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THIRD DIVISION

[G.R. No. 165146. August 12, 2015]

SECURITIES AND EXCHANGE COMMISSION and VERNETTE G. UMALI, *petitioners*, *vs*. **BAGUIO COUNTRY CLUB CORPORATION,** *respondent*.

[G.R. No. 165209. August 12, 2015]

RAMON K. ILUSORIO and ERLINDA K. ILUSORIO, *petitioners*, *vs*. **BAGUIO COUNTRY CLUB CORPORATION,** *respondent*.

SYLLABUS

1. REMEDIAL LAW; ACTIONS; MOOT AND ACADEMIC CASE; ONE THAT CEASES TO PRESENT A JUSTICIABLE CONTROVERSY BY VIRTUE OF SUPERVENING EVENTS, SO THAT A DECLARATION THEREON WOULD BE OF NO PRACTICAL USE OR VALUE.— The petitions have been rendered moot by the 2005 amendment of the by-laws. The validity of the two (2) year term provision and the calling of meeting for the election of members of the board of directors to replace those holding a two (2) year term should no longer be in issue. A moot and academic case is one that ceases to present a justiciable controversy by virtue of supervening events, so that a declaration thereon would be of no practical use or value. In such instance, there is no actual substantial relief which a petitioner would be entitled to, and which would be negated by the dismissal of the petition. Courts generally decline jurisdiction over such case or dismiss it on the ground of mootness - save when, among others, a compelling constitutional issue raised requires the formulation of controlling principles to guide the bench, the bar and the public; or when the case is capable of repetition yet evading judicial review. x x x [T]he Ilusorios merely invoked the SEC to exercise what it perceived to be the latter's power to compel BCCC to comply with the law pertaining to the

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term limits of the board of directors. With the amendment restoring the term of the board to one (1) year, there is no more illegal provision to speak of.

2. POLITICAL LAW; JUDICIAL DEPARTMENT; JUDICIAL REVIEW; ACTUAL CASE OR CONTROVERSY; EXISTS WHEN THERE IS A CONFLICT OF LEGAL RIGHTS OR AN ASSERTION OF OPPOSITE LEGAL CLAIMS, WHICH CAN BE RESOLVED ON THE BASIS OF EXISTING LAW AND JURISPRUDENCE.— As can be gleaned from the SEC's Order, the calling of the meeting for the conduct of an election was made to rectify the inadvertent approval of the two (2) year term for the members of the board. With the return of the one (1) year term, there is no more actual controversy that warrants the exercise of our judicial power. An actual case or controversy exists when there is a conflict of legal rights or an assertion of opposite legal claims, which can be resolved on the basis of existing law and jurisprudence. A justiciable controversy admits of specific relief through a decree that is conclusive in character, whereas an opinion only advises what the law would be upon a hypothetical state of facts. Any discussion by the Court of the SEC's power to call for an election of the board in case of a void term prescribed by the by-laws, as well as on the nature of the controversy, and the other issues which are mere offshoots of the void provision of the by-laws would be merely academic, opinions that would neither adjudicate the rights of the parties, nor grant them reliefs. As we have previously held, courts have no authority to pass upon issues through advisory opinions or to resolve hypothetical or feigned problems. Courts do not sit to adjudicate mere academic questions to satisfy scholarly interest, however intellectually challenging.

APPEARANCES OF COUNSEL

The Solicitor General for SEC.
M.F.V. Jose Law Office for petitioners in G.R. No. 165209.
Lotilla Flores Garcia & Castillo for respondent.

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D E C I S I O N

JARDELEZA, *J.*:

These are consolidated cases questioning the March 26, 2004 Decision[1] and September 1, 2004 Resolution of the Court of Appeals (CA) in C.A. G.R. SP No. 79257.[2]

On December 17, 1998, the Securities and Exchange Commission (SEC) approved the amended by-laws submitted by the Baguio Country Club Corporation (BCCC). Article 5, Section 2 thereof reads:

> Election and Term. The Board of Directors shall be elected at the regular meetings of stockholders and shall hold office for two (2) years and until their successors are elected and qualified. x x x (Emphasis supplied)[3]

On September 27, 2002, Atty. Manuel R. Singson, acting for and in behalf of Ramon K. Ilusorio and Erlinda Ilusorio (the Ilusorios) requested the SEC, via a letter-complaint, to compel BCCC to hold the annual election of the board of directors for 2002 in view of the nullity of the above-quoted provision in the amended by-laws.[4] He informed the SEC that sometime in 2001, a stockholder of BCCC requested for the opinion of the SEC on the validity of the amendment, particularly the two (2) year term of the board of directors; and that in response, the SEC opined that the amendment increasing the term of office to two (2) years is contrary to law, particularly Section 23 of the Corporation Code which limits the term of office to only one (1) year.

