

Title: \*Philippine National Construction Corporation vs. Asiavest Merchant Bankers (M) Berhad\*

**\*\*Facts:\*\***

Asiavest Merchant Bankers (M) Berhad, a Malaysian corporation, filed a complaint against the Philippine National Construction Corporation (PNCC) in the Regional Trial Court of Pasig for the recovery of a sum of money amounting to MYR 3,915,053.54. This was in relation to PNCC's obligations under construction contracts for rural roads and bridges in Malaysia. To guarantee PNCC's performance, various guarantees and bonds were obtained from Asiavest Merchant Bankers. Upon PNCC's failure to perform, Asiavest paid a compromise amount to the State of Pahang and subsequently pursued indemnity from PNCC in the Philippines.

PNCC's requests for extensions to file its answer were repeatedly granted by the trial court until their last request was denied, leading to PNCC being declared in default. The trial court ruled in favor of Asiavest, a decision confirmed by the Court of Appeals. PNCC's contentions involved the procedural issues of jurisdiction and denial of due process, claims on the impropriety of not including other parties, the applicability of Malaysian laws on prescription, and claims that Asiavest had ceased operations.

**\*\*Issues:\*\***

1. Whether the Court of Appeals correctly dismissed the appeal for involving pure questions of law.
2. The necessity of impleading two Malaysian corporations as parties due to participant liability.
3. The trial court's decision to assume jurisdiction based on the forum non conveniens principle.
4. Whether PNCC was deprived of due process when declared in default.
5. The application of Malaysian laws regarding the claim's prescription.
6. The impact of Asiavest's alleged cessation of operations on the case.

**\*\*Court's Decision:\*\***

1. The Supreme Court upheld the Court of Appeals decision that PNCC raised only questions of law, as PNCC failed to present evidence due to its default status.
2. The Supreme Court found that PNCC's contention regarding the necessity to implead two Malaysian corporations was not properly assigned as an error in its appeal, therefore it was not considered.

3. The Supreme Court agreed with the lower courts' assumption of jurisdiction, explaining that the case's forum non conveniens argument did not divest the local court of its jurisdiction.
4. On due process, the Supreme Court found that PNCC was not deprived of its opportunity to be heard, noting PNCC's failure to utilize the opportunities given to file its Answer.
5. On the issue of prescription under Malaysian law, the Supreme Court noted PNCC failed to plead and prove the Malaysian law it sought to apply, hence the doctrine of processual presumption was applied, presuming foreign law to be the same as Philippine law.
6. Regarding Asiavest's alleged non-existence, the Supreme Court did not entertain the claim as it was raised for the first time before the Supreme Court and thus was deemed waived.

**\*\*Doctrine:\*\***

The Supreme Court reiterated the doctrines pertaining to forum non conveniens, the doctrine of processual presumption in dealing with foreign laws, and principles affirming jurisdiction of Philippine courts over cases involving foreign parties under specific situations.

**\*\*Class Notes:\*\***

1. **\*\*Doctrine of Processual Presumption\*\***: When foreign law is not properly pleaded or proved, it is presumed to be the same as Philippine law.
2. **\*\*Forum Non Conveniens\*\***: A discretionary power allowing courts not to assume jurisdiction over a case if it finds that it is not the most convenient or appropriate forum.
3. **\*\*Prescription under Foreign Law\*\***: The necessity of proving foreign law as a matter of fact, failing which, the local law is presumed to apply.
4. **\*\*Jurisdiction Over Foreign Entities\*\***: Philippine courts have jurisdiction over cases involving foreign entities if the case falls within the provisions of Philippine law that delineate such jurisdiction.
5. **\*\*Due Process in Default Judgments\*\***: Due process is upheld as long as the parties are given the opportunity to be heard, even if ultimately declared in default.

**\*\*Historical Background:\*\***

This case illustrates the complexities involved in international transactions and the legal challenges that can arise when different legal systems interact. Emphasizing the Philippine judiciary's approach to jurisdiction, due process, and the application of foreign laws, the decision reflects the balance between respecting international legal principles and protecting the rights within its jurisdiction.