

THIRD DIVISION

[G.R. No. 154291, November 12, 2014]

**LOPEZ REALTY, INC. AND ASUNCION LOPEZ-GONZALES,
PETITIONERS, VS. SPOUSES REYNALDO TANJANGCO AND MARIA
LUISA ARGUELLES-TANJANGCO, RESPONDENTS.**

DECISION

REYES, J.:

This is a Petition for Review^[1] under Rule 45 of the Rules of Court from the Decision^[2] dated February 22, 2002 of the Court of Appeals (CA) in CA-G.R. CV No. 63519 which reversed and set aside the Decision^[3] dated June 25, 1997 of the Regional Trial Court (RTC) of Manila, Branch 25, in Civil Case No. 144667.

Antecedents Facts

Lopez Realty, Inc. (LRI) and Dr. Jose Tanjangco (Jose) were the registered co-owners of three parcels of land and the building erected thereon known as the "Trade Center Building", which were covered by Transfer Certificates of Title (TCT) Nos. 127778, 127779 and 127780 (subject properties) of the Register of Deeds of Manila. Jose's one-half share in the subject properties were later transferred and registered in the name of his son Reynaldo Tanjangco and daughter-in-law, Maria Luisa Arguelles (spouses Tanjangco).

At the time material to this case, the stockholders of record of LRI were the following:

- a. Asuncion Lopez-Gonzalez (Asuncion) - 7,831 shares;
- b. Arturo F. Lopez (Arturo) - 7,830 shares;
- c. Teresita Lopez-Marquez (Teresita) - 7,830 shares;
- d. Rosendo de Leon (Rosendo) - 5 shares
- e. Benjamin Bernardino (Benjamin) - 1 share;
- f. Augusto de Leon (Augusto) - 1 share; and
- g. Leo Rivera (Leo) — 1 share^[4]

Except for Arturo and Teresita, the rest of the stockholders were members of the Board of Directors.^[5] Asuncion was LRI's Corporate Secretary.

In a special meeting of the stockholders held on July 27, 1981, the sale of the one-half share of LRI in the Trade Center Building was discussed:

MINUTES OF SPECIAL MEETING OF STOCKHOLDERS OF LOPEZ REALTY[,]
INCORPORATED ON JULY 27, 1981 AT 3:00 P.M.

STOCKHOLDERS PRESENT:

TERESITA L. MARQUEZ	- 7,830 shares
ASUNCION F. LOPEZ	- 7,831 shares
ARTURO F. LOPEZ	- 7,830 shares
ROSENDO DE LEON	- 5 share [s]
BENJAMIN B. BERNARDINO	- 1 share
LEO R. RIVERA	- 1 share
TOTAL	<u>23,498 Shares</u>

II. Sale of One-Half (1/2) Share of Lopez Realty, Inc. in Trade Center Building

The matter of the sale of V% share of Lopez Realty, Inc., in the Trade Center Building was taken up. Atty. Benjamin B. Bernardino informed the body that the selling price is pegged at 4 Million Pesos, and the **Tanjangcos are offering 3.6 Million Pesos plus 50% of the receivables** or a total of 3.8 Million Pesos payable under the following terms:

- 1) 50% - upon registration 50% - 30 days thereafter
- 2) All expenses and documentary stamp tax to be born[e] by the Tanjangcos.
- 3) Transfer Tax and Reserve Fund to be borne by Lopez Realty, Inc.

ASUNCION F. LOPEZ countered for a selling price of 5 Million Pesos, LOPEZ REALTY, INC., clean and of everything. At this point, TERESITA L. MÁRQUEZ and BENJAMIN B. BERNARDINO offered to ASUNCION F. LOPEZ that they (she) accept (equal) the TANJANGCO's offer as stated above. At this juncture, ASUNCION F. LOPEZ xxx called and talked with TANJANGCO over the phone three (3) times and offered the selling price at 5 Million Pesos but the latter did not move from their original offer as above-stated.

