

SECOND DIVISION

[G.R. NO. 140081, June 23, 2005]

TYSON'S SUPER CONCRETE, INC., GREGORIO S. NAVARRO, IN HIS CAPACITY AS THE CHAIRMAN OF THE MANAGEMENT COMMITTEE AS CREATED BY THE SECURITIES AND EXCHANGE COMMISSION, GENARO HAO, WILLIAM HAO, NANCY HAO AND LYDIA HAO, PETITIONERS, VS. COURT OF APPEALS, HON. PABLO S. INVENTOR, IN HIS CAPACITY AS THE PRESIDING JUDGE OF THE REGIONAL TRIAL COURT OF KALOOKAN CITY, BRANCH 123, HON. BELEN ORTIZ, IN HER CAPACITY AS THE PRESIDING JUDGE OF THE METROPOLITAN TRIAL COURT OF CALOOCAN CITY, BRANCH 49, DEPUTY SHERIFF ILDEFONSO CABANG, METROPOLITAN TRIAL COURT OF KALOOKAN CITY, BRANCH 49, AND ROMANA DELA CRUZ, RESPONDENTS.

DECISION

AUSTRIA-MARTINEZ, J.:

Assailed in the petition for review on *certiorari* before us is the Amended Decision^[1] of the Court of Appeals (CA) in CA-G.R. SP No. 41970, promulgated on May 20, 1999, which reversed its earlier Decision^[2] dated February 24, 1997.

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

Romana Dela Cruz is the registered owner of several parcels of land located at P. Dela Cruz St., Sta. Quiteria, Caloocan City and covered by Transfer Certificates of Title Nos. T-176211, T-176206, T-176207, T-176208, T-176209 and T-176210, all of the Registry of Deeds of Caloocan City.

Sometime in October 1992, Dela Cruz entered into a contract of lease with Tyson's Super Concrete, Inc. (Tyson's for brevity) where it was agreed that the latter shall occupy the property as lessee for a period of twenty (20) years beginning January 1, 1993 until December 31, 2012.^[3] Under the contract, the lease payments were graduated and spread over the entire twenty-year period with an initial monthly rental of P36,444.00 per month for the first year to a maximum of P151,529.00 a month for the last year.^[4]

Subsequently, Tyson's introduced various permanent improvements over the property to be turned over to Dela Cruz after the lapse of the twenty-year period of lease.

Sometime in March 1995, the two major blocs of stockholders of Tyson's comprising of Elsa and Francis Chua, on one hand, and Nancy, William, Genaro and Lydia, all surnamed Hao, on the other, due to internal squabbling, filed a joint motion with the Securities and Exchange Commission (SEC) praying for the appointment of a

receiver to oversee the functions of the corporation.

On April 11, 1995, the SEC issued an order creating a Management Committee (Committee, for brevity) to undertake the management of Tyson's, to take custody of and control over all the existing assets, funds and records of the corporation, and to determine the best way to protect the interest of the stockholders and creditors.
[5]

In an Order dated May 23, 1995, the SEC appointed the following as members of the Committee: Francis Chua, as the representative of their bloc, and Genaro Hao, also as the representative of their group. The accounting firm of Punong Bayan and Araullo was appointed as Chairman of the Committee.
[6] In its Order dated July 24, 1995, Nancy Hao was appointed member of the Committee in lieu of Genaro Hao, who refused appointment.
[7]

On February 27, 1996, a complaint for ejectment was filed by Dela Cruz against Tyson's with the Metropolitan Trial Court (MeTC) of Caloocan City for the alleged failure of Tyson's to pay its rentals despite repeated written demands for such payment.
[8] Tyson's failed to file the required answer to the Complaint.

