

VIRGILIO B. GESMUNDO AND EDNA C. GESMUNDO, PETITIONERS, VS. JRB REALTY CORPORATION, JAIME R. BLANCO, AND HON. OSCAR B. PIMENTEL, IN HIS CAPACITY AS PRE-SIDING JUDGE OF BRANCH 14...

G.R. No. 111077. July 14, 1994

Ponente: MENDOZA, J.

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MENDOZA, J.:

This is a petition for review on certiorari of the order[1] of the Regional Trial Court of Makati (Branch 148), dismissing on the ground of improper venue a complaint which the spouses Virgilio B. Gesmundo and Edna C. Gesmundo filed against the JRB Realty Corporation and Jaime R. Blanco.[2]

The facts of the case are as follows:

On April 7, 1980, petitioner Virgilio B. Gesmundo, as lessee, and respondent JRB Realty Corporation, represented by its president, respondent Jaime R. Blanco, as lessor, entered into a lease contract covering Room 116, Blanco Suites, at 246 Villaruel St., Pasay City, the parties stipulating that the

venue for all suits, whether for breach hereof or damages or any cause between the LESSOR and the LESSEE, and persons claiming under each, being the courts of appropriate jurisdiction in Pasay City. . .

On March 19, 1993, petitioners filed the complaint below for damages against respondents. They alleged that from April 8, 1980 to November 1992, they had been in possession of the leased premises; that on or about November 9, 1992, they were "shocked and stunned" upon receiving respondents' letter terminating their lease effective November 30, 1992; that no other tenant in the building had been sent a similar letter; that during their conversation over the telephone, respondent Blanco told petitioner Virgilio B. Gesmundo that since the Corporation for which the latter works did not pay him (Blanco) his retainer fees, he did not want petitioners in any of his apartment units; that on November 18, 1992, petitioners sent respondents a letter asking for reconsideration of the termination of their lease; that on November 27, 1992, respondents sent petitioners a statement of accounts reiterating their letter of November 9, 1992; that on November 28, 1992, petitioners were forced to vacate the leased premises and consequently they leased an apartment at P2,500.00 monthly; and that respondents' action was "unwarranted, unjustified, malicious, abusive, and capricious." Petitioners prayed for P33,500.00 as actual or compensatory damages; P1,000,000.00 as moral damages; P50,000.00 as attorney's fees, and costs.

Respondents moved to dismiss the case on the ground that the venue of the action had been improperly laid in the RTC of Makati. They contended that pursuant to their lease contract, the venue of the action was in a court of competent jurisdiction in Pasay City.

In their opposition to the motion to dismiss, petitioners alleged that their cause of action is not based on the lease contract and, therefore, the case is not covered by the stipulation as to venue. Instead it is governed by the general rule as to venue stated in Rule 4, sec. 2(b).[3] They also alleged that even assuming that the stipulation is

applicable, it does not operate to limit the venue to Pasay City but merely provides for an additional forum.

On May 28, 1990, the trial court dismissed petitioners' action on the ground of improper venue. On July 9, 1993, it denied their motion for reconsideration.

Hence this petition based on the following grounds:

I.

THE HONORABLE COURT BELOW ERRED IN CONSIDERING THE ACTION FOR DAMAGES AS REAL ACTION AND NOT PERSONAL.

II.

THE HONORABLE COURT BELOW ERRED IN CONSIDERING THE LEASE CONTRACT EXECUTED BETWEEN ONLY ONE OF THE PETITIONERS AND ONLY ONE OF THE PRIVATE RESPONDENTS APPLICABLE TO THE INSTANT COM-PLAINT.

III.

THE HONORABLE COURT ERRED IN CONSIDERING THE COMPLAINT AS BASED ON THE CONTRACT OF LEASE.

IV.

THE HONORABLE COURT BELOW ERRED IN UTILIZING THE VERY ACT COMPLAINED OF (THE RIGHT ABUSED) TO DEFEAT THE COMPLAINT FILED BY PETITIONERS.

V.

THE HONORABLE COURT BELOW ERRED IN ATTEMPTING TO CAUSE THE FILING OF THE COMPLAINT IN A JURISDICTION OTHER THAN THE PLACE WHERE ALL THE PARTIES ARE FOUND WITHOUT ANY JUSTIFIABLE REASON.

VI.

