

Republic of the Philippines Supreme Court Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, First Division, issued a Resolution dated February 26, 2020 which reads as follows:

"G.R. No. 232289 (The Philippine Canine Club, Inc. v. Quintin Favila, Jr., Edgar Gacula, Dennis Javier, Florendo Macalma, Bernardo Montiero, Jr., Nomer Reyes and Ferdinand Soriano)

The Case

This appeal assails the following dispositions of the Court of Appeals in CA-G.R. CV No. 106812 entitled "Quintin Favila, Jr., Edgar Gacula, Dennis Javier, Florendo Macalma, Bernardo Montiero, Jr., Nomer Reyes and Ferdinand Soriano v. The Philippine Canine Club, Inc.", viz:

- Decision¹ dated November 23, 2016 affirming the nullity of petitioner Philippine Canine Club, Inc.'s (PCCI's) Resolutions 2171S012162009 and 2172S012162009 which expelled respondents Quintin Favila, Jr. and Bernardo Montiero, Jr., and suspended respondents Edgar Gacula, Dennis Javier, Florendo Macalma, Nomer Reyes and Ferdinand Soriano, respectively; and
- 2) Resolution² dated January 14, 2017 denying reconsideration.

Antecedents

By Complaint filed on February 15, 2010, respondents essentially alleged they were members in good standing of PCCI, a

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¹ Penned by Associate Justice Agnes Reyes-Carpio and concurred in by Associate Justices Andres B. Reyes, Jr. (now a member of this Court) and Romeo F. Barza.; *rollo* (Vol. I), p. 9.

² Id. at 22.

domestic organization established in 1963 with the aim of urging members and breeders to adhere to its dog-breeding standards. In 2008, the Asian Kennel Club Union of the Philippines (AKCUPI) was also established. As it was, AKCUPI shared PCCI's purpose --- to encourage, promote and advance the interest of purebred dogs and responsible pet ownership in the Philippines. Seeing no apparent conflict between the objectives of the two (2) organizations, respondents also participated in the activities of AKCUPI.³

On May 17, 2008, PCCI amended its by-laws to penalize members who would join activities of other kennel groups such as AKCUPI. This was allegedly due to PCCI's concern that these other groups would allow the registration of dogs with doubtful pedigree.⁴ Respondents noted though that the amendment was approved without the participation of 95% of PCCI's total membership, let alone a quorum. Consequently, in January 2009, they filed a complaint before the Regional Trial Court (RTC) - Br. 93, Quezon City for nullity of the 2008 amended by-laws. Atty. Leven S. Puno was counsel for PCCI in the case, Q-09-207.

During the trial, RTC - Br. 93 enjoined the implementation of the amendments, forcing PCCI to revert to the 2003 version of its bylaws.⁵ The injunction was subsequently nullified by the Court of Appeals. But while the injunction was still in place, PCCI served respondents with a show-cause letter for having participated in an AKCUPI-sponsored activity. Thereafter, the PCCI Trial Board subjected respondents to disciplinary proceedings.⁶

Respondents, in the course of the proceedings, moved for Trial Board Chairman Atty. Puno to inhibit. The Trial Board denied the motion outright for lack of basis.⁷

In January 2010, respondents Favila, Jr. and Montiero, Jr. were informed that they were expelled from PCCI under Board Resolution 2171S012162009, *viz*:⁸

RESOLVED to approve the recommendation of the Trial Board that x x x x Mr. Bernardo Montiero, [Jr.,] Mr. Quintin Favila, Jr., xxx be removed from the roll of members of the PCCI and taking

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³ Id. at 10.

⁴ Id.

⁵ Id.

⁶ Id.

⁷ Id. at 209.

⁸ Id. at 199.

away all rights and privileges that accompany such membership effective immediately.

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Please be advised further that you have thirty (30) days to file an appeal as specified under Section 17.1 of the 2008 PCCI Amended Bylaws.

