



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

INVICTUS FOOD PRODUCTS
CORPORATION, ROMULO H.
ESPIRITU, MA. ROWENA E.
MANALOTO, JAYSON
ROMELL M. ESPIRITU, and
SHARA LEE R. ESPIRITU,
Petitioners,

G.R. No. 268176

Present:
LEONEN, J., Chairperson,
LAZARO-JAVIER,
LOPEZ, M.,
LOPEZ, J., and
KHO, JR., JJ.

- versus -

SANDPIPER SPICES &
CONDIMENTS CORP.,
Respondent.

Promulgated:

OCT 25 2023

X-----X

DECISION

KHO, JR., J.:

Assailed in this Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court are the Decision² dated June 30, 2021 and the Resolution³ dated May 3, 2023 of the Court of Appeals in CA-G.R. SP. No. 160479, which dismissed the Rule 65 petition for *certiorari* filed by New RBW Marketing, Inc. (RBW), Laurence Marvin E. Quines (Quines), and petitioners Invictus Food Products Corporation (Invictus), Romulo H. Espiritu (Romulo), Evelyn Espiritu, Ma. Rowena E. Manaloto, Jayson Romell M. Espiritu, and Shara Lee R. Espiritu (collectively, the Espiritus). The said Rule 65 petition, in turn, assailed the Order⁴ dated November 16, 2017 of the Regional Trial Court of Pasig City, Branch 157 (RTC) which rendered a summary judgment finding RBW, Invictus, the Espiritus, and Quines in breach of their respective obligations to respondent Sandpiper Spices & Condiments Corporation (Sandpiper).

¹ *Rollo*, pp. 19-41.

² *Id.* at 42-61. Penned by Associate Justice Bonifacio S. Pascua, with Associate Justices Mariflor P. Punzalan Castillo and Maria Filomena D. Singh (now a Member of the Court) concurring.

³ *Id.* at 63-65. Penned by Associate Justice Bonifacio S. Pascua, with Associate Justices Mariflor P. Punzalan Castillo and Ronaldo Roberto B. Martin, concurring.

⁴ *Id.* at 271-297. Penned by Judge Gregorio L. Vega, Jr.

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The Facts

This case stemmed from a Complaint for Breach of Contract and Damages (Complaint) filed by Sandpiper before the RTC against RBW, Invictus, the Espiritus, and Quines for alleged breach of Distribution Agreement⁵ entered into between Sandpiper and RBW. Sandpiper also applied for Issuance of Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction (WPI).⁶

Sandpiper alleged that it is principally engaged in the business of manufacturing, importing, exporting, buying, selling, and dealing in condiments, instant food mixes, and equipment, materials, and supplies related to the manufacture of such finished products. Currently, it primarily deals with the distribution of the well-known brand Mama Sita's, such as its oyster sauce, soy sauce, barbecue marinade mix, *sinigang* mix, and *kare-kare* mix.⁷

On the other hand, Invictus and RBW are both corporations duly organized and existing under Philippine laws, with business address at Barangay Del Rosario, San Fernando City, Pampanga and Poblacion, Pilar, Bataan, respectively.⁸ The Espiritus are common directors and/or officers of both RBW and Invictus, with Romulo, as their patriarch.⁹

Sandpiper alleged that on March 18, 2009, it executed a Distribution Agreement with RBW for the distribution of Sandpiper's products exclusively in Northern Luzon. Sections 37 and 51 of the Distribution Agreement contains a non-compete and non-hire clause which reads:

37 DISTRIBUTOR hereby undertakes and commits itself not to promote, sell and/or distribute products of competing or similar nature with subject PRODUCTS, without PRINCIPAL's written consent, during the life of this Agreement and for a period of three (3) years after termination thereof, directly or indirectly, nor inspire or assist a third party to do so. Provided, however, this Article's restrictions shall not apply to those products of competing or similar nature with subject PRODUCTS already promoted, sold, and/ or distributed by the distributor prior to the effectivity of this Agreement. The List of Products (Schedule A) may be amended from time to time by the addition to or deletion of any product upon notice of PRINCIPAL.

....

51 Neither party shall hire or otherwise engage an employee of the other party, or any individual who has been an employee of the other party,

⁵ *Id.* at 89-97.

⁶ *Id.* at 17.

