



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

RADIOWEALTH FINANCE G.R. No. 227147
COMPANY, INC.,

Petitioner, Present:

- versus -

ALFONSO O. PINEDA, JR., and
JOSEPHINE C. PINEDA,
Respondents.

CARPIO, J., Chairperson,
PERALTA,
PERLAS-BERNABE,
CAGUIOA, and
REYES, JR., JJ.

Promulgated:

30 JUL 2018

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DECISION

PERLAS-BERNABE, J.:

This is a direct recourse to the Court from the Regional Trial Court of San Mateo, Rizal, Branch 75 (RTC), through a petition for review on *certiorari* assailing the Amended Order¹ dated July 21, 2016 and the Order² dated September 1, 2016 of the RTC in Civil Case No. 2814-15 SM which dismissed petitioner Radiowealth Finance Company, Inc.'s (petitioner) complaint for sum of money against respondents Alfonso O. Pineda, Jr. and Josephine C. Pineda (respondents) on the ground of lack of jurisdiction.

The Facts

In its Complaint³ dated October 12, 2015, petitioner alleged that on October 23, 2014, it extended a loan to respondents, as evidenced by a

¹ Rollo, pp. 21-22. Penned by Presiding Judge Beatrice A. Caunan-Medina.
² Id. at 23.
³ Id. at 26-31.

Promissory Note,⁴ in the amount of ₱557,808.00 payable in 24 equal monthly installments of ₱23,242.00, which was secured by a Chattel Mortgage⁵ constituted on a vehicle owned by respondents. Notably, the Promissory Note states that “[a]ny action to enforce payment of any sums due under this Note shall exclusively be brought in the proper court within [the] National Capital Judicial Region or in any place where Radiowealth Finance Company, Inc. has a branch/office, a[t] its sole option.”⁶ Due to respondents’ default, petitioner demanded payment of the whole remaining balance of the loan, which stood at ₱510,132.00 as of June 8, 2015, excluding penalty charges. As the demand went unheeded, petitioner filed the instant suit for sum of money and damages with application for a Writ of Replevin before the RTC, further alleging that it has a branch in San Mateo, Rizal.⁷

The RTC Proceedings

In an Order⁸ dated March 28, 2016, the RTC issued a Writ of Replevin, due to respondents’ continued failure to pay their monetary obligations to petitioner and/or surrender their vehicle subject of the Chattel Mortgage.

However, in an Amended Order⁹ dated July 21, 2016, the RTC recalled the Writ of Replevin and ordered the dismissal of petitioner’s complaint on the ground of lack of jurisdiction. It pointed out that since: (a) petitioner’s principal place of business is in Mandaluyong City, Metro Manila; and (b) respondents’ residence is in Porac, Pampanga, it has no jurisdiction over any of the party-litigants, warranting the dismissal of the complaint.¹⁰

Aggrieved, petitioner moved for reconsideration,¹¹ which was, however, denied in an Order¹² dated September 1, 2016; hence, this petition.

The Issue Before the Court

The issue for the Court’s resolution is whether or not the RTC correctly dismissed petitioner’s complaint on the ground of lack of jurisdiction.

⁴ Id. at 36-37.

⁵ Id. at 38-39.

⁶ Id. at 37.

⁷ See id. at 26-30.

⁸ Id. at 42.

⁹ Id. at 21-22.

¹⁰ See id.

¹¹ See motion for reconsideration dated August 15, 2016; id. at 43-46.

¹² Id. at 23.

The Court's Ruling

The petition is meritorious.

“Jurisdiction is defined as the authority to hear and determine a cause or the right to act in a case. In addition to being conferred by the Constitution and the law, the rule is settled that a court’s jurisdiction over the subject matter is determined by the relevant allegations in the complaint, the law in effect when the action is filed, and the character of the relief sought irrespective of whether the plaintiff is entitled to all or some of the claims asserted.”¹³ This is markedly different from the concept of venue, which only pertains to the place or geographical location where a case is filed. In *Pilipinas Shell Petroleum Corporation v. Royal Ferry Services, Inc.*,¹⁴ the Court exhaustively differentiated these concepts, to wit:

Petitioner confuses the concepts of jurisdiction and venue. In *City of Lapu-Lapu v. Phil. Economic Zone Authority*:

On the one hand, jurisdiction is “the power to hear and determine cases of the general class to which the proceedings in question belong.” Jurisdiction is a matter of substantive law. Thus, an action may be filed only with the court or tribunal where the Constitution or a statute says it can be brought. Objections to jurisdiction cannot be waived and may be brought at any stage of the proceedings, even on appeal. When a case is filed with a court which has no jurisdiction over the action, the court shall *motu proprio* dismiss the case.