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[1] *Rollo*, G.R. No. 165146, pp. 30-42, penned by Justice Rodrigo V. Cosico, with Justices Elvi John S. Asuncion and Danilo B. Pine.

[2] *Id.* at 43-45, penned by Justice Elvi John S. Asuncion, with Justices Danilo B. Pine and Monina Arevalo Zenarosa, concurring.

[3] *Id.* at 72.

[4] *Id.* at 80-81.

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In its Comment to the said letter, BCCC claimed that its amended by-laws have already been approved by the SEC and that the petitioners have no standing to question the said by-laws, not being stockholders of the BCCC.[5]

On November 13, 2002, the SEC, through the Corporation Registration and Monitoring Department, issued an Order[6] ruling that Article 5, Section 2 of the amended by-laws of BCCC violates Section 23 of the Corporation Code on the term of office of members of the board of directors and should be amended to conform to the rules. The SEC also ordered BCCC to conduct the annual election of members of the board.

On February 6, 2003, SEC ordered BCCC's Chairman, President and board members to show cause why they should not be cited for indirect contempt for defying the order dated November 13, 2002.[7] BCCC submitted its compliance[8] on February 12, 2003, claiming that it did not intend to ignore the order of Atty. Amboy, but was merely awaiting the latter's clarifications regarding the Order dated November 13, 2002.

On March 18, 2003, Ramon Ilusorio, as stockholder of BCCC, formalized Atty. Singson's letter-request through a petition with the SEC.[9] He alleged among others, that the BCCC refused to conduct a stockholders' meeting for the election of board members, and that the individuals claiming to be officers of the BCCC used their positions to manipulate stockholders' meeting to their advantage and harass those who have opposed them. The petition prayed for the SEC to call and conduct, under its control and supervision, a stockholder's meeting in the BCCC for the election of the members of the board of directors.[10]

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[5] *Id.* at 82-83.

[6] *Id.* at 46-48.

[7] *Id.* at 84.

[8] *Id.* at 85.

[9] *Id.* at 49. Docketed as SEC Case No. 02-05 entitled *IN RE: Baguio Country Club Corporation*.

[10] *Rollo*, G.R. No. 165209, pp. 63-69.

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In its August 15, 2003 Order,[11] the SEC observed that the only issue that must be resolved is whether or not the SEC can call a stockholders' meeting for the purpose of conducting an election of the BCCC board of directors.[12] It ruled that under the Corporation Code, it has the power to call such a meeting and to order the conduct of an election of new board members in the BCCC.[13] Thus it ordered, among others, the calling and conduct of a stockholders meeting for the election of the members of the board under the control and supervision of the SEC.[14]

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[11] *Rollo*, G.R. No. 165146, pp. 49-56.

[12] *Id.* at 52, Order dated August 15, 2003.

[13] *Id.* at. 53-54.

[14] *Id.* at 54-56. The dispositive portion of the order reads:

WHEREFORE, PREMISES CONSIDERED, the following are hereby ordered:

1. Baguio Country Club Corporation and all its responsible officers shall call and conduct a stockholders' meeting of BCCC for the election of the members of the Board of Directors, under the control and supervision of the SEC not later than two (2) months from date hereof. As prayed for by the petitioners, SEC supervision shall cover, aside from related areas within the scope of its jurisdiction, control and supervision the following:

   a. Designation of the date and time of meeting
   b. Approval of the proxy forms and registration if needed
   c. Confirmation of the Special Power of Attorney's (SPAs)
   d. Solicitation of Proxies or SPA's
   e. Process of nomination
   f. Validation of proxies/SPAs
   g. Determination of quorum
   h. Casting of votes
   i. Appreciation of ballots
   j. Declaration of results of the election

2. The annual meeting shall be held preferably at the principal office, if feasible. Otherwise, if the exigency demands, the meeting shall be conducted in an alternate venue to be determined by the SEC or its duly designated representatives within Baguio City. To maintain a tranquil situation in the conduct of said meeting, the SEC or its duly designated representatives may call for assistance or enlist the aid and support of the military and the city government in the implementation of its powers and functions.