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On the other hand, respondents Gacula, Javier, Macalma, Reyes, and Soriano were suspended for six (6) months per Board Resolution 2172S012162009, thus:⁹

RESOLVED to approve the recommendation of the Trial Board that the remaining respondents namely: Mr. Edgar Gacula, Mr. Rhandy Macalma, Mr. Nomer Reyes, Mr. Ferdinand Soriano and Mr. Dennis Javier be given a penalty of six (6) month suspension of their membership and the accompanying rights and privileges that accompany such membership as well as denying them the privilege of being handlers for any future dog shows of the PCCI of the same period of time.

Please be advised further that you have thirty (30) days to file an appeal as specified under Section 17.1 of the 2008 PCCI Amended Bylaws xxx

Hence, respondents filed the complaint before the RTC - Br. 219, Quezon City for nullification of the twin resolutions on the following grounds:¹⁰

First. PCCI found respondents guilty of violating the 2008 amended by-laws even though they were charged with violation of and tried under PCCI's 2003 by-laws.

Second. The Resolutions were approved without conducting formal hearings as required under Rule 1(c) of the Procedures and Guidelines promulgated by the Trial Board itself.

Respondents also sought injunctive relief and payment for damages and attorney's fees.

As borne in the Officer's Return dated February 22, 2010, the PCCI was allegedly served summons, thus:¹¹

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⁹ *Id.* at 201.

 10 Id. at 210.

¹¹ Id. at 206.

This is to certify that on February 22, 2010, the undersigned personally SERVED copy of the Summons, Complaint and Notice of Raffle upon defendant THE PHILIPPINES CANINE CLUB, INC., with postal address at Room A206 Hillcrest Condominium, No. 1616 E. Rodriguez Avenue, Quezon City through Annabelle C. Villacorte as evidenced by her signature appearing on the face of the said document.

In its Manifestation and Answer ad Cautelam, PCCI countered that it was improperly served with summons. PCCI's Corporate Secretary Florentino Bustos certified that Annabelle C. Villacorte was its Events Section Manager, a regular employee not authorized to receive summons and other court processes on its behalf.¹²

PCCI also defended the validity of its twin resolutions. It supposedly complied with procedural due process requirements and found just cause to either expel or suspend respondents. At any rate, respondent had the remedy of an appeal before PCCI's Appeal Board pursuant to Section 17.1 of PCCI's amended by-laws. For respondents' failure to exhaust administrative remedies, their complaint before the trial court was premature.

During the hearing on respondents' motion for issuance of a temporary restraining order and/or writ of preliminary injunction, **Edgar Gacula** testified that as a member of PCCI, he was authorized to handle and manage purebred dogs during dog shows and competitions. This was his main source of livelihood. He was prevented from practicing his craft when PCCI suspended him for six (6) months. His co-respondents either got suspended or expelled as well under Resolutions 2171S012162009 and 2172S012162009. These Resolutions should be nullified since the disciplinary proceedings against them (respondents) were conducted by a biased Trial Board. Too, the Trial Board failed to follow its own rules of procedure when it came out with the twin Resolutions without formal hearing. On cross, Gacula admitted that he was already practicing his profession with AKCUPI.¹³

Trial Board member Atty. Juan Emmanuel Dominador Rualo¹⁴ was lone witness for PCCI. He testified on the Trial Board's compliance with the administrative due process requirements of notice and hearing. On cross, he admitted to being the son-in-law of Alice Ligot, a Board Director of PCCI. He, too, admitted that respondents'

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¹² Id. at 12.

¹³ Id. at 212-213.

¹⁴ Id. at 213-219.

motion for inhibition against Atty. Puno was denied for lack of basis. But as it was, Atty. Puno still refrained from actively participating in the proceedings. He further testified that:

The hearings conducted in July 2009 were basically conciliatory in nature but respondents' counsel Atty. Marlon Cruz was antagonistic. The Trial Board was therefore under the impression that respondents would have been better off to have attended the hearing in person as their representative only exasperated the proceedings with his useless grandstanding. Hence, the parties failed to reach a settlement. Consequently, the Trial Board proceeded with the formal hearings in October 2009.

Although the Trial Board tried to follow the formal structure of the hearing, its members agreed to simplify the proceedings since most members of PCCI were nonlawyers. The hearings, therefore, remained conciliatory in nature. The Trial Board tried to forge a settlement between the parties until the end but no compromise was forged since respondents were combative. The Trial Board therefore recommended that respondents be sanctioned. PCCI did not present a witness so the Trial Board merely relied on the documents PCCI submitted along with its complaint.