On the other hand, venue is “the place of trial or geographical location in which an action or proceeding should be brought.” In civil cases, venue is a matter of procedural law. A party's objections to venue must be brought at the earliest opportunity either in a motion to dismiss or in the answer; otherwise the objection shall be deemed waived. When the venue of a civil action is improperly laid, the court cannot *motu proprio* dismiss the case.

Wrong venue is merely a procedural infirmity, not a jurisdictional impediment. Jurisdiction is a matter of substantive law, while venue is a matter of procedural law.¹⁵

In this case, petitioner filed a complaint for, *inter alia*, sum of money involving the amount of ₱510,132.00. Pursuant to Section 19 (8) of Batas Pambansa Blg. (BP) 129,¹⁶ as amended by Section 5 of Republic Act No.

¹³ *Home Guaranty Corporation v. R-II Builders, Inc.*, 660 Phil. 517, 529 (2011).

¹⁴ G.R. No. 188146, February 1, 2017, 816 SCRA 379.

¹⁵ *Id.* at 396-397; citations omitted.

¹⁶ Section 19 (8) of BP 129, entitled “THE JUDICIARY REORGANIZATION ACT OF 1980,” reads:

(RA) 7691,¹⁷ the RTC irrefragably has jurisdiction over petitioner's complaint. Thus, it erred in dismissing petitioner's complaint on the ground of its purported lack of jurisdiction.

Clearly, the RTC confused the concepts of jurisdiction and venue which, as already discussed, are not synonymous with each other. Even assuming *arguendo* that the RTC correctly pertained to venue, it still committed grave error in dismissing petitioner's complaint, as will be explained hereunder.

Rule 4 of the Rules of Court governs the rules on venue of civil actions, to wit:

Rule 4
VENUE OF ACTIONS

Section 1. *Venue of real actions.* – Actions affecting title to or possession of real property, or interest therein, shall be commenced and tried in the proper court which has jurisdiction over the area wherein the real property involved, or a portion thereof, is situated.

Forcible entry and detainer actions shall be commenced and tried in the municipal trial court of the municipality or city wherein the real property involved, or a portion thereof, is situated.

Section 2. *Venue of personal actions.* – All other actions may be commenced and tried where the plaintiff or any of the principal plaintiffs resides, or where the defendant or any of the principal defendants resides, or in the case of a non-resident defendant where he may be found, at the election of the plaintiff.

Section 3. *Venue of actions against nonresidents.* – If any of the defendants does not reside and is not found in the Philippines, and the

Section 19. *Jurisdiction in Civil Cases.* – Regional Trial Courts shall exercise exclusive original jurisdiction:

x x x x

(8) In all other cases in which the demand, exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses, and costs or the value of the property in controversy exceeds One hundred thousand pesos (₱100,000.00) or, in such other cases in Metro Manila, where the demand, exclusive of the abovementioned items, exceeds Two hundred thousand pesos (₱200,000.00).

¹⁷ Section 5 of RA 7691, entitled "AN ACT EXPANDING THE JURISDICTION OF THE METROPOLITAN TRIAL COURTS, MUNICIPAL TRIAL COURTS, AND MUNICIPAL CIRCUIT TRIAL COURTS, AMENDING FOR THE PURPOSE BATAS PAMBANSA BLG. 129, OTHERWISE KNOWN AS THE 'JUDICIARY REORGANIZATION ACT OF 1980,'" reads:

Section 5. After five (5) years from the effectivity of this Act, the jurisdictional amounts mentioned in Sec. 19(3), (4), and (8); and Sec. 33(1) of Batas Pambansa Blg. 129 as amended by this Act, shall be adjusted to Two hundred thousand pesos (₱200,000.00). Five (5) years thereafter, such jurisdictional amounts shall be adjusted further to Three hundred thousand pesos (₱300,000.00): *Provided, however,* That in the case of Metro Manila, the abovementioned jurisdictional amounts shall be adjusted after five (5) years from the effectivity of this Act to Four hundred thousand pesos (₱400,000.00).

action affects the personal status of the plaintiff, or any property of said defendant located in the Philippines, the action may be commenced and tried in the court of the place where the plaintiff resides, or where the property or any portion thereof is situated or found.

Section 4. *When Rule not applicable.* – This Rule shall not apply –

(a) In those cases where a specific rule or law provides otherwise; or

(b) Where the parties have validly agreed in writing before the filing of the action on the exclusive venue thereof.

