

Title:

Asiavest Merchant Bankers (M) Berhad v. Philippine National Construction Corporation: A Case on the Enforcement of Foreign Judgment in the Philippines

Facts:

Asiavest Merchant Bankers (M) Berhad, a Malaysian corporation, sought to enforce a money judgment by the High Court of Malaya in Kuala Lumpur against the Philippine National Construction Corporation (PNCC), a Philippine-registered corporation, for indemnities related to a performance bond and a loan. The High Court rendered judgment in 1985, ordering PNCC to pay Asiavest approximately \$5.1 million plus interests and costs.

Asiavest filed a complaint in the Regional Trial Court (RTC) of Pasig, Metro Manila, in 1988 after unsuccessful payment attempts from PNCC. PNCC moved to dismiss, alleging lack of jurisdiction, notice, and arguing fraud, collusion, and mistake. The RTC denied the motion, prompting PNCC to file an answer with compulsory counterclaims raising similar points. The trial led to the RTC's dismissal of Asiavest's complaint in 1991, which was affirmed by the Court of Appeals (CA) in 1993, leading Asiavest to elevate the matter to the Supreme Court (SC).

Issues:

1. Whether the Malaysian court acquired personal jurisdiction over PNCC.
2. Whether the foreign court judgment should be recognized and enforced in the Philippines.

Court's Decision:

The SC reversed the CA's decision and ordered the enforcement of the foreign judgment. It ruled that:

1. Jurisdiction over PNCC was validly acquired through proper service of summons and voluntary appearance by PNCC through its counsel in Malaysia.
2. The foreign judgment's recognition and enforcement could not be denied on the grounds asserted by PNCC without substantive proof of fraud, collusion, or clear mistake of law or fact. The presumption of validity of the foreign judgment stands unless convincingly proven otherwise.

Doctrine:

Foreign judgments can be recognized and enforced in the Philippines under the principles of comity, utility, and convenience, provided such judgments meet the criteria for

enforcement, such as having been rendered by a court of competent jurisdiction following due citation or voluntary appearance of the defendant.

Class Notes:

1. **Recognition and Enforcement of Foreign Judgments:** For a foreign judgment to be enforced in the Philippines, it must be shown that the foreign court had jurisdiction, gave the losing party proper notice and opportunity to defend the action, and ensured a fair trial. The judgment must not have been obtained by fraud, collusion, is not contrary to public policy, or clear mistake of law or fact.

- **Presumption of Validity:** A foreign judgment is presumed valid until proven otherwise.

- **Evidence of Foreign Law:** The laws and procedures under which a foreign judgment was obtained (lex fori) must be proven as facts if they are contested.

Historical Background:

The case underscores the Philippine judiciary's adherence to international legal principles regarding the recognition and enforcement of foreign judgments. It elaborates on the need for a detailed examination of foreign legal proceedings to respect judgments rendered abroad while ensuring that the basic legal principles of jurisdiction, due process, and fairness are observed, reflecting the global nature of legal disputes in an increasingly interconnected world.