3. BCCC and all of its responsible officers shall furnish SEC within ten (10) days from date of actual receipt hereof and any stockholder, upon

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On September 26, 2003, BCCC filed a petition[15] for certiorari and prohibition with the Court of Appeals (CA), imputing grave abuse of discretion on the part of the SEC for issuing its August 15, 2003 Order. BCCC claimed that Ramon and Erlinda Ilusorio are not stockholders of the BCCC and therefore cannot file an action to question the amended by-laws of the corporation. It added that the matter is within the exclusive jurisdiction of the trial court, being an intra-corporate dispute.

In its Decision[16] dated March 26, 2004, the CA granted the petition, set aside the SEC's Orders and dismissed the letter-complaint of Ramon Ilusorio.

The CA ruled that the respondents or at least Ramon Ilusorio has legal standing to file the petition since he is a registered stockholder of the BCCC, as evidenced by his Certificate of Stock issued on May 11, 1979.[17] Nonetheless, the CA agreed

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request, within ten (10) days from receipt of such request but not later than two (2) months before the scheduled elections, the list or certified true copies of the list of stockholders and their respective addresses from 1996 to the current year.

4. BCCC and all its responsible officers are likewise directed to ensure that all the necessary documents, materials and facilities are so provided for the fair, peaceful and orderly conduct of BCCC election.

5. BCCC and all its responsible officers and petitioners are directed to submit their preferred date, time and place of meeting in Baguio City within five (5) days from date of actual receipt hereof.

6. Finding the reason for non-compliance with the SEC Order of November 13, 2002 not justifiable, the Chairman, President and Board of Directors of BCCC, are hereby declared in indirect contempt of the Commission and a fine of ₱10,000.00 is thus imposed for such infraction.

7. For the purpose of the meeting, Director Benito A. Cataran and Atty. Rosalina M. Tividad-Tesorio of the Company Registration and Monitoring Department (CRMD) and Director Justina Callangan of the Corporation Finance Department (CFD) are hereby designated as the SEC representatives to supervise the scheduled BCCC meeting.

SO ORDERED

[15] *Id.* at 86-115.

[16] *Id.* at 30-42.

[17] *Id.* at 38.

with BCCC that the SEC had no jurisdiction over the unverified letter and petition filed on behalf of the Ilusorios.[18]

According to the CA, the matter between the parties is an intra-corporate dispute, being between a stockholder and the corporation itself, as well as other stockholders, particularly those occupying positions in the board of directors. Further, the SEC's jurisdiction over all cases enumerated under Section 5 of Presidential Decree No. 902-A, including intra-corporate controversies has been transferred to the appropriate Regional Trial Courts by virtue of Republic Act (RA) No. 8799 (The Securities Regulation Code). Thus, the dispute pertains to the regular courts.

The CA held that contrary to petitioners' claims, this is not a case of the SEC's exercise of its regulatory functions, but rather "a legal dispute between one set of stockholders against the corporation and its incumbent board of directors"; "an intramural of arguments and evidence on the parties' respective rights and interpretation of legal provisions applicable on a certain set of facts."[19]

Finally, the CA dismissed the contempt charges, noting that these accusations are only brought about by the parties' desire to advance their positions.[20]

On September 1, 2004, the CA denied the SEC's motion for reconsideration for lack of merit.[21] Hence, these petitions.

G.R. No. 165146

In G.R. No. 165146, the petitioner SEC, through the Office of the Solicitor General (OSG), raised the following lone error:

THE COURT OF APPEALS SERIOUSLY ERRED IN RULING THAT THE IMPLEMENTATION OF THE STATUTORY ONE (1) YEAR TERM OF OFFICE FOR MEMBERS OF THE BOARD OF

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[18] *Id.* at 39.

[19] *Rollo*, G.R. No. 165146, p. 41, CA Decision.

[20] *Rollo,* G.R. No. 165146, p. 42.

[21] *Id.* at 43-45.

