

### Title:

Hoechst Philippines, Inc. vs. Francisco Torres and Hon. Procoro J. Donato (Venue Stipulation in Contracts)

### Facts:

On April 8, 1976, Francisco Torres filed a complaint against Hoechst Philippines, Inc. in the Court of First Instance of Isabela, alleging breach of a distributorship contract. The contract contained a stipulation that any litigation arising from the agreement should be filed in the competent courts of the Province of Rizal. On April 14, Hoechst filed a motion to dismiss based on improper venue, citing this stipulation and referencing the Supreme Court ruling in *\*\*Bautista vs. De Borja\*\**. However, the Isabela court denied the motion and its reconsideration, leading to Hoechst's petition for certiorari and prohibition with the Supreme Court, challenging the lower court's authority to proceed with the case due to the venue issue.

### Issues:

1. Whether the stipulation regarding venue in the contract is binding and enforceable.
2. If enforceable, whether the stipulation is oppressive and contrary to public policy, especially considering the defendant's economic capability and the nature of the agreement.

### Court's Decision:

The Supreme Court granted Hoechst's petition, setting aside the orders from the lower court and granting the motion to dismiss based on improper venue. The court upheld that a written agreement on the venue of any litigation arising from a contract is binding and enforceable, as per Section 3, Rule 4. The argument that such stipulations are oppressive and contrary to public policy was rejected, as the economic conditions of Torres, considering the volume of business and the amount sought in his complaint, did not warrant this conclusion.

### Doctrine:

A written agreement on venue stipulation between parties is not only binding but also enforceable by the courts, as authorized by the relevant procedural rules. However, the enforceability of such a stipulation may be subject to review if it could potentially result in injustice, such as practically denying a party access to court due to their economic condition or the venue's inconvenience.

### Class Notes:

- **Venue Stipulation in Contracts**: Legally binding if written and agreed upon by the parties, enforceable before and after an action is filed.
- **Economic Condition Relevance**: A defendant's economic capability may be considered in determining the enforceability of a venue stipulation, especially if it risks denying access to justice.
- **Rule Reference**: Per Section 3, Rule 4, changes and transfers of venue by written agreement of the parties are allowable and enforceable at the discretion of the court.

### ### Historical Background:

The decision underscores a period where contractual freedom, including venue stipulation, was generally upheld by the judiciary, ensuring that agreements entered into by parties, especially those involving corporate entities, were respected. This case is particularly illustrative of the balance the courts seek between upholding the sanctity of contracts and preventing potential abuses where contractual provisions might significantly disadvantage one party, especially in David vs. Goliath scenarios involving multinational companies and individual distributors or small businesses.