

## THIRD DIVISION

[ G.R. No. 140652, September 03, 2003 ]

**OLIVERIO LAPERAL, PETITIONER, VS . PABLO V. OCAMPO,  
RESPONDENT.**

### D E C I S I O N

**SANDOVAL-GUTIERREZ, J.:**

Assailed in this petition for review under Rule 45 of the 1997 Rules of Civil Procedure, as amended, is the Decision<sup>[1]</sup> dated October 29, 1999 of the Court of Appeals in CA-G.R. CV No. 46052, entitled "*Pablo V. Ocampo versus Oliverio Laperal*," affirming *in toto* the Decision<sup>[2]</sup> dated February 4, 1993 of the Regional Trial Court, Branch 50, Manila, in Civil Case No. 86-36794.

At the threshold, it bears emphasis that this case involves **respondent Pablo Ocampo's** action for payment of his remaining shares of stock which he sold to Industrial Horizons, Inc. (Industrial Horizons). Respondent now seeks to recover the amount from **Oliverio Laperal**, herein **petitioner**, then President of Industrial Horizons, on the basis of the "alter ego" doctrine. The Court of Appeals, in its assailed Decision, ruled in favor of respondent on the ground of *res judicata* considering that the "alter ego" doctrine issue has been passed upon by the same court in its Decision in C.A.-G.R. No. 65913-R which has become final.

On May 3, 1963, the Sunbeam Convenience Foods, Inc., (Sunbeam), of which petitioner and his wife were the principal stockholders, acquired from the government, through a sales patent two (2) parcels of land in the province of Bataan, designated as Lot 1, SGS-2409 and Lot 2, SGS-2409, covered by Original Certificate of Title (OCT) No. SP-24 of the Registry of Deeds of said province. Later Sunbeam transferred the two (2) lots to Coral Beach Development Corporation (Coral Beach), of which petitioner and his wife were also the principal stockholders. Thus, Transfer Certificate of Title (TCT) Nos. 12421 and 12422 were issued in the name of Coral Beach.

Subsequently, a suit was brought by respondent and Pablo Roman against Coral Beach and Laperal Development Corporation (Laperal Development) which culminated in a Compromise Judgment promulgated on January 10, 1974 by the Court of Appeals in C.A.-G.R. No. 48015-R.<sup>[3]</sup> In this **Compromise Judgment, Coral Beach and Laperal Development conveyed to herein respondent and Pablo Roman an undivided 29% interest each (a total of 58%) in six (6) parcels of land in Bataan which includes the previously mentioned two (2) lots.** The remaining 42% interest in the above properties was retained by Coral Beach and Laperal Development.

Thereafter, **respondent transferred seven (7) percent of his undivided 29% interest in the above properties to Rodolfo Lejano and the Asiatic**

**Integrated Corporation (Asiatic), resulting in the reduction of his *pro indiviso* interest in said properties to only 22%.**

On July 10, 1975, petitioner and respondent, together with Oliverio Laperal, Sr., Pablo Roman, Jr., Rodolfo Lejano and Jose Rojas, Jr., formed the Offshore Resources and Development Corporation (Offshore Resources). Again, the Laperals were the principal stockholders.

On May 11, 1976, respondent, together with Roman, Lejano, Laperal Development, Coral Beach, and Asiatic, conveyed to the said newly formed Offshore Resources all their rights, title and interests in the six (6) parcels of land, (plus one (1) lot described as Lot 780 covered by TCT No. T-13412). This conveyance was for and in consideration of 7,416,993,500 common Class "A" shares with par value of P0.01 per share, or a total par value of P74,169,935.00. **To respondent pertained 1,613,196,086 shares with a par value of P16,131,960.86 in exchange for his remaining 22% undivided interest in the properties.**

On May 17, 1976, however, the Republic of the Philippines filed against Sunbeam and Coral Beach an action for the reversion to the Government of the two (2) lots covered by TCT Nos. T-12421 and T-12422 on the ground that they are within the public forest of Mariveles, Bataan and, therefore, not subject to disposition under the Public Land Act.

On July 21, 1976, under and **by virtue of a Deed of Assignment of Subscription To and Sale of Shares of Stock,** <sup>[4]</sup> **respondent sold to Industrial Horizons, Inc. (Industrial Horizons), through its president, herein petitioner, all his shares of stock in the Offshore Resources for a consideration of Four Million Pesos (P4,000,000.00), payable in installments.** The amount of P500,000.00 was to be paid at the time of the execution of the Deed of Assignment, the second P500,000.00 on July 28, 1976, and the balance of P3 million payable in six (6) equal quarterly installments of P500,000.00 each due on October 31, 1976, January 31, 1977, April 30, 1977, July 31, 1977, October 31, 1977 and January 31, 1978.

On July 28, 1976, Industrial Horizons paid respondent P1 million. However, on October 25, 1976, or before the third installment became due and payable, Industrial Horizons notified respondent that it was suspending payment of the unpaid installments due to the government's suit for reversion and cancellation of TCT Nos. T-12421 and T-12422. According to Industrial Horizons, should the action instituted by the government succeed, the shares of Offshore Resources, which it purchased from respondent, "would be invalidated and worthless or x x x become **watered** stock."<sup>[5]</sup>

Feeling aggrieved, respondent filed with the then Court of First Instance (CFI), Branch 5, Manila, a case entitled "*Pablo V. Ocampo vs. Industrial Horizons, Inc.*," docketed as Civil Case No. 106913.

