

Title: Anita Mangila v. Court of Appeals and Loreta Guina

Facts:

Anita Mangila, an exporter, engaged the freight forwarding services of Loreta Guina's Air Swift International for multiple shipments, agreeing to cash on delivery with an 18% annual interest on overdue accounts per the invoice, which also stated a 25% attorney's fees and costs of suit in case of litigation. Despite several demands, Mangila failed to pay the shipping charges amounting to P109, 376.95 for the three shipments made in March 1988. Guina filed Civil Case No. 5875 for sum of money in the Regional Trial Court (RTC) of Pasay City. Due to Mangila's failure to be located at the stated address and departure from the Philippines for Guam, Guina filed a Motion for Preliminary Attachment, which the RTC granted.

Mangila, without submitting to the court's jurisdiction, filed an Urgent Motion to Discharge Attachment, noting she had not been served the complaint and summons. After delays and a reset hearing, the Motion to Discharge Attachment was granted based on a counter-bond filed by Mangila, but the court did not address the jurisdiction or attachment issues. An alias summons was eventually served on Mangila, who then moved to dismiss the complaint based on improper venue as specified in the invoice (Makati, Metro Manila). The RTC denied the motion, rejected a subsequent motion for reconsideration, and upon petitioner's failure to appear at pre-trial, allowed Guina to present evidence ex-parte, leading to a default judgment against Mangila. The RTC ruled in favor of Guina, which was affirmed upon appeal to the Court of Appeals.

Issues:

1. Was the writ of attachment improperly issued and served?
2. Was there a valid declaration of default against the petitioner?
3. Was the venue for the action improperly laid?
4. Did the Court of Appeals err in upholding the petitioner's obligation to pay the claimed amount plus attorney's fees?

Court's Decision:

The Supreme Court granted the petition, reversing the decisions of the Court of Appeals and the RTC based on two grounds: improper venue and invalid service of the writ of attachment. The Court clarified that while attachment can be ordered at the commencement of the action, jurisdiction over the person must be obtained through service of summons before implementing the writ, which did not happen in Mangila's case. The Court also found

that the stipulation in the invoice for Makati as a venue was not exclusive. However, as Guina's business was a sole proprietorship without separate legal personality, the case should have been filed in her place of residence (Parañaque) or that of the defendant (Pampanga). Hence, the case was dismissed without prejudice to refile in the proper venue.

Doctrine:

1. A writ of attachment must be served after or simultaneously with the service of summons on the defendant to be valid.
2. Venue stipulations in a contract should contain qualifying or restrictive words to indicate exclusivity, otherwise, they are considered agreements on an additional forum, not limiting venue.
3. A sole proprietorship does not have a separate juridical personality from its owner and cannot independently bring or defend an action in court.

Class Notes:

- Jurisdiction over the person must be obtained through service of summons before a writ of attachment may be implemented.
- The grounds for motion to dismiss include lack of jurisdiction over the person, improper venue, and more provided in Rule 16 of the Rules of Court.
- Venue for personal actions is generally the residence of the plaintiff or defendant (Rule 4, Section 2, Revised Rules of Civil Procedure).
- Stipulations for venue in contracts must be clear to be considered exclusive.
- Sole proprietorships lack separate legal personality for litigation purposes.

Historical Background:

The case captures the legal issues surrounding jurisdictional procedures and the interpretation of venue agreements in contracts within the context of civil disputes in the Philippines. It underpins the procedural aspects that affect the administration of justice, reflecting the judicial prerogative to ensure fairness and proper jurisdictional adherence. The case serves as a cautionary tale for litigants about the impact of procedural missteps and provides clear guidance on the legal treatment of sole proprietorships and venue stipulations in contract law.