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SECOND DIVISION

[G.R. No. 202247. June 19, 2013]

SIME DARBY PILIPINAS, INC., *petitioner, vs.* **JESUS B. MENDOZA,** *respondent.*

SYLLABUS

1. REMEDIAL LAW; PROVISIONAL REMEDIES; PRELIMINARY INJUNCTION; REQUISITES.— [T]o be entitled to an injunctive writ, Sime Darby has the burden of establishing the following requisites: (1) a right in esse or a clear and unmistakable right to be protected; (2) a violation of that right; (3) that there is an urgent and permanent act and urgent necessity for the writ to prevent serious damage.

2. ID.; ID.; ID.; REQUISITES TO BE ENTITLED TO THE RELIEF, SUFFICIENTLY ESTABLISHED.— In the present case, petitioner Sime Darby has sufficiently established its right over the subject club share. Sime Darby presented evidence that it acquired the Class "A" club share of ACC in 1987 through a Deed of Sale. Being a corporation which is expressly disallowed by ACC's By-Laws to acquire and register the club share under its name, Sime Darby had the share registered under the name of respondent Mendoza, Sime Darby's former sales manager, under a trust arrangement. x x x While the share was bought by Sime Darby and placed under the name of Mendoza, his title is only limited to the usufruct, or the use and enjoyment of the club's facilities and privileges while employed with the company. x x x While Sime Darby paid for the purchase price of the club share, Mendoza was given the legal title. Thus, a resulting trust is presumed as a matter of law. The burden then shifts to the transferee to show otherwise. Mendoza, as the transferee, claimed that he only signed the assignment of rights in blank in order to give Sime Darby the right of first refusal in case he decides to sell the share later on. x x x However, Mendoza's contention of the right of first refusal is a self-serving statement. He did not present any document to show that there was such an agreement between him and the company, not even an acknowledgment from Sime

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> Darby that it actually intended the club share to be given to him as a reward for his performance and past service. In fact, the circumstances which occurred after the purchase of the club share point to the opposite. x x x It can be gathered then that Sime Darby did not intend to give up its beneficial interest and right over the share. The company merely wanted Mendoza to hold the share in trust since Sime Darby, as a corporation, cannot register a club share in its own name under the rules of the ACC. At the same time, Mendoza, as a senior manager of the company, was extended the privilege of availing a club membership, as generously practiced by Sime Darby. However, Mendoza violated Sime Darby's beneficial interest and right over the club share after he was informed by Atty. Ronald E. Javier of Sime Darby's plan to sell the share to an interested buyer. x x x Despite being informed by Sime Darby to stop using the facilities and privileges of the club share, Mendoza continued to do so. Thus, in order to prevent further damage and prejudice to itself, Sime Darby properly sought injunction in this case.

APPEARANCES OF COUNSEL

Mañacop Law Office for petitioner.

Ponce Enrile Reyes & Manalastas for respondent.

D E C I S I O N

CARPIO, *J.*:

The Case

Before us is a petition for review on *certiorari*[1] assailing the Decision[2] dated 30 March 2012 and Resolution[3] dated 6 June 2012 of the Court of Appeals in CA-G.R. CV No. 89178.

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[1] Under Rule 45 of the 1997 Revised Rules of Civil Procedure.

[2] *Rollo*, pp. 23-34. Penned by Justice Sesinando E. Villon with Justices Andres B. Reyes, Jr. and Amy C. Lazaro-Javier, concurring.

[3] *Id.* at 58.

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The Facts

Petitioner Sime Darby Pilipinas, Inc. (Sime Darby) employed Jesus B. Mendoza (Mendoza) as sales manager to handle sales, marketing, and distribution of the company's tires and rubber products. On 3 July 1987, Sime Darby bought a Class "A" club share[4] in Alabang Country Club (ACC) from Margarita de Araneta as evidenced by a Deed of Absolute Sale.[5] The share, however, was placed under the name of Mendoza in trust for Sime Darby since the By-Laws[6] of ACC state that only natural persons may own a club share.[7] As part of the arrangement, Mendoza endorsed the Club Share Certificate[8] in blank and executed a Deed of Assignment,[9] also in blank, and handed over the documents to Sime Darby. From the time of purchase in 1987, Sime Darby paid for the monthly dues and other assessments on the club share.

