

FIRST DIVISION

[G.R. No. 169345, August 25, 2010]

**DEE PING WEE, ARACELI WEE AND MARINA U. TAN,
PETITIONERS, VS. LEE HIONG WEE AND ROSALIND WEE,
RESPONDENTS.**

D E C I S I O N

LEONARDO-DE CASTRO, J.:

The case before this Court is a Petition for Review on *Certiorari*^[1] under Rule 45 of the Rules of Court, which seeks to reverse the Resolutions dated June 29, 2005^[2] and August 18, 2005^[3] of the Court of Appeals (First Division) in CA-G.R. SP No. 90024. In the Resolution dated June 29, 2005, the appellate court denied due course to the Petition for *Certiorari* and Prohibition with prayer for issuance of a Writ of Preliminary Injunction and/or a Temporary Restraining Order (TRO)^[4] filed by herein petitioners, which assailed the Order^[5] dated April 21, 2005 of the Regional Trial Court (RTC) of Quezon City, Branch 93, in Civil Case No. Q-04-091, denying petitioners' Omnibus Motion (to Quash Writ of Execution and/or Suspend Execution).^[6] The petitioners' Motion for Reconsideration^[7] of the Resolution dated June 29, 2005 was denied by the Court of Appeals in the Resolution dated August 18, 2005.

The factual and procedural antecedents of the case are as follows:

Petitioners Dee Ping Wee and Marina U. Tan are the brother and sister of respondent Lee Hiong Wee. Petitioner Araceli Wee is the spouse of Dee Ping Wee, while respondent Rosalind Wee is the spouse of Lee Hiong Wee.

At the commencement of the controversy, petitioners Dee Ping Wee, Araceli Wee and Marina U. Tan were the majority stockholders of: (1) Marcel Trading Corporation, a domestic corporation that is primarily engaged in the business of cultivating, buying, selling at wholesale, exporting and manufacturing of seaweeds;^[8] (2) Marine Resources Development Corporation, a domestic corporation that is primarily engaged in the business of cultivating, buying, selling and exporting on a wholesale basis seaweeds, seashells and other marine products;^[9] and (3) First Marcel Properties, Inc., a domestic corporation that is primarily engaged in the business of acquisition, development and disposition of real estate and other kinds of structures.^[10] On the other hand, respondents Lee Hiong Wee and Rosalind Wee were minority stockholders in the said corporations.

On April 16, 2004, respondents, through their counsel, sent a letter to petitioner Dee Ping Wee, demanding the inspection of the corporate records of the above corporations. The letter stated thus:

April 16, 2004

Mr. Dee Ping Wee
Marcel Tower
Araneta Avenue, Quezon City

Metro Manila

Re: Demand for Inspection and Reproduction of Corporate records and to be Furnished Financial Statements of [Marine Resources Development Corporation, First Marcel Properties, Inc. and Marcel Trading Corporation]

Dear Mr. Wee:

We write in behalf of our clients, Lee Hiong Wee and Rosalind L. Wee who as per records on file with the Securities and Exchange Commission are stockholders of Marine Resources and Development Corporation, First Marcel Properties Inc. and Marcel Trading Corporation.

Since all of these records are in the same premises which are located in Marcel Tower, our clients request that the same be made available for their (or their representatives') inspection and reproduction at the fifth floor of the said building on April 26, 2004 at 10:00 am.

Likewise, we request you to furnish our clients with financial statements of said companies for the years ending 2002 and 2003.

We shall appreciate receiving a reply from you on this matter before the said date. Otherwise, we shall take the same to mean as your refusal to comply with this request. In which case, we shall be constrained to file the necessary legal suits to enforce the rights of our clients.

Thank you,

Very truly yours,
For the Firm

(Signed)

PONCEVIC M. CEBALLOS^[11]

On April 22, 2004, petitioner Dee Ping Wee replied to the above letter in the following manner, *viz*:

April 22, 2004

Atty. Poncevic Ceballos
Unit 3-E AGCOR Bldg., 335 Katipunan Ave.
Loyola Heights, Quezon City

Atty. Ceballos,

In connection with you[r] letter dated April 16, 2004, I wish to inform you that the Board of Directors of Marcel Trading Corporation and Marine Resources Development Corporation will only accede to the demand of your clients if the following conditions are fully satisfied:

1. Wee Lee Hiong and Rosalind Wee will furnish complete and true financial reports of Rico Philippines Industrial Corporation to include:
 - 1.1 Balance Sheet, Income Statement and Cash Flow Statements for the year 2003;
 - 1.2 Detailed Statement on how he disbursed the deposits he withdrew from the PBCOM, METROBANK and other depository banks;
2. Pay back to Marcel Trading Corporation, the cash advances he obtained in 2003. Documents reveal that Marcel Trading Corporation availed of bank loan the proceeds of which was obtained by Wee Lee Hiong for the operation of Rico Philippines Industrial Corporation, aside from the own funds of Marcel Trading Corporation that was likewise loaned to RPIC. Marcel Trading Corporation had paid substantial sum of interest for the Loan and greatly affected the operations of Marcel Trading Corporation.
3. Account for the export sales made by Wee Lee Hiong of all RPIC's finished products but foreign customers were instructed/directed to make payments/remittances to his company's bank account/deposit in Hongkong.

