

**\*\*Title:\*\*** Clavecilla Radio System vs. Hon. Augustin Antillon and New Cagayan Grocery

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

This case involves a dispute that began with a telegraphic message sent through Clavecilla Radio System's branch in Bacolod to New Cagayan Grocery in Cagayan De Oro. The message was meant to inform New Cagayan Grocery that a specific product was not available for immediate delivery, but due to an error by Clavecilla's Cagayan De Oro branch, the word "NOT" was omitted, misleading the recipient. Consequently, New Cagayan Grocery filed a complaint for damages against Clavecilla Radio System, alleging that the omission had caused them to suffer damages.

Clavecilla Radio System filed a motion to dismiss the complaint based on the arguments that it lacked cause of action and that the venue was improperly laid. When this motion was denied by the City Judge, Clavecilla Radio System escalated the matter to the Court of First Instance, arguing that the improper venue should prohibit the City Judge from proceeding. However, the Court of First Instance dismissed this petition, maintaining that Clavecilla could be sued in Cagayan de Oro City where it had a branch office.

Dissatisfied, Clavecilla Radio System appealed to the Supreme Court of the Philippines, contending that the case should be filed in Manila where its principal office was located, citing rules on venue from the New Rules of Court.

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

The legal issue at the core of the appeal was whether the venue for suing Clavecilla Radio System was properly laid in Cagayan de Oro City, where the action leading to the complaint took place and where the defendant could be served with summons, or in Manila, where its principal office is located.

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

The Supreme Court reversed the decision of the Court of First Instance. It clarified that, based on corporation law principles and the New Rules of Court, the residence of a corporation for the purpose of legal actions is where its principal office is located, which for Clavecilla Radio System is Manila. Therefore, the Supreme Court held that the suit should be filed in Manila and not in Cagayan de Oro City. The Court reasoned that allowing suits against a corporation in any place where it has branch offices would create confusion and inconvenience. This decision was in alignment with prior court decisions, notably *Cohen vs. Benguet Commercial Co., Ltd.*

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

The key doctrine established by this case is the principle that for purposes of legal actions, the residence of a corporation is where its principal office is established. Therefore, suits involving the corporation are to be filed in the court that has jurisdiction over the place where the principal office is located, not where branch offices are situated.

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

- The residence of a corporation is where its principal office is located for the purposes of determining proper venue for legal actions.
- A corporation can only have one legal residence for the purpose of suits, which prevents confusion and undue inconvenience.
- The rules regulating venue are not subject to the plaintiff's preference but are defined by the Rules of Court.

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

This case reflects the broader legal principles governing corporate entities in the Philippines, particularly focusing on the concept of corporate domicile for legal jurisdiction and venue purposes. It underscores the balance the law seeks to achieve between the ease of doing business and the fair and orderly administration of justice, especially in situations where a corporation operates in multiple locations. Through this decision, the Philippine Supreme Court reiterates the standard for determining the proper venue for actions against corporations, emphasizing clarity and simplicity in legal processes.