Respondents got suspended and expelled for their failure to adhere to Section 2.7 of the 2003 by-laws which pertained to PCCI's purpose to adopt and enforce uniform rules and regulations governing dog shows.¹⁵ This was established through pictures taken during AKCUPI-hosted events wherein respondents acted as dog trainers.

Subsequently, PCCI and respondents manifested that they were adopting the evidence they presented during the hearing on the application for injunctive relief as their evidence-in-chief.

On April 11, 2015, the trial court issued a writ of preliminary injunction and directed PCCI to reinstate respondents as members.¹⁶

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¹⁵ Id.

¹⁶ Id. at 14.



The Trial Court's Ruling

Under Decision¹⁷ dated September 17, 2015, the trial court granted the complaint, viz:18

WHEREFORE, premises considered, judgment is hereby rendered in favor of plaintiffs and against the defendant as follows:

PCCI's Board Resolution Nos. 2171SO12162009 and 1. 2172SO12162009 passed on December 16, 2009, including the sanctions imposed on the plaintiffs on the basis thereof is hereby declared NULL and VOID ab initio; the writ of preliminary injunction and writ of preliminary mandatory injunction issued in this case is hereby made permanent; and

The defendant PCCI is hereby ordered to pay plaintiffs the 2. amount of ₱50,000.00 as attorney's fees.

SO ORDERED.

The trial court narrowed the issue down to whether PCCI observed due process requirements when it conducted disciplinary proceedings against respondents.¹⁹ It found that although the guidelines issued by the Trial Board itself required a formal hearing, Atty. Rualo himself confirmed that the disciplinary proceedings were very informal.²⁰ Too, respondents were denied a real opportunity to be heard. There was strong doubt on the impartiality of the members of the Trial Board.²¹

More, the doctrine of exhaustion of administrative remedies was inapplicable since the issue of whether PCCI observed procedural due process is a purely legal question which may immediately be raised before a court of law.²²

Finally, respondents were compelled to litigate, justifying the award of attorney's fees of ₱50,000.00.²³

PCCI filed a motion for reconsideration of the trial court's ruling, insisting that it afforded respondents administrative due process; the complaint must be dismissed for failure to exhaust

¹⁷ Penned by Acting Presiding Judge Mitushealla R. Manzanero-Casiño; rollo (Vol. I), p. 208.

¹⁸ Id. at 225.

¹⁹ Id. at 220.

²⁰ Id. at 220-221. ²¹ Id. at 220-224.

²² Id. at 224.

²³ Id.

administrative remedies; the validity of respondents' suspension had already been mooted; and respondents are not entitled to attorney's fees. The trial court denied said motion on February 4, 2016.²⁴

Proceedings before the Court of Appeals

Aggrieved, PCCI filed an appeal before the Court of Appeals. It faulted the trial court for trying the merits of the complaint despite lack of jurisdiction over PCCI owing to improper service of summons; for declaring that PCCI failed to comply with the requirements of due process; for not dismissing the case despite respondents' failure to exhaust administrative remedies; for not dismissing the claims of the five (5) suspended respondents on ground of mootness, having already served their six (6)-month suspension; and for holding PCCI liable for attorney's fees.²⁵

On the other hand, respondents did not file an Appellees' Brief.

The Court of Appeals' Ruling

By Decision dated November 23, 2016, the Court of Appeals affirmed, citing as grounds:

First. PCCI failed to overthrow the presumption of regularity in the performance of official functions.²⁶

Second. Respondents were denied due process when the PCCI disciplined them through a biased tribunal.²⁷

Third. Respondents had no remedy available other than to seek judicial relief.²⁸

Fourth. The claims of respondents Gacula, Macalma, Reyes, Soriano and Javier were not mooted by the lapse of their six (6)-month suspension since they may have been deprived of certain rights and privileges which could now be restored.²⁹

Finally. Respondents were entitled to attorney's fees since they were compelled to litigate to protect their rights.³⁰

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²⁴ Id. at 13.
²⁵ Id. at 14.
²⁶ Id. at 15.
²⁷ Id. at 15-17.
²⁸ Id. at 17-18.
²⁹ Id. at 19.
³⁰ Id.

