

# Cargill vs. intra strata assurance corporation

[Business](#), [Company](#)



1. Whether petitioner is doing or transacting business in the Philippines in contemplation of the law and established jurisprudence; 2. Whether respondent is estopped from invoking the defense that petitioner has no legal capacity to sue in the Philippines; Facts: Petitioner Cargill, Inc. (petitioner) is a corporation organized and existing under the laws of the State of Delaware, United States of America.

Petitioner and Northern Mindanao Corporation (NMC) executed a contract dated 16 August 1989 whereby NMC agreed to sell to petitioner 20, 000 to 24, 000 metric tons of molasses, to be delivered from 1 January to 30 June 1990 at the price of \$44 per metric ton. In compliance with the terms of the third amendment of the contract, respondent Intra Strata Assurance Corporation (respondent) issued on 10 October 1990 a performance bond in the sum of P11, 287, 500 to guarantee NMC's delivery of the 10, 500 tons of molasses, and a surety bond in the sum of P9, 978, 125 to guarantee the repayment of down payment as provided in the contract.

NMC was only able to deliver 219. 551 metric tons of molasses out of the agreed 10, 500 metric tons. Thus, petitioner sent demand letters to respondent claiming payment under the performance and surety bonds. When respondent refused to pay, petitioner filed on 12 April 1991 a complaint for sum of money against NMC and respondent. Petitioner, NMC, and respondent entered into a compromise agreement, which the trial court approved in its Decision dated 13 December 1991. However, NMC still failed to comply with its obligation under the compromise agreement.

Hence, trial proceeded and judgment was rendered in favour of plaintiff ordering defendant INTRA STRATA ASSURANCE CORPORATION to solidarily  
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pay plaintiff the total amount of SIXTEEN MILLION NINE HUNDRED NINETY-THREE THOUSAND AND TWO HUNDRED PESOS (P16, 993, 200. 00), Philippine Currency, with interest at the legal rate from October 10, 1990 until fully paid, plus attorney's fees and the costs of the suit. On appeal, the Court of Appeals held that petitioner does not have the capacity to file this suit since it is a foreign corporation doing business in the Philippines without the requisite license.

The Court of Appeals held that petitioners purchases of molasses were in pursuance of its basic business and not just mere isolated and incidental transactions. Ruling: To be doing or transacting business in the Philippines for purposes of Section 133 of the Corporation Code, the foreign corporation must actually transact business in the Philippines, that is, perform specific business transactions within the Philippine territory on a continuing basis in its own name and for its own account.

Actual transaction of business within the Philippine territory is an essential requisite for the Philippines to acquire jurisdiction over a foreign corporation and thus require the foreign corporation to secure a Philippine business license. If a foreign corporation does not transact such kind of business in the Philippines, even if it exports its products to the Philippines, the Philippines has no jurisdiction to require such foreign corporation to secure a Philippine business license.

Santiago Cua, Jr. , et al. vs. Miguel Ocampo Tan, et al. /Santiago Cua, Sr. , et al. vs. Court of Appeals, et al, G. R. No. 181455-56/G. R. No. 182008, December 4, 2009. Issue: Whether derivative suit is proper? Facts: Complainants, PRCI stockholders, have opposed the issuance and approval <https://assignbuster.com/cargill-vs-intra-strata-assurance-corporation/>

of the questioned resolutions during the board stockholders' (sic) meetings, and prior resort to intra-corporate remedies were futile.

Complainants asked for copies of the pertinent documents pertaining to the questioned transactions which the board has declined to furnish, thus they instituted the derivative suit in the name of the corporation. They are questioning the acts of the majority of the board of directors believing that the herein petitioners have committed a wrong against the corporation and seeking a nullification of the questioned board resolutions on the ground of wastage of the corporate assets.

Ruling: It is well settled in this jurisdiction that where corporate directors are guilty of a breach of trust — not of mere error of judgment or abuse of discretion — and intracorporate remedy is futile or useless, a stockholder may institute a suit in behalf of himself and other stockholders and for the benefit of the corporation, to bring about a redress of the wrong inflicted directly upon the corporation and indirectly upon the stockholders.