On May 28, 1979, the CFI rendered a Decision in favor of respondent, thus:

"FOR ALL THE FOREGOING CONSIDERATIONS, the Court renders judgment in favor of the plaintiff and against the defendant, and hereby orders defendant to pay the plaintiff the following sums:

(a) The first installment of P500,000.00 due on October 31, 1976, minus P243,963.24, with interest at 12% per annum from November 1, 1976 until said amount is fully paid;

(b) The second installment of P500,000.00 due on January 31, 1977, with interest at 12% per annum on said amount beginning February 1, 1977 until the same is fully paid;

(c) The third installment of P500,000.00 due on April 30, 1977, with interest on said amount at the rate of 12% per annum from May 1, 1977 until said amount is fully paid;

(d) The fourth installment of P500,000.00 due July 31, 1977, with interest at the rate of 12% per annum beginning August 1, 1977 until said amount is fully paid;

(e) The fifth installment of P500,000.00 due on October 31, 1977, with interest at the rate of 12% per annum beginning November 1, 1977 until said amount is fully paid;

(f) The sixth installment of P500,000.00 due on January 31, 1978, with interest at the rate of 12% per annum beginning February 1, 1978, until said amount is fully paid.

"The defendant is finally ordered to pay plaintiff, attorney's fees equivalent to 10% of the aforesaid amounts, plus costs.

"SO ORDERED."<sup>[6]</sup>

On appeal, the Court of Appeals, on October 5, 1981, affirmed *in toto* the said Decision in CA-G.R. CV No. 65913-R, ratiocinating as follows:

**"The seven (7) parcels of land which plaintiff and other incorporators of the Offshore Resources & Development Corporation conveyed to the corporation for stock, have a total area of 7,416,993.5 square meters, or more than 741 hectares. xxx Since 7,416,993.500 shares with a par value of P0.01 per share, or exactly P74,169,935.00 worth of shares, were issued to the incorporators, the shares were not `watered'. They were lawfully issued for value fully paid before the Government filed its action to recover two of the lots. That supervening event (the Government's suit) did not render illegal the perfectly legal issuance of those shares.**

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"Another point to consider is that it was Laperal, through his Sunbeam Convenience Foods, Inc., who acquired the lots from the Government. If, as the Government contends in its suit, the acquisition was irregular, Laperal would not be free from blame.

"Laperal conveyed to the plaintiff a 29% pro-indiviso interest in the lots

as part of the compromise decision in favor of the plaintiff and Pablo Roman in CA-G.R. No. 48015-R (Exh. C). That interest was parlayed for shares of stock in Laperal's Offshore Resources & Development Corporation. These shares of stock were later purchased from the plaintiff by Laperal's Industrial Horizon, Inc., defendant herein. It may be observed that the last transaction consolidated Laperal's ownership and control of the Offshore Resources & Development Corporation. In effect, plaintiff's 22% interest in the property has come full circle to settle on Laperal from whom it originated. **To rescind the transaction because the Government has sued to recover the two lots, would in effect allow Laperal to reject, for alleged defect in the title, the very property (or interest therein) that he paid to the plaintiff in satisfaction of the latter's claim in CA-G.R. No. 48015-R. It would defraud the plaintiff of the fruits of that judgment.**

**"Although the series of transaction were made through various corporations of Laperal, the notion of a separate corporate personality for each corporation should be disregarded where, as in this case, the corporations were merely an *alter ego* or business conduit of Laperal, and the corporate fiction would work an injustice or perpetrate a fraud upon the plaintiff (*Yutivo Sons Hardware Co. vs. Court of Tax Appeals*, 1 SCRA 160; *Santos vs. Vasquez*, 22 SCRA 1156).**

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"WHEREFORE, finding no reversible error in the appealed decision, the same is affirmed *in toto*, with costs against the appellant.

"SO ORDERED." [7] (Emphasis supplied)

On December 24, 1981, Industrial Horizons filed with this Court praying for an extension of thirty (30) days from December 26, 1981 within which to file a petition for review on certiorari. In a Resolution dated January 13, 1982, we granted the motion, giving Industrial Horizons until January 25, 1982 within which to file the same. On January 25, 1982, Industrial Horizons filed its second motion for extension of time, asking for another fifteen (15) days to file its petition for review. On February 3, 1982, we denied the said motion outright. Industrial Horizons did not anymore file its petition for review. Thus, the Decision of the Appellate Court in CA-G.R. CV No. 65913-R affirming the Decision of the RTC in Civil Case No. 106913 became final and executory on October 31, 1981. [8] This Decision was partially executed to the extent of P750,000.00, leaving an unpaid balance of P2,006,036.76.

On July 23, 1986, or after four (4) years, eight (8) months and twenty-three (23) days from finality of the Decision in CA-G.R. No. 65913-R, respondent filed with the RTC, Branch 50, Manila, another complaint, this time against petitioner himself, for the recovery of the balance of P2,006,036.76, docketed as Civil Case No. 86-36794, "*Pablo V. Ocampo vs. Oliverio Laperal*."

In his complaint, [9] respondent alleged, among others, that (1) despite diligent efforts exerted by the sheriff to locate the properties (personal and real) of