⁷ *Id.* at 43.

⁸ *Id.* at 69-70.

⁹ *Id.* at 70.

for a period of 12 months after the termination of such individual's employment relationship with such other party, without the prior written consent of such other party.¹⁰

The Distribution Agreement was renewed annually until its termination on July 31, 2014. Months thereafter, Sandpiper discovered that RBW was engaged in the distribution of competing products under the brand Lola Pacita. Upon further investigation, Sandpiper learned that Invictus manufactures Lola Pacita and RBW distributes the same. Sandpiper then claimed that RBW used whatever information it gained from its previous access to Sandpiper's product formulations and client lists which comprised Sandpiper's trade secrets and core competitive advantage, to manufacture, through Invictus, competing products with a confusingly similar mark, and thereafter peddled the same through Sandpiper's distribution channel.¹¹

Further, Sandpiper's perusal of RBW and Invictus' Articles of Incorporation readily revealed that both corporations are controlled by the same people, namely the Espiritus.¹² In light of this, Sandpiper asserted that the corporate veil of RBW and Invictus must be pierced.¹³

To make matters worse, Sandpiper found out that Invictus hired Quines, Sandpiper's former research and development specialist, who, by virtue of his function, had direct access to the confidential formulations and processes of Sandpiper.¹⁴ The records revealed that immediately after his resignation on July 4, 2014 from Sandpiper, Quines was employed by Invictus.¹⁵ Notably, Quines signed a Confidentiality and Non-Compete Agreement with Sandpiper.¹⁶

Due to the alleged violations of the Distribution Agreement, Sandpiper filed the Complaint and prayed that RBW, Invictus, the Espiritus, and Quines be held solidarily liable for the following damages: (1) PHP 50,000,000.00 as actual damages; (2) PHP 500,000.00 as moral damages; (3) PHP 1,000,000.00 as exemplary damages; (4) PHP 1,000,000.00 as attorney's fees; and (5) costs of suit.¹⁷

In defense, RBW and the Espiritus interposed denial. While RBW admitted that it had a mutually beneficial relationship with Sandpiper from its inception to its conclusion in 2014, RBW, however, denied that they had unfettered access to all of Sandpiper's products and exploited Sandpiper's distribution lines. In fact, RBW argued that Sandpiper engaged RBW for its

¹⁰ *Id.* at 94 & 96.

¹¹ *Id.* at 45-46.

¹² *Id.* at 72.

¹³ *Id.* at 74.

¹⁴ *Id.* at 72.

¹⁵ *Id.* at 160-161.

¹⁶ *Id.* at 46.

¹⁷ *Id.*

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expertise and knowledge in the distribution market.¹⁸

For its part, Invictus and the Espiritus averred that Invictus is not a party to the Distribution Agreement and that there is no basis to pierce the veil of corporate fiction. Invictus further asserted that it had already been in existence and fully operational at the time of the execution of the disputed Distribution Agreement. It also put forth that Invictus did not act in bad faith and that it did not hire Quines to compete with Sandpiper.¹⁹

Meanwhile, Quines contended that the Confidentiality and Non-Compete Agreements it executed with Sandpiper are void for being unreasonable, against public policy, and a contract of adhesion.²⁰

In an Order²¹ dated April 25, 2016, the RTC granted and issued a 20-day TRO in favor of Sandpiper. Subsequently, on April 24, 2017, the RTC issued another Order²² granting Sandpiper's prayer for issuance of WPI. Accordingly, RBW, Invictus, the Espiritus, and Quines were prohibited from promoting, selling, and/or distributing products of similar nature with that of Sandpiper.

After the conclusion of the pre-trial and prior to the initial presentation of Sandpiper's evidence, Sandpiper filed a Motion for Partial Summary Judgment²³ (Motion) dated October 3, 2017 where it prayed that, except as to the actual amount of damages, a summary judgment be rendered finding RBW, Invictus, the Espiritus, and Quines in breach of their obligations, thus liable for damages.²⁴

Sandpiper further argued that it is entitled to summary judgment because insofar as the issue of breach of contract is concerned, there is no genuine issue left to be determined as RBW and Invictus merely raised the defense of separate juridical personality of the corporations and the stockholders or officers that comprise them. Regardless of the entity used, however, RBW's contractual obligations prohibit it to promote, sell and/or distribute competing products whether directly or indirectly. Moreover, RBW's admissions during the summary hearings already constitute sufficient ground for piercing the corporate veil of both RBW and Invictus.²⁵

¹⁸ *Id.* at 46 & 110.