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The Court of Appeals, too, denied PCCI's motion for reconsideration on June 14, 2017.

The Present Petition

PCCI now invokes this Court's discretionary appellate jurisdiction and seeks a reversal of the Court of Appeals' dispositions. PCCI repleads the arguments already presented in the proceedings before the trial court and the Court of Appeals:

It asserts that the presumption of regularity does not apply in cases where the summons is patently defective; the courts below erred in assuming that the Trial Board was biased; respondents should have first exhausted administrative remedies before availing of judicial relief since the issues do not present mere questions of law; the case had already been mooted insofar as the suspended members are concerned since they had already regained their membership after serving their suspensions; and respondents are not entitled to attorney's fees since PCCI faithfully abided by its by-laws during the course of the disciplinary proceedings.

Respondents in their Comment³¹ counter that PCCI's twin resolutions are void for failure of the Trial Board to hold formal hearings. They reiterate the concurrent findings of the courts below that they were denied their real opportunity to be heard and present witnesses in their favor.

As for the alleged improper service of summons, respondents fault PCCI for raising this issue in its Manifestation and Answer ad Cautelam rather than in a motion to dismiss. More, PCCI voluntarily submitted to the jurisdiction of the trial court by actually participating at every stage of the proceedings. They quote the Court of Appeals' discussion with affirmance.

Threshold Issues

- 1. Did the trial court acquire jurisdiction over PCCI?
- 2. Were respondents afforded due process during the disciplinary proceedings before the Trial Board?

³¹ Rollo (Vol. II), p. 584.

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Ruling

The petition lacks merit.

The trial court acquired jurisdiction over PCCI

Service of summons is a vital and indispensable ingredient of due process.³² Aside from giving notice to the defendant of the civil action against him or her,³³ service of summons also vests the courts of law with jurisdiction over his or her person. Unless the defendant voluntarily submits to the authority of the court, a defective service of summons would result in a void judgment.³⁴

Rule 14 of the Rules of Court governs the service of summons. Section 11 thereof specifically deals with personal service of summons upon domestic corporations such as PCCI, *viz*:

Section 11. Service upon domestic private juridical entity. — When the defendant is a corporation, partnership or association organized under the laws of the Philippines with a juridical personality, service may be made on the president, managing partner, general manager, corporate secretary, treasurer, or in-house counsel. (emphasis added)

Here, PCCI claims that Villacorte occupied neither of the positions enumerated in the afore-cited provision. Thus, the service of summons on it was void.

The argument must fail.

It is a legal presumption, based on wisdom and experience, that official duty has been regularly performed; that the proceedings of a judicial tribunal are regular and valid, and that judicial acts and duties have been and will be duly and properly performed.³⁵ The burden of proving the irregularity in official conduct, if any, is on the party alleging it which, in this case, is PCCI.

PCCI utterly failed to overthrow this presumption. It merely offered a certification from its Corporate Secretary that Villacorte was its Events Section Manager, nothing more. Surely, this self-serving evidence is not sufficient. The testimony of PCCI's sole witness Atty.

³² Green Star Express, Inc. v. Nissin-Universal Robina Corporation, 763 Phil. 27, 31-32 (2015).

³³ Atty. Sarsaba v. Vda. de Te, 611 Phil. 794, 815 (2009).

³⁴ See *People's General Insurance Corporation v. Guansing*, G.R No. 204759, November 14, 2018.

³⁵ Cada v. Time Saver Laundry, 597 Phil. 548, 561 (2009).

Rualo did not even cover the matter, limited as it was on the Trial Board's disciplinary proceedings against respondents. Indeed, PCCI could have easily presented a copy of Villacorte's identification card or her document of employment indicating her actual position in the company to establish that she was not among the corporate officers authorized under Rule 14, Section 11 of the Rules of Court to receive summons on its behalf, yet it failed to do so.