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[4] Stock Certificate No. A-1880.

[5] Records, p. 7.

[6] *Id.* at 411.

[7] Article II – CLASSIFICATION OF MEMBERS

SEC. 2. Classification – Members shall consist of Regular, Playing, and Honorary Members.

a. Regular Members shall consist of natural persons who are registered owners of shares of stock and duly designated representatives of juridical entities in whose names stock certificates have been issued.

xxx xxx xxx

b. Playing Members shall consist of natural persons, who, subject to the approval of the Board of Directors, are assignees of the playing rights of Regular Members. x x x

c. Proprietary Members shall consist of stockholders who have assigned their playing rights to a playing member. x x x

d. Honorary Members – Honorary Members shall be limited to the President of the Philippines, the Governor of Metro Manila and the Mayor of the Municipality of Muntinlupa.

[8] Records, p. 9.

[9] *Id.* at 10.

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When Mendoza retired in April 1995, Sime Darby fully paid Mendoza his separation pay amounting to more than ₱3,000,000. Nine years later, or sometime in July 2004, Sime Darby found an interested buyer of the club share for ₱1,101,363.64. Before the sale could push through, the broker required Sime Darby to secure an authorization to sell from Mendoza since the club share was still registered in Mendoza's name. However, Mendoza refused to sign the required authority to sell or special power of attorney unless Sime Darby paid him the amount of ₱300,000, claiming that this represented his unpaid separation benefits. As a result, the sale did not push through and Sime Darby was compelled to return the payment to the prospective buyer.

On 13 September 2005, Sime Darby filed a complaint[10] for damages with writ of preliminary injunction against Mendoza with the Regional Trial Court (RTC) of Makati City, Branch 132. Sime Darby claimed that it was the practice of the company to extend to its senior managers and executives the privilege of using and enjoying the facilities of various club memberships, *i.e*. Manila Golf and Country Club, Quezon City Sports Club, Makati Sports Club, Wack Wack Golf Club, and Baguio Golf and Country Club. Sime Darby added that during Mendoza's employment with the company until his retirement in April 1995, Sime Darby regularly paid for the monthly dues and other assessments on the ACC Class "A" club share. Further, Sime Darby alleged that Mendoza sent a letter[11] dated 9 August 2004 to ACC and requested all billings effective September 2004 be sent to his personal address. Despite having retired from Sime Darby for less than 10 years and long after the employment contract of Mendoza with the company has been severed, Mendoza resumed using the facilities and privileges of ACC, to the damage and prejudice of Sime Darby. Thus, Sime Darby prayed that a restraining order be issued, pending the hearing on the issuance of a writ of preliminary injunction, enjoining Mendoza from availing of the club's facilities and privileges as if he is the owner of the club share.

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[10] Docketed as Civil Case No. 05-821.

[11] Records, p. 13.

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On 15 November 2005, Mendoza filed an Answer alleging ownership of the club share. Mendoza stated that Sime Darby purchased the Class "A" club share and placed it under his name as part of his employee benefits and bonus for past exemplary service. Mendoza admitted endorsing in blank the stock certificate covering the club share and signing a blank assignment of rights only for the purpose of securing Sime Darby's right of first refusal in case he decides to sell the club share. Mendoza also alleged that when he retired in 1995, Sime Darby failed to give some of his retirement benefits amounting to ₱300,000. Mendoza filed a separate Opposition to Sime Darby's application for restraining order and preliminary injunction stating that there was no showing of grave and irreparable injury warranting the relief demanded.

On 3 January 2006, the RTC denied Sime Darby's prayer for restraining order and preliminary injunction. Sime Darby then filed a Motion for Summary Judgment explaining that a trial was no longer necessary since there was no issue as to any material fact. On 13 March 2006, the trial court denied the motion. Thereafter, trial on the merits ensued.