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DIRECTORS IS BEYOND THE REGULATORY POWER OF SEC BUT WITHIN THE JURISDICTION OF THE REGULAR COURTS.[22]

According to the OSG, the one (1) year term rule for members of the board of directors is mandatory, and cannot be shortened or extended by agreement of the parties or by those interested in the position, thus BCCC's amended by-laws granting its board of directors a two (2) year term is void, notwithstanding the SEC's prior approval.[23] Pursuant to Section 5 of the Securities Regulation Code, the SEC has the authority to compel BCCC to amend its by-laws to conform with Section 23 of the Corporation Code, and to impose sanction on the recalcitrant BCCC officers and board members.[24]

The OSG argues that the matter at hand is not an intra-corporate dispute. The complaint filed with the SEC was administrative in nature since it called for an administrative remedy, even if a third party has initiated and/or opposed it.[25] The authority to accept, reject, or order the modification or amendment of BCCC's by-laws and direct the performance of an act relative thereto is administrative in nature and does not partake of a quasi-judicial function.[26]

In its Comment[27] in G.R. No. 165146, BCCC claims that it was subjected to grave and oppressive acts by the SEC when it issued a series of patently void orders. These orders were not issued in the exercise of SEC's regulatory powers, but rather in the nature of quasi-judicial powers, which the SEC no longer possesses in view of the transfer of said quasi-judicial power to the RTCs as provided in RA No. 8799. The SEC can no longer interpret a provision of law, as it did in this case, neither can it exercise "directing" and "examining" powers pursuant

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[22] *Id.* at 17.

[23] *Id.* at 18.

[24] *Id.* at 21-22.

[25] *Id.* at 23.

[26] *Id.* at 24.

[27] *Id.* at 280-300.

to such interpretation.[28] BCCC also maintains that there is an intra-corporate dispute because the unverified letter and the petition in the SEC alleged that Erlinda and Ramon Ilusorio are stockholders.

According to the BCCC, the SEC's authority to order the conduct of an election of directors is limited to situations when there is no person authorized to call a meeting or if no meeting is being called in contravention of the by-laws. In this case, however, the SEC is aware and is always notified by BCCC of its regular and annual stockholders' meeting conducted by authorized officers of the BCCC. In addition, there is a need for a valid petition for the holding of a stockholders' meeting filed by a valid stockholder before the SEC may compel the same.[29]

In their Reply,[30] the Ilusorios maintain that the SEC's act of calling for an election is not exercise of its quasi-judicial power, but rather its regulatory power against a corporation to ensure compliance with the Corporation Code.[31] Moreover, they clarify that contrary to BCCC's insistence that there is an intra-corporate dispute, there is in fact no dispute at all, since they are not asserting any right against the respondent, nor seeking any positive relief for their personal benefit. For all intents and purposes, the controversy is limited to the non-compliance of BCCC's by-laws to the Corporation Code.[32]

On the other hand, the SEC insists that the case presents a purely legal issue, that is, whether the implementation of the one year term of office for members of the board of directors of a corporation is beyond the regulatory power of the SEC and within the jurisdiction of the regular courts. Defending its actions, the SEC maintained that it merely implemented the

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[28] *Id.* at 294-295.

[29] *Id.* at 296-297.

[30] *Id.* at 582-590.

[31] *Id.* at 586.

[32] *Id.* at 586.

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statutory term of office provided in Section 23 of the Corporation Code. The law being clear and categorical, there is no room for interpretation nor construction; there is only room for application. The SEC clarifies that calling for a meeting and ordering the conduct of elections is necessary in view of the expired term of the members of the BCCC board of directors; hence there is no one authorized to call a meeting except the SEC.

G.R. No. 165209

In G.R. No. 165209, the Ilusorios submit that:

I. The Court Of Appeals Patently Erred When It Ruled That The SEC Has No Jurisdiction To Issue The Order Dated August 15, 2003.

