

Title: Perkin Elmer Singapore Pte Ltd. vs. Dakila Trading Corporation

Facts:

Dakila Trading Corporation, a Philippine-based company engaged in laboratory and control instrumentation, entered into a Distribution Agreement on June 1, 1990, with Perkin-Elmer Instruments Asia Pte Ltd. (PEIA), a Singaporean company, to distribute PEIA's products in the Philippines. Perkin Elmer Singapore Pte Ltd., the petitioner in this case, claimed it was a separate entity from PEIA and not doing business in the Philippines. The agreement allowed Dakila to purchase and sell PEIA's products in the Philippines under set terms, and in return, PEIA would pay Dakila commissions. Orders could be placed with either PEIA or its affiliated Philippine corporation, Perkin-Elmer Instruments (Philippines) Corporation (PEIP), in which PEIA allegedly owned 99% of the shares.

On August 2, 1997, PEIA unilaterally terminated the agreement, leading Dakila to file a complaint for collection of sum of money and damages with the Regional Trial Court (RTC) of Mandaluyong City against PEIA and PEIP, which was later amended to change PEIA's name to Perkin Elmer Singapore, taking issue with service of summons.

The RTC issued orders denying Dakila's initial motions regarding attachment and later allowed Dakila to serve summons outside the Philippines. Despite Dakila's amendment and procedural requests, the trial court and subsequent Court of Appeals decisions addressed, but did not ultimately resolve, the jurisdictional challenges and summons service errors claimed by Perkin Elmer Singapore.

Issues:

1. Whether the service of summons on Perkin Elmer Singapore was defective, and if the trial court thus failed to acquire jurisdiction over the petitioner.
2. Whether the Court of Appeals erred in determining that the sole issue was the validity of extraterritorial service of summons.
3. Whether the appellate court should have granted the Petition for Certiorari based on the Amended Complaint's failure to state a cause of action against the petitioner.
4. Whether the venue for Dakila's civil case against the petitioner was improperly laid.

Court's Decision:

The Supreme Court granted the petition, reversed and set aside the decisions of the Court of Appeals and the RTC Mandaluyong, hence dismissing the Amended Complaint against Perkin Elmer Singapore. The Court iterated that:

1. The action for collection of sum of money and damages was an action in personam, necessitating personal service of summons within the Philippines. The extraterritorial service was invalid; hence the RTC failed to acquire jurisdiction over Perkin Elmer Singapore.
2. The causes of action and venue provisions within the Distribution Agreement did not convert the case into an action quasi in rem where extraterritorial service could be justified.
3. A full trial was deemed necessary for parties to prove their allegations, however, due to the invalid service of summons and lack of jurisdiction over Perkin Elmer Singapore, any proceeding against it in the trial court was declared null and void.
4. The counterclaim filed by Perkin Elmer Singapore, which was compulsory in nature for damages arising from unfounded suit, would not be dismissed and should be resolved on its own merits.

Doctrine:

This case reaffirms that for actions in personam involving non-resident defendants not found in the Philippines, personal service of summons within the country is essential to acquire jurisdiction over their person. Extraterritorial service of summons under Rule 14, Section 15 of the 1997 Revised Rules of Civil Procedure is invalid for such actions.

Class Notes:

- **Jurisdiction over Parties**: For Philippine courts to have authority over parties in a civil case, jurisdiction must be established either through voluntary appearance or proper service of summons.
- **Service of Summons**: In personal actions against non-resident defendants not found in the Philippines, personal service of summons in the country is required.
- **Actions in Personam vs. Actions in Rem/Quasi in Rem**: This case differentiates between these types of actions, emphasizing proper jurisdiction and service of summons depending on the nature of the action.
- **Compulsory Counterclaim**: Even if the main action is dismissed due to invalid service of summons, a compulsory counterclaim for damages may proceed independently.

Historical Background:

The dispute stemmed from a unilateral termination of a distribution agreement between a Philippine corporation and a foreign corporation with an affiliated Philippine entity, highlighting complex jurisdictional issues in international contracts and the challenges of summons service for foreign entities in Philippine courts.