¹⁹ *Id.* at 46-47.

²⁰ *Id.* at 47.

²¹ *Id.* at 158-170.

²² *Id.* at 171-200.

²³ *Id.* at 203-247.

²⁴ *Id.* at 272.

²⁵ *Id.* at 47-48.

The RTC Ruling

In an Order²⁶ dated November 16, 2017, the RTC granted Sandpiper's Motion.²⁷ Accordingly, it rendered a summary judgment finding RBW, Invictus, the Espiritus, and Quines in breach of their respective obligations under Sections 37 and 51 of the Distribution Agreement.²⁸ The dispositive portion of the Order reads:

WHEREFORE, for the foregoing reasons and considerations, plaintiff Sandpiper's Urgent Motion for Partial Summary Judgment is hereby **GRANTED** and a summary judgment is hereby rendered finding Defendant New RBW Marketing, Inc., Invictus Food Products Corporation, Romulo H. Espiritu, Evelyn Espiritu, Ma. Rowena E. Manaloto, Jayson Romell M. Espiritu, Shara Lee R. Espiritu[,] and Lawrence Marvin E. Quines in breach of their respective obligations under Sec. 37 and Sec. 51 of the aforementioned Distribution Agreement and, thus, liable for damages to Plaintiff Sandpiper Spices & Condiments Corporation, the actual amount of such damages in the process of being presented and hear in the on-going hearings of this case by this Court. In this connection, the writ of preliminary injunction earlier issued by this Court is hereby deemed considered and ordered to be a PERMANENT INJUNCTION by virtue of this summary judgment, with the aforesaid Defendants and/or any persons acting in their behalf PERMANENTLY ENJOINED from any of the acts specified in this Order and considered as in violation of Sec. 37, Sec. 51[,] and any related provisions of the Distribution Agreement of the parties based and subject to the terms and conditions thereof as provided therein.²⁹

In so ruling, the RTC found that the pieces of evidence presented by RBW, Invictus, the Espiritus, and Quines in the summary hearings for issuance of TRO and WPI—where they failed to specifically address the material or substantial issues raised by Sandpiper—and that listed in their pre-trial brief for the trial on the Complaint are substantially the same.³⁰ Hence, on the basis of these evidence alone, the RTC concluded that the trial on the Complaint appears to be a mere repetition of the previous summary hearings conducted on the TRO and WPI,³¹ where instead of addressing the specific issues, claims, and arguments posed by Sandpiper, RBW, Invictus, the Espiritus, and Quines merely raised general statements of opposition or arguments with no specific document or credible testimony presented to support the same.³² Given this, the RTC found that Sandpiper has sufficiently established RBW, Invictus, the Espiritus, and Quines' breach and violation of Sections 37 and 51 of the Distribution Agreement making them liable for damages.³³

²⁶ *Id.* at 271–297.

²⁷ *Id.* at 297.

²⁸ *Id.* at 246 & 297.

²⁹ *Id.* at 297.

³⁰ *Id.* at 295.

³¹ *Id.*

³² *Id.* at 296.

³³ *Id.* at 297. Section 1, Rule 35 of the Rules of Court reads:

Aggrieved, RBW, Invictus, the Espiritus, and Quines filed a Petition for *Certiorari* under Rule 65 of the Rules of Court before the CA.

The CA Ruling

In a Decision³⁴ dated June 30, 2021, the CA denied the petition.³⁵ There, the CA stressed that a petition for *certiorari* is not the proper remedy to assail the propriety of the RTC's grant of summary judgment considering that a writ of *certiorari* may be issued only for correction of errors of jurisdiction or grave abuse of discretion amounting to lack or excess of jurisdiction.³⁶ **The CA's scrutiny of the records, however, showed that petitioners failed to sufficiently establish that the RTC, in rendering a partial summary judgment, so gravely abused its discretion as to amount to lack or excess of jurisdiction.**³⁷ To be sure, the RTC painstakingly listed the evidence that it considered in granting the Motion.³⁸ Hence, if any, the RTC merely committed errors of judgment which is reviewable by an appeal, not by a petition for *certiorari*.³⁹