II. The Court Of Appeals Erred In Ruling That The Issue At Hand Is One Involving Intra-Corporate Controversy And Therefore Lies With The Regular Courts Pursuant To R.A. No. 8799.[33]

The Ilusorios claim that the CA's determination of the dispute as intra-corporate is solely based on the identity of the parties—stockholder and corporation itself. However, the determination of intra-corporate controversy is not absolutely based on who the contending parties are, but rather on the nature of the controversy itself, and the authority required to resolve it.[34] While the complaint may have been initiated by Ramon Ilusorio, a stockholder of BCCC, the only matter brought to the SEC's attention was BCCC's violation of the Corporation Code; Ramon Ilusorio did not assert any specific right or interest against BCCC.[35]

The nullification of BCCC's by-laws is only a necessary effect of the act of the SEC in the exercise of its regulatory, supervisory and control power over corporations.[36] The Ilusorios also maintain that the SEC is empowered under RA No. 8799 (The Securities Regulation Code) to call for a meeting for the conduct

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[33] *Rollo,* G.R. No. 165209, p. 19.

[34] *Id.* at 21.

[35] *Id.* at 21-22.

[36] *Id.* at 23.

of an election, even if there are authorized persons to call such a meeting.[37] In any case, pursuant to the Corporation Code and the Securities Regulation Code, the SEC can act and exercise its regulatory powers *motu propio*, without the complaint or initiative of anyone, although it may exercise its regulatory powers upon the complaint or initiative of private parties.[38]

The Ilusorios also impute error on the CA when it did not rule on the other issues submitted before it. They claim that they questioned the authority of Federico R. Agcaoili in filing the petition in the CA on behalf of BCCC, considering that he had been holding the position as member of the board of directors for more than one (1) year, and as such he is just a mere usurper.[39] They also impute forum shopping on the part of BCCC when it filed the petition in the CA notwithstanding its admission that it filed a letter-complaint to then SEC Chairperson Lilia Bautista of the SEC, seeking the reconsideration and reversal of the Order dated August 15, 2003, the same order being assailed in the petition.[40] They state that the special civil action of certiorari under Rule 65 is a wrong remedy to appeal the Order of the SEC General Counsel, since the proper remedy is an appeal to the SEC *en banc* before resort can be made to the courts, pursuant to Sections 17-1 and 17-2 of the Revised Rules of Procedure of the SEC.[41] Lastly, the Ilusorios claim that the BCCC violated the *Status Quo* Order of the CA dated November 10, 2003 when it proceeded with the stockholders meeting on November 6, 2003.[42]

In its Comment,[43] the BCCC maintains that the SEC had no jurisdiction to take cognizance of an unverified initiatory letter.[44]

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[37] *Id.* at 24.

[38] *Id.* at 25.

[39] *Id.* at 27.

[40] *Id.* at 27.

[41] *Id.* at 29-30.

[42] *Id.* at 30-31.

[43] *Id.* at 450-476.

[44] *Id.* at 453.

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Even the petition later filed by Ilusorio is beyond SEC's jurisdiction because jurisdiction has been expressly transferred to the special corporate courts of the RTCs. The regulatory powers of the SEC do not cover its assumption of authority over the dispute between the parties in this case, as well as invalidating a provision in BCCC's by-laws.[45] Corporation Code does not authorize the SEC to nullify or invalidate a by-law provision which has been previously approved.[46] It further alleges that the letter, far from merely bringing to the attention of the SEC a violation of the Corporation Code, actually reeks of an effort to drag the BCCC into the long drawn-out feud of the Ilusorio family.[47] BCCC further argues that inasmuch as the SEC is powerless to nullify BCCC's by-laws, any act in connection thereof, such as the calling a meeting for the purpose of an election is also necessarily void.[48] Finally, BCCC states that there was no need for the CA to discuss the other collateral issues raised by the Ilusorios, since in any case, all proceedings before the SEC are null and void.[49]

Meanwhile, the Ilusorios filed their Urgent Manifestation and Motion dated October 28, 2004, stating that the Corporate Secretary of BCCC issued a Notice of Annual Meeting of Stockholders, said meeting to be held on November 11, 2004. According to the Ilusorios, the scheduled stockholders' meeting would prejudice the instant petition.[50] On November 10, 2004, the Court issued a resolution directing the parties to maintain the *status quo*.[51]

Nonetheless, BCCC and its counsel were made aware of the *status quo* order only in the afternoon of November 11, 2004;

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[45] *Id.* at 464-467.

[46] *Id.* at 466.

[47] *Id.* at 466-467.

[48] *Id.* at 469.

[49] *Id.* at 470.

[50] *Id.* at 370-372.

