

### Title: **Bankruptcy Estate of Charles B. Mitich et al. vs. Mercantile Insurance Company, Inc.**

—

### Facts:

- **March 30, 1991:** A gunfight erupted outside Club Tronix in San Diego, California, resulting in the death of patron Theodros Zewdalem.
- **March 13, 1992:** The Zewdalems filed a wrongful death action against Charles B. Mitich in the San Diego Superior Court.
- **April 7, 1998:** The Bankruptcy Estate of Charles B. Mitich and trustee James L. Kennedy filed a civil case in the Regional Trial Court (RTC) - Manila, seeking recognition and enforcement of a foreign default judgment against Mercantile Insurance Company, Inc.

**Proceedings in the United States:**

- **February 18, 1994:** Mitich and the Zewdalems filed a complaint against Mercantile in the Superior Court of California for insurance bad faith.
- **July 21, 1994:** The California Court issued a default judgment against Mercantile, awarding \$1,135,929.14 in favor of Mitich, including punitive damages and interest, but Mercantile did not appear.

**Proceedings in the Philippines:**

- **April 7, 1998:** Mitich et al. sought to enforce the California judgment in the RTC Manila.
- **June 4, 1999:** RTC denied Mercantile's motion to dismiss.
- **October 27, 1999:** The Court of Appeals (CA) denied Mercantile's petition for certiorari.
- **January 14, 1999:** RTC denied the motion to dismiss, prompting Mercantile to declare it in default.
- **July 25, 2014:** RTC ruled in favor of Mitich, ordering Mercantile to pay \$1,135,929.14 or its equivalent in Philippine pesos with 10% interest per annum.

**Appeal:**

- **November 27, 2017:** CA partially granted Mercantile's appeal, deleting the award of interest and attorney's fees awarded by the RTC.

- **March 12, 2018:** CA denied both parties' motions for reconsideration.

**Supreme Court Petitions:**

- **G.R. No. 238041:** Mitich seeks to restore interest and attorney's fees.

- **G.R. No. 238502:** Mercantile contests the validity of the foreign judgment asserting improper service of summons.

—

**Issues:**

1. **Authenticity of the Default Judgment:** Whether Mitich et al. successfully established the authenticity of the default judgment rendered by the California Court.
2. **Jurisdiction:** Whether the default judgment is void due to the alleged improper service of summons on Mercantile.
3. **Interest and Attorney's Fees:** Whether Mitich et al. are entitled to post-judgment interest and attorney's fees.

—

**Court's Decision:**

1. **Authenticity of the Default Judgment:**

- **Resolution:** The Supreme Court affirmed that Mitich et al. successfully established the default judgment's authenticity. The certification and authentication requirements under Sections 24 and 25 of Rule 132 of the Rules of Evidence were met. The Court found no cogent evidence against the authenticity of the foreign judgment. Both the trial and appellate courts' concurrence made the findings conclusive.

2. **Jurisdiction:**

- **Resolution:** The default judgment is not void for want of jurisdiction. The California Court lawfully serviced summons via three valid methods: certified international mail, personal service to the registered agent in the US, and personal service to an authorized representative in Manila. The Supreme Court upheld the findings of the lower courts concerning the proper service of summons under California Code and ruled that Mercantile was bound by the judgment due to its voluntary submission to the State's jurisdiction when

issuing an insurance policy.

3. **Interest and Attorney's Fees:**

- **Resolution:** The Supreme Court affirmed the CA's decision to deny 10% post-judgment interest per annum, asserting that Mitich et al. failed to substantiate the applicable Californian law on interest. Following procedural presumption, the judgment should be enforced without post-judgment interest. The Court awarded temperate damages of PHP 500,000 instead, recognizing over 20 years of litigation. However, the Supreme Court upheld the RTC's award of PHP 200,000 in attorney's fees.

—

**### Doctrine:**

1. **Proof and Authentication of Foreign Judgments:** Foreign judgments may be proved through official publications or certifications attested and authenticated by proper authorities.

2. **Processual Presumption:** If foreign laws are not sufficiently proven, Philippine courts presume that foreign laws are the same as domestic laws.

3. **Limited Review of Foreign Judgments:** Philippine courts exercise limited review on foreign judgments and cannot reassess the merits but may review procedural due process, including jurisdictional and notification matters.

—

**### Class Notes:**

1. **Elements for Enforcing Foreign Judgments:**

- Authentication in compliance with Sections 24 and 25, Rule 132 of the Rules of Evidence.
- Proof of jurisdiction and proper service of summons by the foreign court.
- Allegation and proof of applicable foreign laws or presumption of similarity to Philippine law if not proven.

2. **Relevant Legal Principles:**

- **Section 48, Rule 39 of the Rules of Civil Procedure:** Effect of foreign judgments.
- **Sections 24 and 25, Rule 132 of the Rules of Evidence (Philippines):** Proof of official

record and attestation.

- **Section 2208 of the Civil Code:** Grounds for awarding attorney's fees.

—

### ### Historical Background:

In the late 20th century, international disputes involving transnational companies often required domestic enforcement of foreign judgments. This case illuminates the procedural safeguards and evidentiary benchmarks for recognizing such judgments in the Philippines, emphasizing the need for secure legal underpinnings and fostering trust in international commerce and policy adherence.