It was finally agreed by the body that ASUNCION F. LOPEZ x x x be given the priority to accept [equal] the TANJANGCO offer and the same to be exercised within ten (10 accept) days. Failure on her part to act on the offer, the said offer will be deemed accepted.^[6]

(Emphasis in the original)

On July 28, 1981, Teresita died.^[7]

Asuncion failed to exercise her option to purchase the subject properties within the stated period. Thus, on August 17, 1981, while Asuncion was abroad, the remaining directors: Rosendo, Benjamin and Leo convened in a special meeting, where the following resolution was passed and approved:^[8]

III. Upon motion duly seconded, Mr. ARTURO F. LOPEZ had been authorized by the Board **to immediately negotiate** with the Tanjangcos

on the matter of the latter's offer to purchase 14 of the Trade Center Building and in connection therewith he is given **full power and authority by the Board to carry out the complete termination of the sale terms and conditions as embodied in the Resolution of July 27, 1981 and in connection therewith is likewise authorized to sign for and in behalf of Lopez Realty Incorporated.**

RESOLUTION
Series of 1981

RESOLVED, as it is hereby resolved that ARTURO F. LOPEZ negotiate with the Tanjangcos on the matter of the sale of 1/2 of Trade Center Bldg., **in accordance with the terms and conditions embodied in the Minutes of the Special Meeting of July 27, 1981.**^[9] (Emphasis in the original)

On August 25, 1981, on the strength of the foregoing board resolution, Arturo executed a Deed of Sale selling LRI's one-half interest in the subject properties to Jose, who was represented by his son, Manuel Tanjangco (Manuel). The price was fixed at P3,600,000.00, payable in the following manner: 50% or P1,800,000.00 upon registration of the Deed of Sale and the other 50% within 30 days from such registration.^[10]

Upon learning of the above developments, Asuncion sent cablegrams to Rosendo and Jose on August 25, 1981, requesting them not to proceed with the sale.^[11] Consequently, on September 1, 1981, the Board had a special meeting where the following resolution was passed and approved:

RESOLUTION
Series of 1981

"In view of the cable of Ms. Asuncion Lopez, the [B]oard decided to postpone [the] final action on the sale of Lopez Realty, Inc. share in Trade Center Building to the Tanjangcos so that she can be enlightened on all proceedings of the Board during her absence.

UNANIMOUSLY APPROVED."^[12]

Upon Asuncion's arrival, the Board had a meeting on September 16, 1981, where she moved for the repeal and/or amendment of the August 17, 1981 and August 24, 1981 Board Resolutions. While Benjamin opposed Asuncion's motion, the members of the Board agreed to defer action on the matter until such time when Arturo and Asuncion have conferred or settled the matter.^[13]

As Jose's one-half interest in the subject properties had already been transferred to the spouses Tanjangco, it was requested that LRI execute another deed of sale, where the spouses Tanjangco shall be designated as buyers. Thus, on October 5, 1981, Arturo executed a Deed of Sale similar to that which was executed on August

25, 1981 in favor of the spouses Tanjangco.^[14]

The spouses Tanjangco paid LRI the amount of P1,800,000.00, which the latter accepted by issuing Official Receipt No. 723.^[15] The spouses Tanjangco then registered the Deed of Sale with the Register of Deeds of Manila, causing the cancellation of TCT Nos. 127778, 127779 and 127780 and the issuance of TCT Nos. 145983, 145984 and 145985 in their name.^[16]

Consequently, on November 4, 1981, LRI and Asuncion (herein petitioners) filed with the then Court of First Instance of Manila, a Complaint^[17] for annulment of sale, cancellation of title, reconveyance and damages with prayer for the issuance of temporary restraining order (TRO) and/or writ of preliminary injunction against the spouses Tanjangco, Arturo and the Registrar of Deeds of Manila. The complaint was docketed as Civil Case No. 144667 and raffled to Branch 25. Essentially, it was alleged that the sale is not binding on LRI as the August 17, 1981 Board Resolution, authorizing Arturo to sell the corporation's one-half interest in the subject properties, is invalid for lack of notice to Asuncion. It was also alleged that the said board resolution had already been revoked by the Board of Directors in their September 1, 1981 and September 16, 1981 Resolutions.