Moreover, anent the issue of piercing the veil of corporate fiction, the CA pointed out the overwhelming evidence presented by Sandpiper which includes Romulo's judicial admissions during the summary hearing for issuance of TRO and WPI, viz.: (a) he, as patriarch of the Espiritus, infused a capital of PHP 5,000,000.00 in Invictus; (b) RBW and Invictus share the same officers; (c) an employee of RBW filed the trademark application for Lola Pacita; (d) RBW and Invictus share assets and expenses; (e) RBW and Invictus transacted informally and often relied on verbal agreements; and (f) Romulo was involved in Invictus' affairs.⁴⁰ Hence, the RTC had factual and legal basis for ruling as it did.⁴¹

Unsatisfied, Invictus and RBW filed a Motion for Reconsideration, which was, however, denied in a Resolution⁴² dated May 3, 2023. Hence, this petition filed only by Invictus and the Espiritus where they mainly argued that a summary judgment is not appropriate in this case considering that there are disputed and contested facts, which constitute a genuine issue that has to be resolved in a full-blown trial which includes, *inter alia*, the determination of

Section 1. *Summary judgment for claimant.* — A party seeking to recover upon a claim, counterclaim, or cross-claim or to obtain a declaratory relief may, at any time after the pleading in answer thereto has been served, move with supporting affidavits, depositions or admissions for a summary judgment in his or her favor upon all or any part thereof.

³⁴ *Id.* at 42–61.

³⁵ *Id.* at 60.

³⁶ *Id.* at 54.

³⁷ *Id.* at 55.

³⁸ *Id.*

³⁹ *Id.* at 59.

⁴⁰ *Id.* at 57–58.

⁴¹ *Id.* at 57.

⁴² *Id.* at 63–65.

whether Invictus and RBW are two separate and distinct corporations and whether Invictus and the Espiritus are liable for damages to Sandpiper.⁴³

The Issue Before the Court

The issue for the Court's resolution is whether the CA erred in ruling that the RTC did not gravely abuse its discretion in granting the Motion.

The Court's Ruling

The petition lacks merit.

At the outset, the Court deems it proper to settle the procedural matter raised in this case concerning the correct mode of appeal. To recall, the CA categorically held that petitioners availed the wrong mode of appeal by filing a petition for *certiorari* under Rule 65 of the Rules of Court considering that said remedy is limited to resolving only errors of jurisdiction, not errors of judgment.

In *Trade and Investment Dev't. Corp. of the Phils. v. Philippine Veterans Bank*,⁴⁴ citing *Ybiernas v. Tanco-Gabaldon*,⁴⁵ the Court, through Justice Alfredo Benjamin S. Caguioa, held that "**when a court, in granting a Motion for Summary Judgment, adjudicates on the merits of the case and declares categorically what the rights and obligations of the parties are and which party is in the right, such order or resolution takes the nature of a final order susceptible to appeal.**"⁴⁶

Here, the RTC definitively ruled on the rights and obligations of the parties by discussing at length the merits of Sandpiper's complaint vis-à-vis petitioners' defenses. Ultimately, the RTC pierced the veil of corporate fiction between RBW and Invictus and categorically declared petitioners liable for damages in favor of Sandpiper, leaving no other issues, aside from the amount of damages, unresolved. Given this, the Order granting the Motion is considered a final judgment, the appropriate remedy for which is an appeal under Rule 41, Section 1⁴⁷ of the Rules of Court, which was not resorted to by petitioners, in this case.

While the Court, as an exception, allows a petition for *certiorari* despite

⁴³ *Id.* at 22.

⁴⁴ 855 Phil. 627 (2019) [Second Division].

⁴⁵ 665 Phil. 297 (2011) [Per J. Nachura, Second Division]

⁴⁶ *Trade and Investment Dev't. Corp. of the Phils. v. Philippine Veterans Bank*, 855 Phil. 627, 634 (2019) [Per J. Caguioa, Second Division].

⁴⁷ Section 1. *Subject of Appeal.* — An appeal may be taken from a judgment or final order that completely disposes of the case, or of a particular matter therein when declared by these Rules to be appealable.

availability and propriety of an appeal when there is grave abuse of discretion,⁴⁸ such exception, nonetheless, is not obtaining in this case.