Sime Darby presented three witnesses: (1) Atty. Ronald E. Javier, Sime Darby's Vice-President for Legal Affairs and Corporate Secretary, who testified that Mendoza refused to give Sime Darby his authorization to sell the club share unless he was paid ₱300,000 as additional retirement benefit and that Sime Darby was compelled to institute the case and incurred legal expenses of ₱200,000; (2) Ranel A. Villar, ACC's Membership Department Supervisor, who testified that the club share was registered under the name of Mendoza since ACC's By-Laws prohibits juridical persons from acquiring a club share and attested that Sime Darby paid for the monthly dues of the share since it was purchased in 1987; and (3) Ira F. Cascon, Sime Darby's Treasurer since 1998, who testified that she asked Mendoza to endorse ACC Stock Certificate No. A-1880 at the back and to sign the assignment of rights, as required by Sime Darby.

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On the other hand, Mendoza presented two witnesses: (1) himself; and (2) Ranel Villar, the same employee of ACC who also testified for Sime Darby, who confirmed that the club share could not be sold to a corporation like Sime Darby. In his testimony, Mendoza testified that (1) he owns the disputed club share; (2) Sime Darby allowed him to personally choose the share that he liked as part of his benefits; (3) as a condition for membership in ACC, he had to personally undergo an interview with regard to his background and not the company's; (4) though he retired in 1995, he only started paying the club share dues in 2004 because after his retirement, he migrated to the United States until he came back in 1999 and since then he had been going back and forth to the United States; (5) in May 2004, he met with Atty. Ronald E. Javier, Sime Darby's representative, to discuss the supposed selling of the club share which he refused since there were still unpaid retirement benefits due him; and (6) ACC recognizes him as the owner of the club share.

On 30 April 2007, the trial court rendered a Decision in favor of Sime Darby. The dispositive portion states:

> WHEREFORE, premises considered, judgment is hereby rendered enjoining defendant Jesus B. Mendoza, from making use of Stock Certificate No. 1880 of the Alabang Golf and Country Club, Inc., and ordering defendant Jesus B. Mendoza to pay the plaintiff ₱100,000.00 as temperate damages, and ₱250,000.00 as attorney's fees and litigation expenses.
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> SO ORDERED.[12]

Mendoza filed an appeal with the Court of Appeals. On 30 March 2012, the appellate court reversed the ruling of the trial court.[13] The appellate court ruled that Sime Darby failed to prove that it has a clear and unmistakable right over the club share of ACC. The dispositive portion of the Decision states:

> WHEREFORE, in view of all the foregoing, the appealed decision of the Regional Trial Court is REVERSED and SET ASIDE.

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[12] *Rollo*, p. 29.

[13] *Id.* at 23-34.

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Resultantly, the Complaint in Civil Case No. 05-821, is hereby DISMISSED.

SO ORDERED.[14]

Sime Darby filed a Motion for Reconsideration which the Court of Appeals denied in a Resolution[15] dated 6 June 2012.

Hence, the instant petition.

The Issues

The issues for our resolution are: (1) whether Sime Darby is entitled to damages and injunctive relief against Mendoza, its former employee; and (2) whether the appellate court erred in declaring that Mendoza is the owner of the club share.

The Court's Ruling

The petition has merit.

Section 3, Rule 58 of the Rules of Court, which provides for the grounds for the issuance of a preliminary injunction, states:

SEC. 3. *Grounds for issuance of preliminary injunction.* – A preliminary injunction may be granted when it is established:

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

(b) That the commission, continuance or non-performance of the act or acts complained of during the litigation would probably work injustice to the applicant; or

(c) That a party, court, agency or a person is doing, threatening or is attempting to do, or is procuring or suffering to be done, some act or acts probably in violation of the rights of the applicant respecting the subject of the action or proceeding, and tending to render the judgment ineffectual.

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[14] *Id.* at 33-34.

[15] *Id.* at 58.

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In *Medina v. Greenfield Development Corp.*,[16] we held that the purpose of a preliminary injunction is to prevent threatened or continuous irremediable injury to some of the parties before their claims can be thoroughly studied and adjudicated. Its sole aim is to preserve the status quo until the merits of the case can be heard fully. Thus, to be entitled to an injunctive writ, Sime Darby has the burden of establishing the following requisites:

(1) a right in *esse* or a clear and unmistakable right to be protected;

(2) a violation of that right;

(3) that there is an urgent and permanent act and urgent necessity for the writ to prevent serious damage.

