

FIRST DIVISION

[G.R. No. 164757, October 18, 2010]

CEBU METRO PHARMACY, INC. PETITIONER, VS. EURO-MED LABORATORIES, PHILIPPINES, INC., RESPONDENT.

D E C I S I O N

DEL CASTILLO, J.:

Over time, this Court has been persistently confronted with issues involving the requirement of verification and certification against forum-shopping such as in the case at bar.

This Petition for Review on *Certiorari* assails the Resolutions dated May 6, 2004^[1] and June 30, 2004^[2] of the Court of Appeals (CA) in CA-G.R. SP No. 83669, which respectively dismissed the Petition for Review before it and denied the motion for reconsideration thereto.

Factual Antecedents

Respondent Euro-Med Laboratories Philippines, Inc. (Euro-Med) filed on February 19, 2001 a Complaint for Sum of Money^[3] against petitioner Cebu Metro Pharmacy, Inc. (Cebu Metro) before the Municipal Trial Court in Cities (MTCC) of Cebu City. Euro-Med sought to recover from Cebu Metro the amount of P120,219.88 with interest as payment for the various intravenous fluids products which the latter purchased from the former on several occasions, as well as liquidated damages and attorney's fees.

Cebu Metro on the other hand, while admitting the obligation, raised in its Answer with Counterclaim^[4] the following special and affirmative defenses: (1) that Euro-Med has no cause of action against it as it was Cebu Metro's former president and manager, Manolito Martinez (Martinez), who entered into a contract with Euro-Med without the approval of its Board of Directors; (2) that the complaint is already barred by laches considering that it was only after five years from the date of the last delivery that Euro-Med demanded payment from Cebu Metro; and, (3) that Euro-Med's branch in Cebu and its salesman committed fraud when they conspired with Martinez by dividing the commission obtained from the subject transaction among themselves. Cebu Metro claimed that said unauthorized and fraudulent transaction was prejudicial to it as same caused it to incur liability with mounting interests.

Rulings of the Municipal Trial Court in Cities and the Regional Trial Court (RTC)

Resolving the case in favor of Euro-Med in a Decision^[5] dated May 6, 2003, the

MTCC of Cebu City, Branch 5 ruled that aside from Cebu Metro's admission of its obligation, Euro-Med was able to prove by testimonial and documentary evidence the existence of said obligation. Unfortunately for Cebu Metro, all that it was able to put forward for its defense were mere allegations. Hence, the MTCC rendered judgment ordering Cebu Metro to pay Euro-Med the amount of P117,219.88 plus interest, attorney's fees and litigation expenses. Cebu Metro appealed to the RTC.

On April 1, 2004, the RTC, Branch 20 of Cebu City rendered its Decision^[6] dismissing Cebu Metro's appeal and affirming *in toto* the appealed MTCC Decision.

Unfazed, Cebu Metro went to the CA by way of Petition for Review.

Ruling of the Court of Appeals

The CA refused to give due course to the petition on the ground that the verification and certification of non-forum shopping attached thereto was signed by one Carmel T. Albao (Albao), Manager of Cebu Metro, without any accompanying Secretary's Certificate/Board Resolution authorizing her to execute said verification and certification and to represent Cebu Metro in the petition. The CA thus dismissed the petition pursuant to Section 5, Rule 45 of the Rules of Court^[7] in a Resolution^[8] dated May 6, 2004.

Cebu Metro filed a Motion for Reconsideration attaching therewith a Secretary's Certificate^[9] attesting to the approval of Board Resolution No. 2001-06, the pertinent portions of which read as follows:

Resolution No. 2001-06

RESOLUTION AUTHORIZING CARMEL T. ALBAO, NEWLY ELECTED PRESIDENT AND MANAGER OF CEBU METRO PHARMACY, INC. TO REPLACE RODOLFO P. MACACHOR WHO IS GRAVELY SICK AND CONSIDERED RESIGNED, TO REPRESENT FOR AND BEHALF [sic] OF THE CORPORATION

WHEREAS, in a Resolution No. 2001-03 unanimously approved by the Board in its Regular Meeting held on September 22, 2001 x x x the appointment of Rodolfo P. Macachor who was then the President and Manager of Cebu Metro Pharmacy, Inc., to represent for and behalf [sic] of the Corporation in Civil Case for Sum of Money filed by Euro-Med Laboratories Phil., Inc. before the Municipal Trial Court in Cities, Branch 5, Cebu City docketed as Civil Case No. R-44430;

WHEREAS, Rodolfo P. Macachor suffered an Asthma Attack on October 17, 2001 and has been in a comatose condition. He was previously confined at Chong Hua Hospital and later transferred to Danao District Hospital;

WHEREAS, Rodolfo P. Macachor being gravely sick should be considered resigned from the service;

WHEREAS, CARMEL T. ALBAO, who is equally competent to handle the job as President and Manager of the Corporation has sufficient knowledge to run the affairs of the corporation and to defend the corporation in the abovementioned civil case.