On April 22, 1996, the MeTC rendered judgment with the following dispositive portion:

WHEREFORE, Judgment is hereby rendered in favor of the plaintiff and against the defendant, ordering defendant Tyson's Super Concrete, Inc. and all persons claiming right under it:

1) to vacate the leased premises located at N.P. dela Cruz Compound, P. dela Cruz Street, Sta. Quiteria, Caloocan City and to surrender possession peacefully to the plaintiff;

2) to pay plaintiff the amount of P437,388.00 representing its rental arrearages from September to February, 1996 and the amount of P72,388.00 every month thereafter as reasonable compensation for its continued use and occupancy of the leased premises until the same is vacated by it and the possession thereof is restored to the plaintiff;

3) to pay plaintiff the sum of P10,000.00 as and for attorney's fees; and

4) to pay the cost of this suit.

SO ORDERED.
[9]

On May 24, 1996, Dela Cruz filed a Motion for Immediate Execution of the MeTC judgment. Tyson's, on the other hand, filed a motion praying for the stay of execution of the MeTC decision contending that the MeTC did not acquire jurisdiction over the defendant corporation on the ground that said corporation was not validly and effectively served with summons. On July 22, 1996, Tyson's filed a motion to vacate the judgment of the MeTC. On even date, the MeTC issued an order denying Tyson's motion to vacate judgment. The MeTC made the following findings and conclusion:

The records show that the Contract of Lease over the premises in question was made and entered into by and between plaintiff Romana dela Cruz as Lessor and defendant Tyson's Super Concrete, Inc., represented by Elsa Hao Chua, Treasurer of the Corporation as authorized by the Board Resolution [as lessee]. Defendant has been enjoying the use of the leased premises as its office and place of business by virtue of the said contract since Jan. 1, 1993.

Sheriff Antonio del Rosario of this Court reported that he had exerted efforts on several occasions to serve the summons to any responsible officer of the defendant in their office at the leased premises but to no avail. Upon an information from the defendant's security guard, he was able to locate the spouses Elsa Hao Chua and Francis Chua at their residence at 1231 G. Araneta St., Tondo, Manila and served the summons on them last March 21, 1996. Elsa Hao Chua is the treasurer of the defendant and its authorized representative as regards the lease contract as aforestated, while her husband Francis Chua is its corporate secretary, and as it turned out a duly appointed member of the Management Committee since May 23, 1995. Receipt of the summons and its annexes was acknowledged by Francis Chua as evidenced by his signature on the file copy of the summons attached to the record of the case.

The Court concedes that there could be some defect in the service of the summons to Francis Chua had it not been shown that the latter is one among the officers of the defendant corporation to whom service of summons maybe made pursuant to the aforestated provision in Rule 14 of the Rules of Court.^[10]

The MeTC Order also directed the issuance of a writ of execution, the judgment having become final and executory.^[11]

Tyson's then filed with the Regional Trial Court (RTC) of Caloocan City a petition for *certiorari* and prohibition with application for the issuance of a writ of preliminary injunction and temporary restraining order seeking to stop the judgment of the MeTC.^[12]

After conducting a summary hearing, the RTC issued a temporary restraining order enjoining the enforcement of the judgment rendered by the MeTC.^[13] Thereafter, the RTC received evidence to determine the propriety of the issuance of a writ of preliminary injunction. After hearing, the RTC, per its resolution dated August 26, 1996, denied Tyson's application for the issuance of a writ of preliminary injunction, finding that there is no evidence to warrant the issuance of the said writ.^[14]

Subsequently, in a Resolution dated September 24, 1996, the RTC dismissed the petition for *certiorari* and prohibition filed by Tyson's.^[15]

Tyson's elevated the case to the CA via a special civil action for *certiorari*.^[16]

On February 24, 1997, the CA promulgated a decision with the following dispositive portion:

WHEREFORE, the order of default, the judgment by default and the writ of execution issued by respondent Metropolitan Trial Court, Kalookan City, as well as the order of 26 August 1996 issued by respondent Regional Trial Court of Kalookan City, are hereby declared null and void.