[51] *Id.* at 412.

way after it conducted the stockholders' meeting in the morning of the same date. BCCC sought reconsideration of the status quo order[52] but its motion was denied by the Court on December 15, 2004.[53]

On January 10, 2005, we ordered the consolidation of the two (2) cases.[54]

On July 19, 2005, BCCC filed a Motion for Leave to Admit Manifestation with Manifestation,[55] stating that in a meeting held on June 29, 2005, the board of directors of BCCC approved the amendment to its by-laws, modifying the term of its directors from two (2) years to one (1) year. According to the BCCC, the amendment was made "to reciprocate the humble gesture" of the SEC who admitted that the approval of the two-year term of the BCCC's board of directors was an honest and inadvertent mistake. BCCC prayed that in view of the amendment of BCCC's by-laws to reflect a term of one year for its board of directors, the primary legal contention of the petitioners should now be deemed moot and academic. We denied the manifestation due to BCCC's failure to attach its annexes.[56]

On September 21, 2005, BCCC filed another Motion for Leave to Admit Manifestation with Manifestation,[57] stating that on August 8, 2005 the SEC issued a certificate approving BCCC's amended by-laws (modifying the term of office of its directors from two [2] years to one [1] year)[58] It added that the SEC also

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[52] *Id.* at 433-445.

[53] *Id.* at 739.

[54] *Rollo*, G.R. No. 165146, p. 272.

[55] *Rollo*, G.R. No. 165209, pp. 761-765.

[56] *Id.* at 766.

[57] *Id.* at 768-772.

[58] *Rollo*, G.R. No. 165209, p. 81.

The amended provision reads:

Section 2. Election and Term – The Board of Directors shall be elected at the regular meetings of stockholders and shall hold office for **one (1) year** and until their successors are elected and qualified. Only individual

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approved the amendments to BCCC's articles of incorporation[59] extending its corporate life and converting BCCC from a stock to a non-stock corporation. BCCC reiterated that the SEC's approval of its amended by-laws has caused the petition to be moot and academic.

Banking on the same amended by-laws and articles of incorporation, the SEC filed a Manifestation and Motion praying that the petition be considered terminated on the ground of mootness,[60] thus:

> In view of the foregoing supervening event, the issue now pending before this Honorable Court involving the validity of the term of office of BCC's Board of Directors prior to its conversion from stock to non-stock corporation is rendered moot and academic.[61]

For their part, petitioners Ramon and Erlinda Ilusorio maintain that the amendment of the by-laws did not render the petition moot since the validity of the amendment is not the only subject matter of the assailed SEC Order.[62] They claim that they also raised other issues[63] in their memorandum before the CA. Further,

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members of the Club in good standing at the time of the regular meeting who own at least one (1) share of stock of the Club may be elected as directors. (*As amended by majority vote of the Board of Directors on 29 June 2005*)

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[59] *Id.* at 768. Taken up during the 2003 Annual Stockholders' Meeting.

[60] *Rollo*, G.R. No. 165146, pp. 654-658. The SEC stated the same position in its Comment on BCCC's Motion for Leave to Admit Manifestation dated September 26, 2005, *Id.* at 795-797.

[61] *Rollo,* G.R. No. 165146, p. 655.

[62] *Rollo*, G.R. No. 165146, Comment, pp. 769-776.

[63] *Rollo,* G.R. No. 165146, pp. 772-773. The other issues purportedly raised in the memorandum before the CA are: a.) authority of Federico Agcaoili to file the petition on behalf of BCCC; b.) the petition constitutes forum shopping; c.) special civil action of certiorari under Rule 65 is the wrong remedy; d.) standing of the respondents; e.) jurisdiction of the SEC to issue the assailed Order; f.) violation of petitioner's right to due process; g.) reasonableness and validity of the SEC Order; h.) the power of the General Counsel to issue the assailed Order on behalf of the

even assuming, without conceding that the petition covers only the validity of the amendment extending the term of directors to two (2) years, the amendment restoring the term to one (1) year did not render the petition moot because the fundamental issue decided by the CA is the jurisdiction of the SEC in issuing the assailed SEC Order.[64]

The petitions must be denied.

The petitions have been rendered moot by the 2005 amendment of the by-laws. The validity of the two (2) year term provision and the calling of meeting for the election of members of the board of directors to replace those holding a two (2) year term should no longer be in issue.