At any rate, even if the Court allows the petition, it still finds no reason to deviate from the findings of the CA as will be discussed below.

In justifying the grant of the extraordinary writ of *certiorari*, it must be shown, at the minimum, that respondent tribunal has acted without or in excess of its jurisdiction, or with grave abuse of discretion.⁴⁹ Relatedly, grave abuse of discretion means such capricious or whimsical exercise of judgment which is equivalent to lack of jurisdiction. The abuse of discretion must be grave, as when the power is exercised in an arbitrary or despotic manner by reason of passion or personal hostility, and the abuse must be so patent and gross as to amount to an evasion of a positive duty or to a virtual refusal to perform the duty enjoined, or to act at all, in contemplation of law, as to be equivalent to having acted without jurisdiction.⁵⁰

Here, a judicious review of the records reveals that the RTC ruling was not in any way tainted with whimsicality, nor of gross and patent abuse of discretion considering that the same is consistent with the evidence on record, as well as the applicable law and prevailing jurisprudence.

The rule on summary judgment is provided under Rule 35, Section 1 of the Rules of Court which reads:

Section 1. *Summary Judgment for Claimant.* — A party seeking to recover upon a claim, counterclaim, or cross-claim or to obtain a declaratory relief may, at any time after the pleading in answer thereto has been served, move with supporting affidavits, depositions or admissions for a summary judgment in his favor upon all or any part thereof.

Relatedly, Section 3 of the same Rule states that the “judgment sought shall be rendered forthwith if the pleadings, supporting affidavits, depositions, and admissions on file, show that, except as to the amount of damages, there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law.”

In *Trade and Investment Dev’t. Corp. of the Phils.*, the term “genuine issue” has been defined as “an issue of fact which calls for the presentation of evidence as distinguished from an issue which is sham, fictitious, contrived, set up in bad faith[,] and patently unsubstantial so as not to constitute a

⁴⁸ *Republic v. Coalbrine International Philippines, Inc.*, 631 Phil. 487, 499 (2010) [Per J. Peralta, Third Division].

⁴⁹ *See Yokohama Tire Philippines, Inc. v. Reyes*, 870 Phil. 292, 306–307 (2020) [Per C.J. Peralta, First Division].

⁵⁰ *See id.*

genuine issue for trial.”⁵¹ Concomitantly, an issue may be classified as genuine on the basis of the pleadings, admissions, documents, affidavits and/or counter-affidavits submitted by the parties before the court.⁵²

Guided by the foregoing considerations, the Court holds that the CA aptly held that the RTC did not commit grave abuse of discretion in granting the Motion as it clearly laid down its factual and legal bases in ruling that Invictus and the Espiritus are liable to Sandpiper for breach of contract.

To recall, the RTC found overwhelming evidence as to the breach of the Distribution Agreement, mainly on the basis of Romulo’s admissions during cross-examination for the issuance of TRO and WPI, *viz.*: (a) Romulo’s acknowledgment of the non-compete clause in the Distribution Agreement, even citing the same as reason for purportedly preventing RBW from distributing competing products of Sandpiper after the termination of the Distribution Agreement; (b) RBW’s launch of Invictus’s Lola Pacita Soy Sauce purportedly to block the penetration of a major competitor; (c) RBW’s distribution of Lola Pacita Soy Sauce from 2010 to 2014 or during the life of the Distribution Agreement between RBW and Sandpiper; and (d) Invictus’s manufacturing of Lola Pacita Oyster Sauce since 2014.

As regards the issue of piercing the veil of corporate fiction, on the other hand, the RTC categorically declared the Espiritus’ ownership over RBW and Invictus, as evidenced by their operational and financial control over both corporations. As stressed by the RTC, Romulo made judicial admissions warranting a conclusion that RBW and Invictus are one and the same entity. To repeat, Romulo declared, *inter alia*, that he did not only infuse substantial capital in Invictus but that, as the family patriarch, he was also significantly involved in and even directed Invictus’s affairs. Romulo’s statement that RBW and Invictus share the same officers, as well as assets and expenses, also speaks a lot on the control the Espiritus’ exercised over the two companies to the damage and prejudice of Sandpiper through the violation of its rights under the Distribution Agreement.