On November 11, 1981, the trial court issued a TRO, enjoining the spouses Tanjangco from paying the balance of the purchase price and Arturo from accepting payment.^[18]

On November 13, 1981, Manuel, in representation of the spouses Tanjangco, wrote LRI, enclosing a manager's check for P1,743,000.00 covering the balance of the purchase price less the transfer tax, LRI's share in the common fund and payables to the Bureau of Internal Revenue (BIR). Rosendo, however, deferred acceptance in view of the pendency of the cases filed by the directors of LRI against each other and the order of the Security and Exchange Commission (SEC), restraining him from acting on LRI matters.^[19] Apparently, several cases were pending with the SEC involving the directors and shareholders of LRI, one of which is Asuncion's complaint for the nullification of the August 17, 1981 Board Resolution.

On November 21, 1981, the spouses Tanjangco filed a motion for the production of a copy of the board resolution authorizing Asuncion to file the complaint on LRI's behalf. In her Comment, Asuncion claimed that the action is a derivative suit she initiated as LRI's minority stockholder, for which no authorization from LRI's Board of Directors is necessary.^[20]

On December 7, 1981, Arturo moved to dismiss the complaint on the grounds of lack of jurisdiction and *litis pendentia*. With regard to the first ground, Arturo alleged that the case essentially involves an intra-corporate dispute, which falls within the exclusive jurisdiction of the SEC. As to the second ground, Arturo alleged that Asuncion filed a complaint with the SEC, which was docketed as SEC Case No. 2164, against him and Benjamin, seeking to annul the August 17, 1981 Board Resolution.^[21]

On July 30, 1982, the stockholders of LRI had a meeting where they voted on whether to ratify and confirm the sale of the subject properties to the spouses

Tanjangco. The minutes of such meeting state:

At this juncture, Juanito Santos moved for the ratification and confirmation of the sale of Trade Center Building to the [spouses Tanjangco] and thereby ratifying and confirming all minutes relative to the sale made to the [spouses Tanjangco], and the same being seconded, it was placed to a vote amongst the stockholders and Directors present and the votes were as follows:

Leo Rivera - yes
Rosendo de Leon - yes
Juanito Santos - yes
Benjamin Bernardino - yes

After the ratification and confirmation of the sale of Trade Center Building, Asuncion Lopez stated that she is not preparing the minutes of today's meeting as well as that of June 29, 1982 and prior ones, but she was reminded that if she refuses to do what is incumbent upon her as Secretary, the same would be prepared and if she refuses to sign, that's up to her, for the corporation is governed by the Board of Directors coupled by the majority of the stockholders who ratify the acts of the Board.

That the sale of Trade Center Building in point of stockholders and in point of the Board of Directors had been duly ratified and confirmed and likewise it was moved and seconded that the votes will be submitted to the Securities and Exchange Commission (SEC) in order that the said office may be properly apprised of the situation of Lopez Realty, Inc.

There being no further business to take up, upon motion and duly seconded, the meeting [is] adjourned.^[22]

On November 11, 1982, the executor of Teresita's estate, Juanito L. Santos (Juanito), moved to intervene, stating among others that the case is "basically an intra-corporate contest among the stockholders of LRI in respect to the sale or disposition of corporate property and the distribution of the proceeds thereof."^[23]

On February 6, 1984, the trial court issued an order, denying the spouses Tanjangco's, Juanito's and Arturo's respective motions.^[24]

On March 1, 1985, Asuncion and Arturo filed a Joint Motion to Dismiss in SEC Case No. 2164 on the ground that a "final settlement has been arrived at and that they hereby waive and renounce any further claim or counterclaim that they may have against each other x x x." This was granted by the SEC.^[25]

The petitioners then filed a supplemental complaint, claiming that the negotiations between the parties to settle the case resulted in an agreement where the spouses Tanjangco would sell to the petitioners their interest in the subject properties for P6,000,000.00 on the condition that the petitioners would return the P1,800,000.00 the spouses Tanjangco paid to LRI. According to the petitioners, in order for