In the present case, petitioner Sime Darby has sufficiently established its right over the subject club share. Sime Darby presented evidence that it acquired the Class "A" club share of ACC in 1987 through a Deed of Sale. Being a corporation which is expressly disallowed by ACC's By-Laws to acquire and register the club share under its name, Sime Darby had the share registered under the name of respondent Mendoza, Sime Darby's former sales manager, under a trust arrangement. Such fact was clearly proved when in the application form[17] dated 17 July 1987 of the ACC for the purchase of the club share, Sime Darby placed its name in full as the owner of the share and Mendoza as the assignee of the club share. Also, in connection with the application for membership, Sime Darby sent a letter[18] dated 17 September 1987 addressed to ACC confirming that "Mendoza, as Sime Darby's Sales Manager, is entitled to club membership benefit of the Company."

Even during the trial, at Mendoza's cross-examination, Mendoza identified his signature over the printed words "name of assignee" as his own and when confronted with his Reply-

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[16] 485 Phil. 533, 542 (2004).

[17] Records, p. 531.

[18] *Id.* at 532.

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Affidavit, he did not refute Sime Darby's ownership of the club share as well as Sime Darby's payment of the monthly billings from the time the share was purchased.[19] Further, Mendoza admitted signing the club share certificate and the assignment of rights, both in blank, and turning it over to Sime Darby. Clearly, these circumstances show that there existed a trust relationship between the parties.

While the share was bought by Sime Darby and placed under the name of Mendoza, his title is only limited to the usufruct, or the use and enjoyment of the club's facilities and privileges while employed with the company. In *Thomson v. Court of Appeals*,[20] we held that a trust arises in favor of one who pays the purchase price of a property in the name of another, because of the presumption that he who pays for a thing intends a beneficial interest for himself. While Sime Darby paid for the purchase price of the club share, Mendoza was given the legal title. Thus, a resulting trust is presumed as a matter of law. The burden then shifts to the transferee to show otherwise.

Mendoza, as the transferee, claimed that he only signed the assignment of rights in blank in order to give Sime Darby the right of first refusal in case he decides to sell the share later on. A right of first refusal, in this case, would mean that Sime Darby has a right to match the purchase price offer of Mendoza's prospective buyer of the club share and Sime Darby may buy back the share at that price. However, Mendoza's contention of the right of first refusal is a self-serving statement. He did not present any document to show that there was such an agreement between him and the company, not even an acknowledgment from Sime Darby that it actually intended the club share to be given to him as a reward for his performance and past service.

In fact, the circumstances which occurred after the purchase of the club share point to the opposite. *First*, Mendoza signed the share certificate and assignment of rights both in blank.

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[19] RTC Decision dated 30 April 2007. Records, p. 606.

[20] 358 Phil. 761, 775-776 (1998).

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Second, Mendoza turned over possession of the documents to Sime Darby. *Third*, from the time the share was purchased in 1987 until 1995, Sime Darby paid for the monthly bills pertaining to the share. *Last*, since 1987, the monthly bills were regularly sent to Sime Darby's business address until Mendoza requested in August 2004, long after he retired from the employ of the company, that such bills be forwarded to his personal address starting September 2004.

It can be gathered then that Sime Darby did not intend to give up its beneficial interest and right over the share. The company merely wanted Mendoza to hold the share in trust since Sime Darby, as a corporation, cannot register a club share in its own name under the rules of the ACC. At the same time, Mendoza, as a senior manager of the company, was extended the privilege of availing a club membership, as generously practiced by Sime Darby.

