

Title: Kawasaki Port Service Corporation v. Hon. Augusto M. Amores, and C.F. Sharp & Co., Inc.

Facts:

1. **Initiation of the Case:** On May 7, 1980, C.F. Sharp & Co., Inc. (plaintiff) filed for an injunction and/or declaratory relief in the Court of First Instance (CFI) of Manila against 79 Japanese corporations, including the petitioners, asserting its distinction and independence from C.F. Sharp Kabushiki Kaisha (CF. Sharp K.K.), a Japanese corporation, which allegedly failed to pay its debts to the defendants.
2. **Extraterritorial Service of Summons:** Given that the defendants were non-residents without business addresses in the Philippines, C.F. Sharp & Co., Inc. sought and was granted, extraterritorial service of summons by registered mail with return cards, as provided by Section 17 of Rule 14 of the Rules of Court. The order by Judge Amores was issued on June 11, 1980.
3. **Special Appearance to Question Jurisdiction:** On March 11, 1981, Kawasaki Port Service Corporation, along with other petitioners, filed "Special Appearance" motions questioning the jurisdiction of the CFI over them, arguing that the case was in personam rather than in rem or quasi in rem and, hence, did not qualify for extraterritorial service under Section 17, Rule 14.
4. **CFI Decision and Subsequent Appeal:** On July 13, 1981, the CFI, through Judge Augusto M. Amores, denied the petitioners' special appearances. The petitioners filed a motion for reconsideration, which was also denied on September 22, 1981. Consequently, the petitioners filed for a petition for certiorari before the Supreme Court.

Issues:

1. **Primary Issue:** Whether the private respondent's complaint for injunction and/or declaratory relief falls within the purview of Section 17, Rule 14 of the Rules of Court, therefore allowing extraterritorial service of summons on non-resident defendants.

Court's Decision:

1. **Extraterritorial Service of Summons Unwarranted:** The Supreme Court ruled that extraterritorial service of summons is proper only in four instances as defined under Section 17, Rule 14:
 - when the action affects the personal status of the plaintiffs,
 - when the action relates to, or is about property within the Philippines in which the

defendant has or claims an interés,

- when the relief demanded consists in excluding the defendant from any interest in property in the Philippines, or
- when the defendant's property has been attached within the Philippines.

2. **Nature of Plaintiff's Action:** The court observed that the core of the plaintiff's complaint was the monetary liability of C.F. Sharp K.K., not a determination of its personal status or property interests in the Philippines. The action for declaratory relief aimed to resolve disputed facts concerning the relationships and obligations between two separate corporations, rather than construing definite legal rights, status or other relations.

3. **Impropriety of Injunctive Relief through Extraterritorial Service:** The Court reinforced that an action for injunction is personal and in personam, needing personal or substituted service of summons to grant the court jurisdiction. Hence, serving summons via extraterritorial service was improper and invalid for this in personam action.

4. **Invalidation of CFI Orders:** As the case did not satisfy the requirements for extraterritorial service of summons under Section 17, Rule 14, the orders of July 13, 1981, and September 22, 1981, of the CFI were reversed and set aside.

Doctrine:

The case underscores the delineation that extraterritorial service of summons is permissible strictly under defined circumstances involving property within the jurisdiction or affecting personal status, not in cases entirely personal and requiring in personam jurisdiction. It asserts the principle that jurisdiction and the appropriate method of serving summons are crucially tied to the nature of the action—whether it is in rem, quasi in rem, or in personam.

Class Notes:

- **Elements of Extraterritorial Service (Philippine Rules of Court, Section 17, Rule 14):**
 - Plaintiff's action impacts personal status.
 - The action involves property within the Philippines.
 - The action aims to exclude defendant's interest in property within the Philippines.
 - Defendant's property has been attached within the jurisdiction.
 - Judicial relief will exclude the defendant from such property interests or rule on personal status.
- **Application to Kawasaki Port Service Corporation v. Amores:**
 - Case analysis reaffirms personal status and property connections as prerogatives for

extraterritorial service, highlighting the focus on determining the case's nature. Action in personam mandates personal/substituted service, not extraterritorial service.

Historical Background:

This ruling came in the context of clarifying judicial boundaries in the Philippine judicial system during a period when international commercial transactions were on the rise. It not only reinforced the procedural rigor tied to jurisdiction but also the court's commitment to due process and proper service of summons criteria. This case sits among pivotal decisions specifying when foreign corporations are rightly subjected to Philippine legal actions, safeguarding the procedural rights of international defendants.