A moot and academic case is one that ceases to present a justiciable controversy by virtue of supervening events, so that a declaration thereon would be of no practical use or value.[65] In such instance, there is no actual substantial relief which a petitioner would be entitled to, and which would be negated by the dismissal of the petition. Courts generally decline jurisdiction over such case or dismiss it on the ground of mootness - save when, among others, a compelling constitutional issue raised requires the formulation of controlling principles to guide the bench, the bar and the public; or when the case is capable of repetition yet evading judicial review.[66]

The Ilusorios initiated their query, which turned into a formal action, because of the SEC approved amended by-law provision extending the term of a member of the board of directors to two (2) years. In their very own words, "What was merely brought by RKI to the attention of the SEC was respondent's violation

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SEC; i.) the power to cite for contempt and j.) violation of the *Status Quo* Order of the CA dated November 10, 2003.

[64] *Id.* at 774.

[65] *Integrated Bar of the Philippines v. Atienza*, G.R. No. 175241, February 24, 2010, 613 SCRA 518, 522-523.

[66] *Osmeña III v. Social Security System of the Philippines,* G.R. No. 165272, September 13, 2007, 533 SCRA 313, 327.

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of the Corporation Code."[67] More importantly, the Ilusorios stated:

> Again, the present case is not about the rights of the petitioners in relation to the respondent (as a corporation). xxx. The subject matter herein is the violation by the respondent of the Corporation Code. This is about the law and the by-laws of the respondent, and not the petitioners against respondent. The exercise of SEC's regulatory authority in the present case was merely for the purpose of enforcing or implementing the law, and not to resolve a controversy. Thus, the submission that the present case is an intra-corporate controversy is highly remote, not to say baseless.[68]

Simply put, the Ilusorios merely invoked the SEC to exercise what it perceived to be the latter's power to compel BCCC to comply with the law pertaining to the term limits of the board of directors. With the amendment restoring the term of the board to one (1) year, there is no more illegal provision to speak of.

We are not persuaded by the Ilusorios' claim that the case is not mooted by the recent amendment since there are other issues raised in the CA proceedings, and most importantly, "what is actually in issue in the instant proceedings is the validity of the SEC ORDER",[69] referring to the SEC's statement in its August 15, 2003 Order that:

> **The only issue that must be resolved in the instant case is whether or not the Commission can call a stockholders' meeting for the purpose of conducting an election of the BCCC board of directors.**[70]

As can be gleaned from the SEC's Order, the calling of the meeting for the conduct of an election was made to rectify the inadvertent approval of the two (2) year term for the members of the board. With the return of the one (1) year term, there

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[67] *Rollo*, G.R. No. 165209, pp. 21-22.

[68] *Id.* at 22.

[69] *Rollo*, G.R. No. 165209, Comment, p. 867.

[70] *Rollo*, G.R. No. 165209, Order, p. 877.

is no more actual controversy that warrants the exercise of our judicial power. An actual case or controversy exists when there is a conflict of legal rights or an assertion of opposite legal claims, which can be resolved on the basis of existing law and jurisprudence. A justiciable controversy admits of specific relief through a decree that is conclusive in character, whereas an opinion only advises what the law would be upon a hypothetical state of facts.[71]

Any discussion by the Court of the SEC's power to call for an election of the board in case of a void term prescribed by the by-laws, as well as on the nature of the controversy, and the other issues which are mere offshoots of the void provision of the by-laws would be merely academic, opinions that would neither adjudicate the rights of the parties, nor grant them reliefs. As we have previously held, courts have no authority to pass upon issues through advisory opinions or to resolve hypothetical or feigned problems. Courts do not sit to adjudicate mere academic questions to satisfy scholarly interest, however intellectually challenging.[72] Even the other issues raised by the Ilusorios in the proceedings in the CA, being mere offshoots of the main issue are likewise mooted by the amendment.

WHEREFORE, the petitions are DENIED.

SO ORDERED.

Velasco, Jr. (Chairperson), Peralta, Villarama, Jr., and *Perez,*[*] *JJ.,* concur.

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[71] *Guingona, Jr. v. Court of Appeals*, G.R. No. 125532, July 10, 1998, 292 SCRA 402, 413.

[72] *Id.,* citations omitted.

[*] Designated as Acting Member in view of the leave of absence of Hon. Bienvenido L. Reyes, per Special Order No. 2084 dated June 29, 2015.