However, Mendoza violated Sime Darby's beneficial interest and right over the club share after he was informed by Atty. Ronald E. Javier of Sime Darby's plan to sell the share to an interested buyer. Mendoza refused to give an authorization to sell the club share unless he was paid ₱300,000 allegedly representing his unpaid retirement benefit. In August 2004, Mendoza tried to appropriate the club share and demanded from ACC that he be recognized as the true owner of the share as the named member in the stock certificate as well as in the annual report issued by ACC. Despite being informed by Sime Darby to stop using the facilities and privileges of the club share, Mendoza continued to do so. Thus, in order to prevent further damage and prejudice to itself, Sime Darby properly sought injunction in this case.

As correctly observed by the RTC in its Decision dated 30 April 2007:

> In order for a writ of preliminary injunction to issue, the following requisites must be present: (a) invasion of the right sought to be protected is material and substantial; (b) the right of the complainant is clear and unmistakable, and (c) there is an urgent and paramount

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necessity for the writ to prevent serious damage. The twin requirements of a valid injunction are the existence of a right and its actual or threatened violations.

All the elements are present in the instant case. Plaintiff bought the subject share in 1987. As the purchaser of the share, it has interest and right over it. There is a presumption that the share was bought for the use of the defendant while the latter is still connected with the plaintiff. This is because when the share was registered under the name of defendant, the latter signed the stock certificate in blank as well as the deed of assignment and placed the certificate under the possession of the plaintiff. Hence, plaintiff did not intend to relinquish its interest and right over the subject, rather it intended to have the share held in trust by defendant, until a new grantee is named. This can be inferred from plaintiff's witness' testimony that plaintiff required the defendant to sign the said documents so that the plaintiff can be assured that its ownership of the property is properly documented. Thirdly, plaintiff's payments of monthly billings of the subject share bolster defendant possession in trust rather than his ownership over the share. With this, the right of plaintiff over the share is clear and unmistakable. With defendant's continued use of the subject share despite that he is not anymore connected with plaintiff, and with plaintiff's demand upon the defendant to desist from making use of the club facilities having [been] ignored, clearly defendant violated plaintiff's right over the use and enjoyment thereof. Hence, plaintiff is entitled to its prayer for injunction.

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As to [the] second issue, plaintiff claimed for temperate or moderate damages.

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In the present case, it was established that sometime in July 2004, plaintiff tried to sell the share but defendant refused to give the authority. Thus, plaintiff was forced to return the amount of ₱1,100,000 to the buyer. Additionally, plaintiff cannot make use of the facilities of the club because defendant insists on enjoying it despite the fact that he is no longer connected with the plaintiff. With this, the Court deems it proper to impose upon the defendant ₱100,000 as temperate damages.

Further, plaintiff having established its right to the relief being claimed and inasmuch as it was constrained to litigate in order to

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protect its interest as well as incurred litigation expenses, attorney's fees are hereby awarded in the amount of ₱250,000.[21]

In sum, we grant the damages and injunctive relief sought by Sime Darby, as the true owner of the ACC Class "A" club share. Sime Darby has the right to be protected from Mendoza's act of using the facilities and privileges of ACC. Since the records show that Sime Darby was dissolved on 31 December 2011, it has three years to convey its property and close its affairs as a body corporate under the Corporation Code.[22] Thus, Sime Darby may choose to dispose of the club share in any manner it sees fit without undue interference from Mendoza, who lost his right to use the club share when he retired from the company.

WHEREFORE, we **GRANT** the petition. We **SET ASIDE** the 30 March 2012 Decision and 6 June 2012 Resolution of the Court of Appeals in CA-G.R. CV No. 89178. We **REINSTATE** the 30 April 2007 Decision of the Regional Trial Court of Makati City, Branch 132 in Civil Case No. 05-821.

SO ORDERED.

Brion, del Castillo, Perez, and *Perlas-Bernabe, JJ.*, concur.

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[21] Records, pp. 608-609.

[22] Sec. 122. Corporate Liquidation.— Every corporation whose charter expire by its own limitation or is annulled by forfeiture or otherwise, or whose corporate existence for other purposes is terminated in any other manner, shall nevertheless be continued as a body corporate for three (3) years after the time when it would have been so dissolved, for the purpose of protecting and defending suits by or against it and enabling it to settle and close its affairs, to dispose of and convey its property and to distribute its assets, but not for the purpose of continuing the business for which it was established. x x x.