At any rate, PCCI voluntarily submitted itself to the jurisdiction of the trial court when it moved for reconsideration of the Decision dated September 17, 2015 without raising the issue of jurisdiction. Since PCCI sought affirmative relief from the trial court by virtue of said motion, it was subsequently deemed barred from denying the trial court's jurisdiction over its person. As held in *Nation Petroleum Gas*, *Inc. v. RCBC*:³⁶

 $x \ x \ x \ x$ By seeking affirmative reliefs from the trial court, the individual petitioners are deemed to have voluntarily submitted to the jurisdiction of said court. A party cannot invoke the jurisdiction of a court to secure affirmative relief against his opponent and after obtaining or failing to obtain such relief, repudiate or question that same jurisdiction. Therefore, the CA cannot be considered to have erred in affirming the trial court's denial of the Special Appearance with Motion to Dismiss for alleged improper service of summons.

Indeed, the active participation of the party against whom the action was brought, coupled with his failure to object to the jurisdiction of the court or administrative body where the action is pending, is tantamount to an invocation of that jurisdiction and a willingness to abide by the resolution of the case and will bar said party from later on impugning the court or body's jurisdiction.

So must it be.

Respondents were denied procedural due process

In *Vivo v. PAGCOR*,³⁷ the Court enumerated the requirements for procedural due process in administrative proceedings, thus:

x x x x (1) the right to actual or constructive notice of the institution of proceedings which may affect a respondent's legal rights; (2) a real opportunity to be heard personally or with the assistance of counsel, to present witnesses and evidence in one's favor, and to defend one's rights; (3) a tribunal vested with

³⁶ 766 Phil. 696, 723 (2015).

³⁷ 721 Phil. 34, 43 (2013).

competent jurisdiction and so constituted as to afford a person charged administratively a reasonable guarantee of honesty as well as impartiality; and (4) a finding by said tribunal which is supported by substantial evidence submitted for consideration during the hearing or contained in the records or made known to the parties affected. (emphases added)

Indeed, the essence of procedural due process is hinged on the basic requirements of notice and a *real* opportunity to be heard. The Court emphasized in *Fabella v. Court of Appeals*³⁸ that the requirement of hearing presupposes a competent and impartial tribunal; the right to be heard and, ultimately, the right to due process of law lose meaning in the absence of an independent, competent and impartial tribunal.

As borne out by the records, the Trial Board was far from impartial. Notably, Atty. Rualo was the son-in-law of Alice Ligot, a Board Director of PCCI. To recall, it was the Board of Directors of the PCCI which filed the complaint against respondents with the Trial Board. Given that Atty. Rualo is a first-degree relative by affinity of a PCCI Board Director, it would have been prudent for him to have recused from the proceedings.

Similarly, Trial Board Chairman Atty. Puno was PCCI's counsel in Q-09-207 against respondents involving a complaint for nullification of the amendments to PCCI's by-laws filed by respondents themselves. Despite respondents' motion for Atty. Puno to inhibit, the Trial Board denied it outright, allowing Atty. Puno to still participate in the disciplinary proceedings against respondents. Contrary to Atty. Rualo's statement Atty. Puno did not desist, but actively participated in the proceedings.

Verily, Atty. Rualo's relation to a Board Director of PCCI and Atty. Puno's involvement in Q-09-207 were clear indications of conflict of interest which deprived respondents of a fair trial and a real opportunity to be heard. As it was, the Trial Board was left with only one impartial member. Respondents cannot be said to have been afforded a real opportunity to be heard let alone, given a fair and honest trial.

Respondents were left with no other remedy than to seek judicial relief



³⁸ 346 Phil. 940, 945 (1997).

The doctrine of exhaustion of administrative remedies provides that for reasons of comity and convenience, courts of justice will shy away from a dispute until the system of administrative redress has been completed and complied with, so as to give the administrative agency concerned every opportunity to correct its error and dispose of the case.³⁹ This doctrine though admits of exceptions, *viz*:

x x x (a) where there is *estoppel* on the part of the party invoking the doctrine; (b) where the challenged administrative act is patently illegal, amounting to lack of jurisdiction; (c) where there is unreasonable delay or official inaction that will irretrievably prejudice the complainant; (d) where the amount involved is relatively so small as to make the rule impractical and oppressive; (e) where the question involved is purely legal and will ultimately have to be decided by the courts of justice; (f) where judicial intervention is urgent; (g) where the application of the doctrine may cause great and irreparable damage; (h) where the controverted acts violate due process; (i) where the issue of nonexhaustion of administrative remedies has been rendered moot; (j) where there is no other plain, speedy and adequate remedy; (k) where strong public interest is involved; and (l) in quo warranto proceedings. (emphasis added)