The directors of [Marcel Trading Corporation and Marine Resources Development Corporation] have equal or even better rights to make such demands from your clients.

Once your client is ready to fulfill the foregoing conditions, please inform us.

Very truly,

(Signed)

DEE PING WEE^[12]

As their demand letter met an unfavorable reply, respondents filed before the RTC of Quezon City, on May 12, 2004, three separate Complaints against petitioners for the inspection of the corporate books of the above-mentioned corporations. The complaint involving Marcel Trading Corporation was docketed as Civil Case No. Q-04-091,^[13] while those pertaining to Marine Resources Development Corporation and First Marcel Properties, Inc. were docketed, respectively, as Civil Case No. Q-04-

092^[14] and Civil Case No. Q-04-093.^[15]

Invoking similar causes of action in each of the complaints, respondents claimed that petitioners violated their rights to gain access to and inspect the corporate books, records and financial statements of the above corporations, which rights are guaranteed by Sections 74 and 75 of the Corporation Code.^[16] In view of the allegedly illegal and baseless acts of the petitioners, respondents sought payment for moral and exemplary damages, as well as attorney's fees and costs of suit.

On May 31, 2004, petitioners filed separate Answers,^[17] praying for the dismissal of the complaints for lack of merit. Petitioners asserted, among others, that the letter dated April 16, 2004 of respondents' counsel failed to specify the particular records or documents they wished to inspect and the purpose for such inspection. Petitioners countered that respondents' complaints for inspection of corporate records were ill-motivated, merely contrived to harass petitioners and the controlling stockholders, sought for vexatious purposes and, therefore, not germane to respondents' rights as stockholders. The obvious purpose of respondents in demanding inspection of the corporate records was, allegedly, to fish for evidence that they could use against petitioners to regain management control of the aforementioned corporations or to find technical defects in the corporate transactions so that they can file harassment suits against petitioners.^[18]

On June 23, 2004, the RTC of Quezon City, Branch 93, sitting as a special commercial court, rendered three separate, but similarly worded, Decisions in Civil Case Nos. Q-04-091,^[19] Q-04-092^[20] and Q-04-093.^[21] Except for the names of the corporations involved, the decisions of the trial court uniformly read:

Based on the pleadings submitted and the pieces of documentary evidence attached thereto, the court is satisfied that the [respondents] Lee Hiong Wee and Rosalind L. Wee are stockholders of the corporation [Marcel Trading Corporation/Marine Resources Development Corporation/First Marcel Properties, Inc.]. **Upon the other hand, the [petitioners] have not advanced any valid ground to warrant a denial of the stockholders' right to inspect corporate books and records as well as to copies of financial statements of the corporation.**

The rights of inspection and to copies of financial statements under Sections 74 and 75 are inherent in the ownership of shares of a corporation. These rights enable stockholders to know how the corporation is being managed.

The stockholders' right of inspection of the corporation's books and records is based upon their ownership of the assets and property of the corporation. It is therefore, an incident of ownership of the corporate property whether this ownership or interest be termed an equitable ownership, a beneficial ownership or a quasi-ownership. This right is predicated upon the necessity of self-protection.

The exercise of these rights may be denied, however, if it is

shown that the stockholders have improperly used any information secured through a previous examination or that the demand is purely speculative or merely to satisfy curiosity. These grounds have not been shown to be present in this case.

WHEREFORE, the foregoing premises considered, the court rules in favor of the [respondents]. The [petitioners] are accordingly directed to allow the [respondents] to exercise their right to inspect corporate books and records during business hours of any working day subject to the following conditions:

1. Written notice of when the right is to be exercised be given the [petitioners]/other appropriate officers of the corporation to allow for facility; the deployment of necessary manpower and ready availability of records to be inspected/copied and, insofar as the instant action is concerned, the following corporate records/documents spanning the period from January 2003 up to the present are to be made available:

- a. Check vouchers and checks;
- b. Debit and credit memoranda;
- c. Monthly bank statements from Metrobank, BPI, Banco de Oro, China Bank, Philippine Bank of Communications and other banks where the corporation currently maintains accounts;
- d. Records of accounts receivables and payables;
- e. Monthly inventory list;
- f. Purchase and sales books;
- g. Sales invoices;
- h. General ledgers;
- i. Worksheet;
- j. Monthly cash flow statements;
- k. Financial statements both internal and external

2. Payment of the reasonable costs of inspection and photocopying be deposited with the treasurer of the corporation which is fixed, for the purpose of the inspection herein allowed, at P10,000.00 initially, subject to liquidation;

3. If there be other books and records to be inspected, a schedule of these items, the desired date of inspection which must be during business hours of any working day, and the purpose thereof, be communicated seasonably to the [petitioners]/appropriate officers of the corporation together with the payment of reasonable cost of inspection/photocopying;

4. All inspection and photocopying activities shall be carried out at the principal office and/or premises of the corporation where the corporate books, records and documents are kept.

The court fails to find any sufficient basis to award damages to the [respondents].

Costs against [petitioners]. (Citations omitted, emphasis ours.)