

Title:

Asiavest Limited vs. Court of Appeals and Antonio Heras – Enforceability of Foreign Judgments

Facts:

Asiavest Limited filed a complaint against Antonio Heras in the Regional Trial Court (RTC) of Quezon City, seeking enforcement of a judgment awarded by a Hong Kong court on 28 December 1984, later amended on 13 April 1987. The amounts claimed by Asiavest from Heras were:

1. US\$1,810,265.40 with interest from December 28, 1984.
2. Interest on US\$1,500,000 at 9.875% per annum from October 31, 1984 to December 28, 1984.
3. HK\$905 as fixed costs.
4. Attorney's fees amounting to at least \$80,000.

Heras challenged the jurisdiction by filing a Motion to Dismiss on 3 March 1988. However, a fire at the Quezon City Hall destroyed records, leading to a Motion for Reconstitution of Case Records by Asiavest, which the court granted. The RTC denied Heras' Motion to Dismiss and proceeded to a pre-trial conference where facts were stipulated, primarily focusing on the Hong Kong court's judgment against Heras and the service of summons issues.

Heras contended that the service of summons did not occur, while Asiavest presented documentary evidence to validate the judgment. However, Heras' witness, Fortunata dela Vega, stated that summons was not served, and expert witness Russel Warren Lousich attested to procedural shortcomings in the service of summons under Hong Kong law.

The RTC ruled in favor of Asiavest, emphasizing the legal presumption of foreign judgment validity under Section 50, Rule 39 of the Rules of Court. Heras appealed to the Court of Appeals (CA), which reversed the RTC decision, declaring the service of summons in Hong Kong was improper and dismissing Asiavest's complaint without prejudice. Asiavest subsequently petitioned the Supreme Court.

Issues:

1. Whether or not evidence supporting the validity of the foreign judgment was necessary.
2. Whether the service of summons on Heras was defective under Philippine law.
3. Whether summons needed to be personally served on Heras in Hong Kong.

4. Whether service of the Hong Kong summons required leave of Philippine courts. / Digest)

5. Whether the Hong Kong judgment contravened Philippine laws, principles of sound morality, and public policy.

Court's Decision:

The Supreme Court denied Asiavest's petition and affirmed the CA's decision, addressing each issue as follows:

1. ****Validity of Foreign Judgment****:

The Court noted that while foreign judgments are presumed valid once proven authentic, the challenging party, Heras, successfully rebutted this presumption by demonstrating improper service of summons, critical to jurisdictional validity.

2. ****Service of Summons****:

The Supreme Court reiterated that service of summons should align with the laws of the forum, which were Hong Kong laws. The deposition from Russel Warren Lousich, though validating the procedural aspects under Hong Kong law, was deficient in proving the actual procedure followed.

3. ****Personal Service in Hong Kong****:

The Court highlighted that personal service within Hong Kong was essential as Heras had longstanding residency in Hong Kong. The attempts for extraterritorial service in the Philippines were insufficient for jurisdictional purposes, especially since there was a failure to attempt service in Hong Kong where Heras was known to reside for an extended period.

4. ****Leave from Philippine Courts****:

While extraterritorial service could be valid, it necessitated court approval following strict adherence to Philippine procedural laws, which was neither sought nor obtained.

5. ****Contravention of Philippine Laws****:

The Court found that the Hong Kong judgment, due to improper service of summons, lacked due process legitimacy in Philippine jurisdiction and failed to meet the procedural fairness standards mandated by Philippine laws.

Doctrine:

- ****Presumption of Validity and Jurisdiction****: Foreign judgments are prima facie evidence of the right between parties, necessitating proof contrary to jurisdictional claims, collusion, fraud, or error for rebuttal.

- **Lex Fori Principle**: Matters of remedy and procedure are governed by the law of the forum where the case was heard.
- **Service of Summons in Actions In Personam**: For valid service in personam actions, personal service on a non-resident defendant within the state is essential unless other methods permitted by law are explicitly employed.

Class Notes:

- **Key Concepts**: Presumption of validity of foreign judgments, lex fori, jurisdiction over the person, service of summons, procedural due process, actions in personam.
- **Statutory Provisions**: Section 50, Rule 39; Section 3(n), Rule 131; Sections 7, 8, 17, 18, Rule 14 of the Rules of Court.
- **Simplified Recall**:
 - Foreign judgments carry presumptive validity, the burden falls on challengers to repudiate (Sec. 50, Rule 39).
 - Jurisdiction in personam necessitates personal service or valid alternative per forum laws.
 - Procedural rules adherence is critical for enforcement (Rule 14 provisions on service).

Historical Background:

This case underscored the evolving interpretation of procedural requirements for the enforcement of foreign judgments in the Philippines, reflecting the judiciary's commitment to procedural fairness and jurisdictional propriety, aligned with international law principles and local statutory mandates.