Here, the Court of Appeals correctly held that despite the statement in PCCI's resolutions advising respondents of their supposed right to file an administrative appeal with the Appeal Board within thirty (30) days from receipt, such recourse would have been an exercise in futility.⁴⁰

For one, PCCI had yet to organize an appeal Board pursuant to Section 17.1.1 of the 2008 by-laws. For another, the members of the Appeal Board would have been appointed by the Board of Directors, the very entity which expelled and suspended respondents in the first place.⁴¹ Under these circumstances, respondents were left with no other remedy but to seek judicial relief.⁴²

The case was not rendered moot.

A case becomes moot and academic when, by virtue of supervening events, there is no more actual controversy between the parties and no useful purpose can be served in passing upon the merits.⁴³

³⁹ Samar II Electric Cooperative, Inc. v. Seludo, Jr., 686 Phil. 786, 797 (2012).

⁴⁰ Rollo (Vol. I), pp. 17-18.

⁴¹ Id. at 447.

⁴² Id. at 18.

⁴³ Republic v. Principalia Management and Personnel Consultants, Inc., 768 Phil. 334, 343 (2015).

Here, respondents Gacula, Javier, Macalma, Reyes, and Soriano were suspended for six (6) months. According to PCCI, they had already served their respective penalties. This fact alone, however, does not render their complaint moot. For as the courts below correctly observed, respondents may have been deprived of gratuities or benefits while serving their suspensions.

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Respondents are entitled to attorney's fees

Finally, Article 2208 of the Civil Code enumerates the cases where a party may recover attorney's fees, *viz*:

Article 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:

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(2) When the defendant's act or omission has compelled the plaintiff to litigate with third persons or to incur expenses to protect his interest;

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In all cases, the attorney's fees and expenses of litigation must be reasonable.

Respondents here were compelled to litigate to protect their interest. They had no other option other than judicial recourse since administrative appeal, though provided for under PCCI's amended by-laws, was not a viable remedy. The award of attorney's fees of P50,000.00 is, therefore, in order.

WHEREFORE, the petition is **DENIED.** The assailed Decision dated November 23, 2016 of the Court of Appeals in CA-G.R. CV No. 106812 is **AFFIRMED**.

The manifestation of Atty. Mark Ericson M. Magdamo, counsel for petitioner, stating that he has withdrawn from the law firm of Gulapa and Quicho effective October 28, 2018, nevertheless, he will continue to appear as counsel for petitioner is **NOTED**, and his request that all pleadings, notices, orders, resolutions, decision and other documents issued by the Court be furnished to him to his new firm, Quicho Law Offices at 2303 Antel Global Corporate Center, Julia Vargas, Ortigas Center, 1605 Pasig City, is **GRANTED**; the petitioner's motion to admit reply, stating that while it has not received any order directing it to file a reply to the comment on the petition for review on certiorari, it respectfully prays that the thereto attached reply be admitted in the proper resolution of this case, is **GRANTED**; the petitioner's aforesaid reply is **NOTED**; and Atty. Mark Ericson M. Magdamo is required to **SUBMIT** within five (5) days from notice hereof, the verified declarations of the manifestation and the motion to admit reply and the reply itself, respectively, pursuant to A.M. Nos. 10-3-7-SC and 11-9-4-SC.

SO ORDERED." J. Reyes, Jr, J., on official leave.

Atty. Mark Ericson M. Magdamo QUICHO LAW OFFICES Counsel for Petitioner 2303 Antel Global Corporate Center Julia Vargas, Ortigas Center 1605 Pasig City

Very truly yours, LIBR Division/Clerk of Court & 614 34

Court of Appeals (x) Manila (CA-G.R. CV No. 106812)

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The Hon. Presiding Judge Regional Trial Court, Branch 219 1100 Quezon City (Civil Case No. Q-10-233)

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