

Title:

****Sixto N. Chu vs. Mach Asia Trading Corporation****

Facts:

The case evolved from a transaction where Sixto N. Chu (petitioner) and Mach Asia Trading Corporation (respondent) entered into contracts. On December 8, 1998, Chu purchased a Hitachi Excavator from the respondent for P900,000.00, paying an initial P180,000.00 and agreeing to settle the balance in 12 monthly installments via postdated checks from Prime Bank. Again, on March 29, 1999, Chu bought two pieces of heavy equipment (a motorgrader and a payloader) for P1,000,000.00, making a down payment of P200,000.00 with the remaining balance to be paid in 12 monthly installments through Land Bank postdated checks.

Upon presentment, Chu's checks were dishonored due to various reasons, prompting the respondent to demand payment. Chu responded, attributing his failure to comply to the Asian economic crisis but promised partial payments and to surrender the units if unable to pay. The respondent filed a complaint for sum of money, replevin, attorney's fees, and damages with the Regional Trial Court (RTC) of Cebu City on November 11, 1999.

The summons intended for Chu were initially not served personally as he was absent, leading the sheriff to perform a substituted service by leaving the documents with Chu's security guard. Chu didn't respond, and the RTC declared him in default, subsequently ruling in favor of the respondent.

Chu appealed this decision to the Court of Appeals (CA), arguing the invalidity of the substituted service of summons and the default judgment. The CA, however, affirmed the RTC's decision with a minor adjustment regarding attorney's fees.

Issues:

1. Whether the substituted service of summons was valid.
2. Whether the trial court acquired jurisdiction over Chu, thus making the default judgment valid.
3. The appropriateness of the legal consequences stemming from the alleged improper service of summons.

Court's Decision:

The Supreme Court (SC) granted Chu's petition, reversingly setting aside the decisions of both the RTC and the CA, ruling that the substituted service was invalid. The SC

emphasized that the strict compliance required for substituted service was not met as the summons was given to a security guard without showing any attempt at personal service or that the security guard had a relationship of confidence with Chu to ensure that Chu would actually receive the summons. Without proper service of summons, jurisdiction over Chu had not been established, rendering the default judgment null and void.

Doctrine:

The principle reiterated is that courts acquire jurisdiction over the defendants in a civil case either through the service of summons upon them or through their voluntary appearance in court and their submission to its authority. Moreover, substituted service, being an extraordinary method, must strictly comply with statutory requirements, and any deviation renders it ineffective.

Class Notes:

- **Jurisdiction over Defendants**: Established either through valid service of summons or voluntary court appearance.
- **Substituted Service Requirements** (Section 7, Rule 14 of the Rules of Court): Must show attempts at personal service failed, and the person receiving it has a relationship of confidence with the defendant ensuring the latter will receive the summons.
- **Default Judgment**: Can be declared void if the court did not have jurisdiction over the person of the defendant due to improper service of summons.

Historical Background:

The case illustrates the procedural safeguards surrounding the service of summons in Philippine jurisdiction, emphasizing the necessity of proper service for court jurisdiction and the consequential validity of judgments. The evolution of this safeguard can be traced back to the desire to balance efficient litigation with the fundamental rights to due process and fair trial.