Now, therefore, on motion by Teresito Gulfan and unanimously seconded by all other members of the Board present,

Resolve to authorize CARMEL T. ALBAO, newly elected President and Manager of Cebu Metro Pharmacy, Inc. to replace Rodolfo P. Macachor to represent for and behalf [sic] of the corporation in the court hearings in Civil Case No. R-44430 For: Sum of Money before the Municipal Trial Court in Cities, Branch 5, Cebu City.
(Emphasis ours)

x x x x

Also attached to said Motion for Reconsideration is a Secretary's Certificate^[10] likewise confirming the approval of Board Resolution No. 2001-03 which authorized Rodolfo P. Macachor, then President and Manager of Cebu Metro, to represent Cebu Metro in the aforementioned Civil Case.

The CA, however, denied the Motion for Reconsideration in a Resolution dated June 30, 2004,^[11] the pertinent portions of which read:

x x x x

A perusal of the attached certification shows that Carmel Albao's authority is only to represent petitioner corporation in the court hearings in Civil Case No. R-44430 before the Municipal Trial Court in Cities, Branch 5, Cebu City and not to represent petitioner corporation in the present petition.

WHEREFORE, the motion for reconsideration is hereby DENIED and our resolution dismissing the petition STANDS.

Still undeterred, Cebu Metro comes before this Court through this Petition for Review on *Certiorari*.

Issues

Cebu Metro raises the following issues:

1. WHETHER THE RESOLUTION OF THE BOARD OF DIRECTORS OF PETITIONER CEBU METRO PHARMACY, INC. AUTHORIZING CARMEL T. ALBAO TO REPRESENT PETITIONER CORPORATION IN THE COURT HEARINGS IN CIVIL CASE NO. R-44430 BEFORE THE MUNICIPAL TRIAL COURT IN CITIES, BRANCH 5, CEBU CITY ALSO INCLUDES THE AUTHORITY TO REPRESENT PETITIONER CORPORATION IN ALL OTHER COURT PROCEEDINGS INCLUDING

THE AUTHORITY TO VERIFY AND TO ISSUE A CERTIFICATE OF NON-FORUM SHOPPING UNTIL THE CASE IS FINALLY TERMINATED; AND,

2. IF, IN THE NEGATIVE, CAN THE DEFICIENCY BE CURED BY A SUBSEQUENT BOARD RESOLUTION OF THE PETITIONER-CORPORATION AFFIRMING AND CONFIRMING THE ACTS DONE BY CARMEL T. ALBAO WHO IS ITS PRESIDENT AND MANAGER IN FILING AN APPEAL BEFORE THE REGIONAL TRIAL COURT AND THE PETITION FOR REVIEW BEFORE THE COURT OF APPEALS.^[12]

The Parties' Arguments

Cebu Metro claims that its Board of Directors did not pass another resolution authorizing Albao to file an appeal before the RTC and the CA because it felt that the authority it granted her is already sufficient. Besides, even without such resolution, Cebu Metro insists that the CA should have considered the fact that Albao is both the President and Manager of Cebu Metro. As President, Albao has the power of general supervision and control of the business and all acts done by her as president is presumed to be duly authorized unless the contrary appears. As Manager, she likewise has the implied authority to make any contract or do any other act which is necessary or appropriate to the conduct of the ordinary business of the corporation. It also alleges that Article V, Section 3(h) of its By-Laws provides that its President has the power to represent the corporation in all functions and proceedings. Hence, there was no need for a board resolution conferring authority upon Albao to sign the certification and verification against forum shopping attached to the Petition for Review filed before the CA.

Moreover, Cebu Metro begs for leniency and asks this Court to set aside rules of technicalities, praying that the main case be resolved on the merits in the interest of substantial justice. Further, in an attempt to substantially comply with the requirements, Cebu Metro attaches to the present petition a Secretary's Certificate showing the approval of Resolution No. 2004-05 which authorizes Albao to represent the corporation in appealing the MTCC Decision in Civil Case No. R-44430 to the RTC, the CA and this Court.

Euro-Med, on the other hand, points out that Cebu Metro's Board Resolution No. 2001-06 is categorical in stating that Albao, as newly elected President and Manager of Cebu Metro, is authorized by the board to replace Rodolfo P. Macachor in representing the corporation *only* in the court hearings in Civil Case No. R-44430 for Sum of Money before the MTCC. It being clear from the wordings of said board resolution that Albao's authority is limited as such, Euro-Med insists that there can be no room for speculation that the same also includes the authority to execute the verification and certification of non-forum shopping should the case be brought on appeal. It is Euro-Med's position, therefore, that the CA correctly dismissed Cebu Metro's petition for review.

Our Ruling

We grant the petition.