14] Here, attached to the complaint is the Board Secretary's Certificate[15] stating, among others, that PHILCOMSAT board of directors had authorized its President to exercise the right of inspection in its subsidiary PHC, and to file a case in court in case of refusal by PHC.

Petitioners insist that the board meeting held on September 22, 2005 where the aforesaid resolution was approved, is void for want of a quorum "as the majority of the legitimate directors of PHILCOMSAT were not present at and notified of the meeting." This clearly alludes to the Nieto-PCGG group's non-recognition of the election of the board of directors of POTC and PHILCOMSAT conducted by the Africa-Bildner group.

The issue thus boils down to the legitimacy of the Africa-Bildner group as the controlling interest in PHILCOMSAT.

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[14] *Fluor Daniel, Inc.-Philippines v. E.B. Villarosa & Partners Co. Ltd.,* 555 Phil. 295, 301 (2007), citing *Alberto v. Court of Appeals,* 390 Phil. 253, 268 (2000).

[15] *Rollo,* p. 84.

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In the same cited case of *Philippine Overseas Telecommunications Corp. (POTC) v. Africa,*[16] we have further settled with finality, under the doctrine of *stare decisis,* the question of who between the contending factions (Africa-Bildner) and (Nieto-PCGG) held the controlling interest in POTC, and consequently PHILCOMSAT and PHC. Thus:

The question of who held the majority shareholdings in POTC and PHILCOMSAT was definitively laid to rest in G.R. No. 141796 and G.R. No. 141804, whereby the Court upheld the validity of the compromise agreement the Government had concluded with Atty. Ilusorio. Said the Court:

> With the imprimatur of no less than the former President Fidel V. Ramos and the approval of the Sandiganbayan, the Compromise Agreement must be accorded utmost respect. Such amicable settlement is not only allowed but even encouraged. Thus, in *Republic vs. Sandiganbayan*, we held:
>
> x x x x x x x x x
>
> > The authority of the PCGG to enter into Compromise Agreements in civil cases and to grant immunity, under certain circumstances, in criminal cases is now settled and established. In *Republic of the Philippines and Jose O. Campos, Jr. vs. Sandiganbayan, et al.* (173 SCRA 72 [1989]), this Court categorically stated that amicable settlements and compromises are not only allowed but actually encouraged in civil cases. A specific grant of immunity from criminal prosecutions was also sustained. In *Benedicto vs. Board of Administrators of Television Stations RPN, BBC, and IBC* (207 SCRA 659 [1992]), the Court ruled that the authority of the PCGG to validly enter into Compromise Agreement for the purpose of avoiding litigation or putting an end to one already commenced was indisputable. x x x (italics supplied)
>
> Having been sealed with court approval, the Compromise Agreement has the force of *res judicata* between the parties and should be complied with in accordance with its terms. Pursuant thereto, Victoria C. de los Reyes, Corporate Secretary of the POTC, transmitted to Mr. Magdangal B. Elma, then Chief

[16] *Supra* note 12.

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Presidential Legal Counsel and Chairman of PCGG, Stock Certificate No. 131 dated January 10, 2000, issued in the name of the Republic of the Philippines, for 4,727 POTC shares. Thus, the Compromise Agreement was partly implemented.

As a result of the Government having expressly recognized that 673 POTC shares belonged to Atty. Ilusorio, Atty. Ilusorio and his group gained the majority control of POTC.

Applying the ruling in G.R. No. 141796 and G.R. No. 141804 to Civil Case No. 04-1049**, the RTC (Branch 138) correctly concluded that the Nieto-PCGG Group, because it did not have the majority control of POTC, could not have validly convened and held the stockholders' meeting and election of POTC officers on August 5, 2004 during which Nieto, Jr. and PCGG representative Guy De Leon were respectively elected as President and Chairman; and that there could not be a valid authority for Nieto, Jr. and/or Locsin to vote the proxies of the group in the PHILCOMSAT meeting.**

For the same reason, the POTC proxies used by Nieto, Jr. and Locsin to elect themselves respectively as Chairman and President of PHILCOMSAT; and the PHILCOMSAT proxies used by Nieto, Jr. and Locsin in the August 31, 2004 PHC elections to elect themselves respectively as President and Acting Chairman of PHC, were all invalid for not having the support of the majority shareholders of said corporations.

While it is true that judicial decisions should be given a prospective effect, such prospectivity did not apply to the June 15, 2005 ruling in G.R. No. 141796 and G.R. No. 141804 because the ruling did not enunciate a new legal doctrine or change the interpretation of the law as to prejudice the parties and undo their situations established under an old doctrine or prior interpretation. Indeed, the ruling only affirmed the compromise agreement consummated on June 28, 1996 and approved by the Sandiganbayan on June 8, 1998, and accordingly implemented through the cancellation of the shares in the names of IRC and MLDC and their registration in the names of Atty. Ilusorio to the extent of 673 shares, and of the Republic to the extent of 4,727 shares. In a manner of speaking, the decision of the Court in G.R. No. 141796 and G.R. No. 141804 promulgated on June 15, 2005 declared the compromise agreement valid, and such validation properly retroacted to the date of the judicial approval of the compromise agreement on June 8, 1998.

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Consequently, although the assailed elections were conducted by the Nieto-PCGG group on August 31, 2004 but the ruling in G.R. No. 141796 and G.R. No. 141804 was promulgated only on June 15, 2005, the ruling was the legal standard by which the issues raised in Civil Case No. 04-1049 should be resolved.[17] (Emphasis supplied)

WHEREFORE, the petition is **DENIED** for lack of merit. The Decision dated October 21, 2011 and Resolution dated February 10, 2012 of the Court of Appeals in CA-G.R. SP No. 99789 are hereby **AFFIRMED**.

No pronouncement as to costs.

SO ORDERED.

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

SECOND DIVISION

[G.R. No. 200983. March 18, 2015]

REPUBLIC OF THE PHILIPPINES, *petitioner, vs.* **HUANG TE FU, *a.k.a.* ROBERT UY,** *respondent.*

SYLLABUS

1. POLITICAL LAW; CITIZENSHIP; REVISED NATURALIZATION LAW (COMMONWEALTH ACT NO. 473); NATURALIZATION LAWS SHOULD BE RIGIDLY ENFORCED AND STRICTLY CONSTRUED IN FAVOR OF THE GOVERNMENT AND AGAINST THE APPLICANT.— In *Republic v. Hong*, it was held in essence that an applicant for naturalization must show **full and complete compliance** with the requirements of the

[17] *Id*. at 523-526.