

Title: **Salera v. A-1 Investors, Inc.: A Case on the Proper Venue for Annulment of Judgment and the Limits of an Injunction**

Facts:

The controversy began when Teodora Salera, the mother of the petitioners, borrowed PHP 50,000 from respondent A-1 Investors, Inc. on August 27, 1992, with a 6% per month interest rate and a 2% monthly liquidated damages clause for any outstanding amount, plus attorney's fees set at 25% of the due amount if collection through legal services was needed. Failing to repay the loan, A-1 Investors, Inc. filed a complaint for the collection of money against Teodora and her husband, Saturnino Salera, Sr., in the Metropolitan Trial Court (MeTC) of Quezon City on August 15, 1996. Summons were sent to the Salera family residence but were supposedly not received by the couple due to Saturnino Sr.'s political engagement in Bohol, resulting in their default judgment. Unaware of these proceedings, the Saleras were shocked when informed about a Notice of Levy and a subsequent Notice of Public Auction concerning their property in Cebu City.

Upon learning about the auction scheduled to sell their property to satisfy the judgment, Saturnino Sr. filed an "Injunction with Damages" complaint in the Regional Trial Court (RTC) of Cebu City, arguing he was not properly served with summons and due process was denied. The RTC of Cebu issued a Temporary Restraining Order (TRO) and later, a Preliminary Injunction to halt the auction. The respondent filed motions for summary judgment and to quash the injunction, which were denied by the RTC. After Saturnino, Sr.'s death, his children, now petitioners, continued the injunction case. The respondent moved to the Court of Appeals seeking to prohibit the Cebu RTC from proceeding with the injunction case, arguing jurisdictional issues.

Issues:

1. Whether or not Regional Trial Courts have jurisdiction over injunction cases.
2. Whether or not the respondent is estopped from raising the issue of lack of jurisdiction.
3. Whether or not the complaint in Civil Case No. CEB-20550 should have been treated as a petition to annul the decision in Civil Case No. 15996 of the MeTC of Quezon City.

Court's Decision:

The Supreme Court denied the petition, affirming the decision and resolution of the Court of Appeals, ultimately lifting the preliminary injunction issued by the RTC of Cebu and prohibiting it from proceeding with Civil Case No. CEB-20550. The Court clarified:

1. While the RTCs generally have jurisdiction over injunction cases, the petitioners were in

effect seeking an annulment of the MeTC's judgment, for which a proper remedy would have been an annulment of judgment, not an injunction.

2. The respondent was not estopped from questioning the jurisdiction of the RTC of Cebu, as it adequately raised concerns of jurisdiction both in its motion for reconsideration and in its answer in the injunction case.

3. Since the action was factually framed as an injunction and not an annulment of judgment, it was inappropriate to consider it otherwise without the necessary pleadings stipulated by rules governing annulment of judgment actions.

****Doctrine:****

The jurisdiction over an action for the annulment of a judgment or final order of a Municipal Trial Court lies in the Regional Trial Court having jurisdiction over the area where the lower court is situated. This aligns with Sections 1 and 2 in relation to Section 10 of Rule 47 of the 1997 Rules of Civil Procedure. Moreover, it is emphasized that jurisdictional arguments can be raised at any stage of the proceedings.

****Class Notes:****

- ****Doctrine of Jurisdiction:**** Jurisdiction over the subject matter is determined by the statute in force at the time of the commencement of the action.
- ****Adequate Remedy Consideration:**** In cases involving final and executory judgments, the proper recourse is not an injunction but an annulment of judgment, following specific procedural requirements.
- ****Jurisdiction for Annulment of Judgment:**** An annulment of judgment by a Municipal Trial Court must be filed in the Regional Trial Court having jurisdiction over the area where the Municipal Trial Court is located, not elsewhere.
- ****Limitations of Injunctions:**** An injunction cannot be used to circumvent the proper legal remedies established for addressing grievances with final judgments, such as annulment of judgment or an appeal.
- ****Estoppel and Jurisdiction:**** A party may be estopped from questioning the jurisdiction of a court if they have actively participated in the proceedings and invoked the jurisdiction of that court to seek affirmative relief.

****Historical Background:****

This case underscores the importance of adhering to procedural norms in seeking redress in the Philippine legal system. It illustrates how the judiciary interprets the balance between the substantive rights to due process and the procedural gates through which these rights must be secured. The case reaffirms essential principles about the hierarchy of legal

remedies, jurisdictional mandates, and the boundaries of legal actions in contesting judicial decisions.