SO ORDERED.^[17]

The CA ratiocinated as follows:

The order of the Securities and Exchange Commission is very explicit. The Management Committee was tasked to **manage, take custody of and control over all existing assets, funds and records of the corporation, and to determine the best way to protect the interest of the stockholders and creditors** of the corporation Tyson's Super Concrete, Inc. Under normal circumstances, summons upon a domestic corporation may be served upon any of the officers enumerated under Section 13, Rule 14 of the Rules of Court. However, since petitioner corporation was undergoing intra-corporate problems which had been taken over by the SEC, under this (sic) special circumstances, summons should "have been effected on the Management Committee created by the SEC and not on any of the officers enumerated under Sec. 13, Rule 14, Rules of Court. Private respondent can neither feign unawareness of the presence of the Management Committee nor can she honestly claim that said 'Management Committee is not the proper entity to receive summons' considering that, upon her motion, respondent Metropolitan Trial Court issued on 4 June 1996 an order directing service of its decision upon the Management Committee. . . .

. . .

The Sheriff's Return clearly and categorically states that summons was received by Francis Chua 'for and in behalf of Elsa Chua who was said to be the treasurer of defendant Tyson's Super Concrete, Inc.' (p. 116, Rollo). The service of summons on Francis Chua who is not among the persons enumerated in Section 13, Rule 14 of the Rules of Court was insufficient. It did not at all bind the petitioner corporation. When the statute designates a particular officer to whom the process may be delivered and with whom it may be left, as service upon the corporation, **no other person can be substituted in his place** (Delta Motor Sales Corporation v. Mangosing 70 SCRA 598).^[18]

Respondent Dela Cruz filed a motion for reconsideration of the decision of the CA.
^[19]

On May 20, 1999, the CA issued the herein assailed Amended Decision granting the motion for reconsideration, reversing its February 24, 1997 Decision and reinstating the questioned orders of the MeTC and the RTC.^[20] It held that:

The adjective rule applicable at the time the subject ejectment case was filed on February 27, 1996 was Section 13, Rule 14 of the Revised Rules of Court, . . .

There is no dispute that Summons for the unlawful detainer case was served upon one Francis Chua, as shown by the Return filed by the Sheriff of the respondent Metropolitan Trial Court on 25 March 1996. Both parties are in agreement that Francis Chua is the corporate secretary of the petitioner corporation, as well as subsequently a member of the Management Committee created by virtue and Order of the Securities and Exchange Commission dated 11 April 1995 in SEC Case No. 03-95-5011 entitled *Tyson's Super Concrete Inc., et. al., versus William Hao, et. al.*

As corporate secretary of the petitioner corporation, Francis Chua is a proper person under the aforementioned Rules to whom service of summons may be validly made. In addition, as member of the Management Committee, he is a responsible officer of the corporation, and may thus be deemed to be an 'agent' thereof, as the term is used in connection with Section 13, Rule 14. . . .

. . .

. . . It is meet to point out that the Management Committee has been invested with all the management prerogatives of petitioner corporation, with the end in view of protecting all the stockholders and creditors thereof, and to that extent has practically supplanted the regular Board of Directors. Hence, a member thereof stands in the place of a director of the corporation, possessed of managerial powers, to borrow the language of the High Court in *Villa Rey, supra*, 'not a lesser officer of the corporation. This was also the rule in the later case of *Summit Trading and Development Corp. vs. Avendano*, where it was ruled that the secretary of the president of the corporation in that case, is an agent of the corporation under Section 13, Rule 14 of the Rules of Court.

It matters not, as relied upon by petitioners, that a Management Committee was constituted by the Securities and Exchange Commission. For nowhere in the Order creating the said Committee, nor in the language of Presidential Decree No. 92-I (sic), may a construction be supported to the effect that only the Chair of the Management Committee is authorized to receive service of Summons in behalf of the corporation. On the other hand, P.D. 92-A (sic) provides that the Management Committee shall act **collectively** in running the affairs of the corporation, and implicit therefore it is that a member of the committee thus becomes a responsible officer of the corporation for the purpose of service of Summons. Even granting, arguendo, that the Securities and Exchange Commission, or the Management Committee" itself, has adopted the rule that only the Chair of the Management committee may receive Summons, such internal rule can in no way amend or alter the Rules of Court as promulgated by the Supreme Court, the only Constitutionally-created court, pursuant to its rule-making powers as provided for in Section 5(5), Article VIII of the Fundamental Law. . . .^[21]