

## THIRD DIVISION

[ G. R. No. 140453, October 17, 2000 ]

**TRANSFARM & CO., INC., AND TRANSDAEWOO AUTOMOTIVE  
MANUFACTURING COMPANY, PETITIONERS, VS. DAEWOO  
CORPORATION AND DAEWOO MOTOR CO., LTD., RESPONDENTS.**

### RESOLUTION

**VITUG, J.:**

Assailed in the Petition for Review on *Certiorari* under consideration are the decision and the resolution of the Court of Appeals, dated 29 July and 13 October 1999, respectively, in CA-G.R. SP No. 47558.

Sometime in 1994, Daewoo Corporation (Daewoo) entered into a joint venture agreement with Transfarm & Co. (Transfarm) for the delivery, assembly, production and distribution of Daewoo cars in the Philippines. Under the agreement, Transdaewoo Automotive Manufacturing Company (TAMC) was to be incorporated with Transfarm owning seventy percent (70%) and Daewoo holding thirty percent (30%) of the shares of stock. The new firm was also to undertake the manufacture, assembly, marketing, wholesale distribution and sale and after-sales service of Daewoo products. Transfarm and the joint venture company TAMC were then to enter into a separate agreement that would name Transfarm as the exclusive distributor in the Philippines of Daewoo cars.

The parties stipulated that any dispute, controversy or claim among the parties arising out of, relating to, or in connection with the joint venture agreement itself should be settled by arbitration to be conducted in Hongkong. The joint venture agreement, however, was to be governed by and construed in accordance with the laws of the Philippines.

The agreement went awry in December of 1997. Transfarm and TAMC filed a complaint with the Regional Trial Court (RTC), Branch 5, of Cebu City, docketed Civil Case No. CEB-21367, against Daewoo and Daewoo Motor Co., Ltd. (DMCL), a corporation organized under the laws of the Republic of Korea and not doing business in the Philippines, praying that Daewoo and DMCL be ordered to refrain from conducting and doing, directly or indirectly, automotive business in the Philippines.

On 20 January 1998, Daewoo and DMCL filed a motion to dismiss the case moored, *inter alia*, on the ground that the case involved an intra-corporate dispute cognizable exclusively by the Securities and Exchange Commission (SEC). In its resolution of 25 March 1998, the RTC denied the Motion to Dismiss and directed the defendants to file their respective answers.

Transfarm and TAMC filed a petition for *certiorari*, prohibition and *mandamus* before