In *Briones v. Court of Appeals*,¹⁸ the Court succinctly discussed the rule on venue, including the import of restrictive stipulations on venue:

Based therefrom, the general rule is that the venue of real actions is the court which has jurisdiction over the area wherein the real property involved, or a portion thereof, is situated; while the venue of personal actions is the court which has jurisdiction where the plaintiff or the defendant resides, at the election of the plaintiff. As an exception, jurisprudence in *Legaspi v. Rep. of the Phils.* [(581 Phil. 381, 386 [2008])] instructs that the parties, thru a written instrument, may either introduce another venue where actions arising from such instrument may be filed, or restrict the filing of said actions in a certain exclusive venue, viz.:

The parties, however, are not precluded from agreeing in writing on an exclusive venue, as qualified by Section 4 of the same rule. **Written stipulations as to venue may be restrictive in the sense that the suit may be filed only in the place agreed upon, or merely permissive in that the parties may file their suit not only in the place agreed upon but also in the places fixed by law.** As in any other agreement, what is essential is the ascertainment of the intention of the parties respecting the matter.

As regards restrictive stipulations on venue, jurisprudence instructs that it must be shown that such stipulation is exclusive. In the absence of qualifying or restrictive words, such as “exclusively,” “waiving for this purpose any other venue,” “shall only” preceding the designation of venue, “to the exclusion of the other courts,” or words of similar import, the stipulation should be deemed as merely an agreement on an additional forum, not as limiting venue to the specified place.¹⁹

(Emphases and underscoring in the original)

In this case, the venue stipulation found in the subject Promissory Note – which reads “[a]ny action to enforce payment of any sums due under this Note shall exclusively be brought in the proper court within [the]

¹⁸ 750 Phil. 891 (2015).

¹⁹ Id. at 898-899; citations omitted.

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National Capital Judicial Region or in any place where Radiowealth Finance Company, Inc. has a branch/office, a[t] its sole option”²⁰ – is indeed restrictive in nature, considering that it effectively limits the venue of the actions arising therefrom to the courts of: (a) the National Capital Judicial Region; or (b) any place where petitioner has a branch/office. In light of petitioner’s standing allegation that it has a branch in San Mateo, Rizal, it appears that venue has been properly laid, unless such allegation has been disputed and successfully rebutted later on.

Finally, even if it appears that venue has been improperly laid, it is well-settled that the courts may not *motu proprio* dismiss the case on the ground of improper venue. Without any objection at the earliest opportunity, as in a motion to dismiss or in the answer, it is deemed waived.²¹ The Court’s ruling in *Radiowealth Finance Company, Inc. v. Nolasco*²² is instructive on this matter, to wit:

Dismissing the complaint on the ground of improper venue is certainly not the appropriate course of action at this stage of the proceeding, particularly as venue, in inferior courts as well as in the Courts of First Instance (now RTC), may be waived expressly or impliedly. Where defendant fails to challenge timely the venue in a motion to dismiss as provided by Section 4 of Rule 4 of the Rules of Court, and allows the trial to be held and a decision to be rendered, he cannot on appeal or in a special action be permitted to challenge belatedly the wrong venue, which is deemed waived.

Thus, unless and until the defendant objects to the venue in a motion to dismiss, the venue cannot be truly said to have been improperly laid, as for all practical intents and purposes, the venue, though technically wrong, may be acceptable to the parties for whose convenience the rules on venue had been devised. The trial court cannot pre-empt the defendant’s prerogative to object to the improper laying of the venue by *motu proprio* dismissing the case.²³ (Emphases and underscoring supplied)

In sum, the RTC erred in *motu proprio* dismissing petitioner’s complaint before it. As such, the complaint must be reinstated, and thereafter, remanded to the RTC for further proceedings.

WHEREFORE, the petition is **GRANTED**. The Amended Order dated July 21, 2016 and the Order dated September 1, 2016 of the Regional Trial Court of San Mateo, Rizal, Branch 75 in Civil Case No. 2814-15 SM are hereby **REVERSED** and **SET ASIDE**. Accordingly, Civil Case No. 2814-15 SM is **REINSTATED** and **REMANDED** to the RTC for further proceedings.

²⁰ See *rollo*, p. 37.

²¹ *Radiowealth Finance Company, Inc. v. Nolasco*, 799 Phil. 598, 605 (2016).

²² *Id.*

²³ *Id.* at 605-606, citing *Dacoycoy v. Intermediate Appellate Court*, 273 Phil. 1, 6-7 (1991).

SO ORDERED.

M. Perlas
ESTELA M. PERLAS-BERNABE
Associate Justice

WE CONCUR:

Antonio T. Carpio

ANTONIO T. CARPIO
Senior Associate Justice
Chairperson

Diosdado M. Peralta

DIOSDADO M. PERALTA
Associate Justice

Alfredo Benjamin S. Caguioa

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

Reyes
ANDRES B. REYES, JR.
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.

Antonio T. Carpio

ANTONIO T. CARPIO
Senior Associate Justice
(Per Section 12, Republic Act No. 296,
The Judiciary Act of 1948, as amended)