WPP Marketing Communications, Inc. et al. vs. Jocelyn M. Galera/Jocelyn M. Galera Vs. WPP Marketing Communications, Inc. et al. , Issue: Whether the NLRC has jurisdiction over the dispute? Ruling: Galera being an employee, then the Labor Arbiter and the NLRC have jurisdiction over the present case. Article 217 of the Labor Code provides: Jurisdiction of Labor Arbiters and the Commission. (a) Except as otherwise provided under this Code, the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide x x x the following cases involving all workers, whether agricultural or non-agricultural: 1. Unfair labor practice cases; 2. Termination disputes; 3. If accompanied with a claim for reinstatement, those cases that workers may

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file involving wages, rates of pay, hours of work and other terms and conditions of employment; 4.

Claims for actual, moral, exemplary and other forms of damages arising from the employer-employee relations; 5. Cases arising from any violation of Article 264 of this Code, including questions involving the legality of strikes and lockouts; 6. Except claims for Employees Compensation, Social Security, Medicare and other maternity benefits, all other claims, arising from employer-employee relations, including those of persons in domestic or household service, involving an amount exceeding five thousand pesos (P5,000.00) regardless of whether accompanied with a claim for reinstatement.

(b) The Commission shall have exclusive appellate jurisdiction over all cases decided by Labor Arbiters. (c) Cases arising from the interpretation of collective bargaining agreements and those arising from the interpretation or enforcement of company personnel policies shall be disposed of by the Labor Arbiter by referring the same to the grievance machinery and voluntary arbitration as may be provided in said agreements.

In contrast, Section 5.2 of Republic Act No. 8799, or the Securities Regulation Code, states: The Commission's jurisdiction over all cases enumerated under Section 5 of Presidential Decree No. 902-A is hereby transferred to the courts of general jurisdiction or the appropriate Regional Trial Court: Provided, That the Supreme Court in the exercise of its authority may designate the Regional Trial Court branches that shall exercise jurisdiction over these cases.

The Commission shall retain jurisdiction over pending cases involving intra-corporate disputes submitted for final resolution which should be resolved

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within one year from the enactment of this Code. The Commission shall retain jurisdiction over pending suspension of payments/rehabilitation cases filed as of 30 June 2000 until finally disposed. The pertinent portions of Section 5 of Presidential Decree No. 02-A, mentioned above, states: b) Controversies arising out of intra-corporate or partnership relations, between and among stockholders, members or associates; between any or all of them and the corporation, partnership or association of which they are stockholders, members or associates, respectively; and between such corporation, partnership or association and the state insofar as it concerns their individual franchise or right to exist as such entity; c) Controversies in the election or appointments of directors, trustees, officers or managers of such corporations, partnerships or associations.

Facts: Galera, worked in the Philippines without a proper work permit but now wants to claim employee's benefits under Philippine labor laws. Leslie Okol vs. Slimmers World International, et al. , G. R. No. 160146, December 11, 2009. Issue: The issue revolves mainly on whether petitioner was an employee or a corporate officer of Slimmers World. Ruling: Section 25 of the Corporation Code enumerates corporate officers as the president, secretary, treasurer and such other officers as may be provided for in the by-laws.

In Tabang v. NLRC, the Supreme Court held that an " office" is created by the charter of the corporation and the officer is elected by the directors or stockholders. On the other hand, an " employee" usually occupies no office and generally is employed not by action of the directors or stockholders but by the managing officer of the corporation who also determines the compensation to be paid to such employee.

Facts: Okol filed a complaint with the Arbitration branch of the NLRC against Slimmers World, Behavior Modifications, Inc. and Moy for illegal suspension, illegal dismissal, unpaid commissions, damages and attorney's fees, with prayer for reinstatement and payment of backwages. The labor arbiter ruled that Okol was the vice-president of Slimmers World at the time of her dismissal. Since it involved a corporate officer, the dispute was an intra-corporate controversy falling outside the jurisdiction of the Arbitration branch.