

Title: Clavecilla Radio System vs. Hon. Agustín Antillón and New Cagayan Grocery

Facts:

On March 12, 1963, a telegram intended for New Cagayan Grocery was sent via Clavecilla Radio System's Bacolod branch to be transmitted to their Cagayan de Oro branch. The message was meant to inform New Cagayan Grocery that a certain product was "not available" and proposed a future shipment if acceptable. However, the transmitted message mistakenly omitted the word "NOT," thus altering the meaning and leading New Cagayan Grocery to suffer damages.

Subsequently, New Cagayan Grocery filed a complaint for damages against Clavecilla Radio System in the Municipal Court of Cagayan de Oro City. Clavecilla moved to dismiss on the grounds of no cause of action and improper venue, which was denied, leading them to file a petition for prohibition with the Court of First Instance (CFI) of Misamis Oriental, arguing improper venue since their principal office was in Manila. The CFI dismissed the petition, upholding the City Court's jurisdiction, leading to Clavecilla's appeal to the Supreme Court on the ground that the suit should be filed in Manila.

Issues:

1. Whether the venue was properly laid in Cagayan de Oro City instead of Manila.

Court's Decision:

The Supreme Court reversed the order of the CFI, holding that the venue was improperly laid. It reiterated the principle that a corporation's residence, for the purpose of determining venue for personal actions not arising from a written contract, is in the place where its principal office is located, which, in this case, is Manila. The Court emphasized that allowing lawsuits to be filed in any location where a corporation might have a branch office would lead to confusion and inconvenience.

Doctrine:

The residence of a corporation for determining the proper venue of an action not arising from a written contract is the location of its principal office. A corporation can be sued only in the municipality or city where it maintains its principal office, not merely where it can be served with summons.

Class Notes:

- Venue in personal actions not based on a written contract: Governed by the residence of the defendant or where the defendant may be served, for corporations, this is the location of

the principal office (Rule 4, Section 1, b (3) of the Rules of Court).

- Corporate Residence: A corporation's legal residence is deemed to be the location of its principal office.
- Principle of Singular Residence for Legal Actions: A corporation or individual may only have one legal residence for the purposes of determining venue in legal actions. Branch offices do not constitute separate residences.

Historical Background:

This case reflects the judiciary's interpretation of corporate residence for jurisdictional purposes and the principles governing the determination of proper venue in civil suits against corporations. It underscores the court's attempt to balance the need for convenient access to legal remedies and the potential burden on corporations of defending suits in multiple jurisdictions due to the presence of branch offices. Through this decision, the Philippine Supreme Court affirms the primacy of established corporate residence as the basis for venue decisions, avoiding potential legal confusion and undue inconvenience on corporations.