As gleaned from the foregoing admissions, taken together with the documentary evidence submitted by Sandpiper, it was sufficiently established that RBW imprudently distributed Invictus’ products, which are competing products of Sandpiper, during the period covered by the Distribution Agreement, in violation of Section 37 thereof which provides that “[RBW] . . . commits itself not to promote, sell and/nor distribute products of competing or similar nature with [Sandpiper’s products], without [Sandpiper]’s written consent, during the life of this Agreement and for a period of [three] years after termination thereof, directly or indirectly, nor inspire or assist a third

⁵¹ *Trade and Investment Dev’t. Corp. of the Phils. v. Philippine Veterans Bank*, 855 Phil. 627, 635–636 (2019) [Per J. Caguioa, Second Division].


⁵² *Id.* at 636.

party to do so.”⁵³ Moreover, it was clear from the above disquisition that RBW and Invictus are one and the same entity. On the contrary, however, no evidence was presented by RBW, Invictus, and the Espiritus to support their claim that (a) no such breach transpired; and (b) Invictus and RBW are separate and distinct corporations. Instead of addressing the issues raised by Sandpiper, they offered mere general statements of denial which in no way prove that they complied to the letter of the Distribution Agreement.

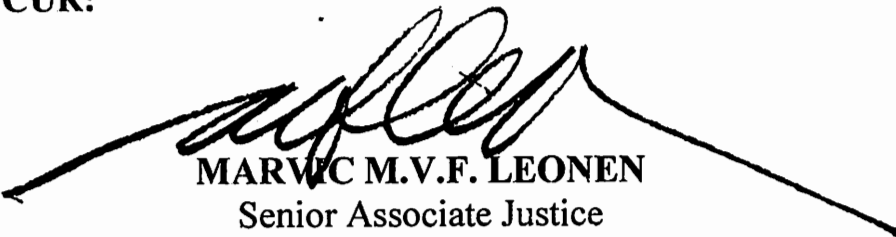
As such, on the basis of the pleadings, admissions, and documents submitted by the parties, the RTC found that there exists no genuine issue as to the facts put forth by Sandpiper, hence, the granting of the Motion. Considering this, the CA correctly held that no grave abuse of discretion can be attributed to the RTC for simply weighing the evidence and rendering a judgment over what it believed to be sound and proper given that the facts appeared to be undisputed and certain from the pleadings and admissions on record.

ACCORDINGLY, the petition is **DENIED**. The Decision dated June 30, 2021 and the Resolution dated May 3, 2023 of the Court of Appeals in CA-G.R. SP. No. 160479 are hereby **AFFIRMED**.

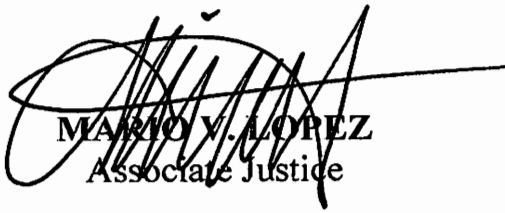
SO ORDERED.



ANTONIO T. KHO, JR.
Associate Justice

WE CONCUR:


MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson

On official business
AMY C. LAZARO-JAVIER
Associate Justice

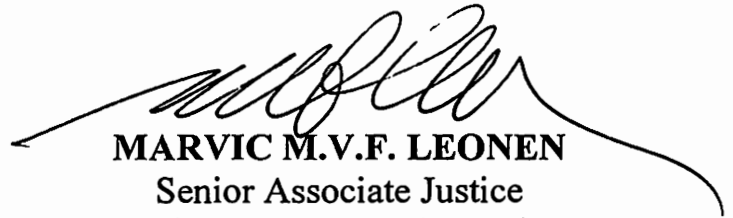

MARIO V. LOPEZ
Associate Justice


JHOSEP Y. LOPEZ
Associate Justice

⁵³ Rollo, p. 94.

ATTESTATION

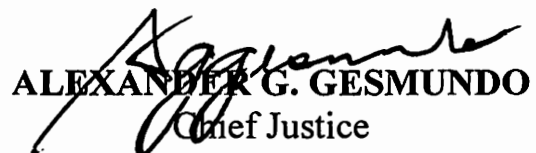
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ALEXANDER G. GESMUNDO
Chief Justice