THE HONORABLE COURT ERRED IN SUSTAINING A DISMISSAL SOLELY GROUNDED ON A TECHNICALITY.

VII.

ASSUMING FOR THE SAKE OF ARGUMENT THAT THE LEASE AGREEMENT IS APPLICABLE, THE HONORABLE COURT BELOW ERRED IN CONSIDERING THE PROVISION STIPULATING THE VENUE OF THE ACTION EXCLUSIV-ISTIC.

These contentions boil down to one main issue: whether venue was properly laid in the Regional Trial Court of Makati.

We hold in the negative. We have in the past held stipulations limiting venue as valid and binding on the contracting parties,[4] based on Rule 4, sec. 3 which provides:

Venue by agreement. - By written agreement of the parties, the venue of an action may be changed or transferred from one prov-ince to another.

In the case at bar, it is clear from the parties' contract that the venue of any action which they might bring are the courts of competent jurisdiction in Pasay City, whether the action is for "breach [of the lease agreement] or damages or any other cause between the LESSOR and LESSEE and persons claiming under each."

The language used leaves no room for interpretation. It clearly evinces the parties' intent to limit to the "courts of appropriate jurisdiction of Pasay City" the venue of all suits between the lessor and lessee and those between parties claiming under them. This means a waiver of their right to institute action in the courts provided for in Rule 4, sec. 2(b).

This case, therefore, differs from the cases[5] cited by petitioner. It is true that in *Polytrade Corporation v. Blanco*,[6] a stipulation that "The parties agree to sue and be sued in the City of Manila" was held to merely provide an additional forum in the absence of any qualifying or restrictive words. But here, by laying in Pasay City the venue for all suits, the parties made it plain that in no other place may they bring suit against each other for "breach [of their lease contract] or damages or any other cause between [them] and persons claiming under each [of them]."

The stipulation in this case is similar to that involved in *Hoechst Philippines, Inc. v. Torres*[7] where the parties agreed that "in case of any litigation arising out of this agreement, the venue of any action shall be in the competent courts of the Province of Rizal." This court held: "No further stipulations are necessary to elicit the thought that both parties agreed that any action by either of them would be filed only in the competent courts of Rizal province exclusively." [8] The similarity in the language used in the stipulation in this case and that in the *Hoechst* case is striking. Again in *Villanueva v. Mosqueda*[9] it was stipulated that if the lessor violated the contract of lease he could be sued in Manila, while if it was the lessee who violated the contract, the lessee could be sued in Masantol, Pampanga. It was held that there was an agreement concerning venue of action and that the parties were bound by their agreement. The agreement as to venue was not permissive but mandatory.

Petitioners contend that neither they nor the private respondent Jaime Blanco reside in Pasay City. This fact is, however, irrelevant to the resolution of the issue in this case since parties do stipulate concerning the venue of an action without regard to their residence. In one case, it was held that the parties stipulated that the venue of action shall be in the City of Manila. It was held that it was reasonable to infer that the parties intended to fix the venue of their action, in connection with the contract sued upon, in the proper court of the City of Manila only, notwithstanding that neither one was a resident of Manila.[10]

It is nonetheless contended that the stipulation as to venue is inapplicable because (1) only one of the petitioners (Virgilio B. Gesmundo) and only one of the private respondents (JRB Realty) are parties to the lease contract and (2) their cause of action is not based on the lease contract.

The contention is without merit. Petitioner Edna C. Gesmundo is the wife of the lessee Virgilio B. Gesmundo, while Jaime R. Blanco is the president of the lessor JRB Realty Corporation. Their inclusion in this case is not necessary. What is more, as already noted, by its terms the stipulation applies not only to the parties to the contract but to "any persons claiming under each."

Petitioners claim that their cause of action is not based on the lease contract because it seeks neither its implementation nor its cancellation. The contention is also without merit. Petitioners' action is for alleged breach of the lease contract which, it is contended, was terminated to spite them.[11] Petitioners view this act of respondents as an abuse of right under arts. 19, 20, and 21 of the Civil Code, warranting an award of damages. Their cause of action is ultimately anchored on their right under the lease contract and, therefore, they cannot avoid the limitation as to the venue in that contract.

Nor is there any warrant for petitioners' view that a motion to dismiss on the ground of improper venue is based on a "mere technicality" which "does not even pretend to invoke justice" and, therefore, must not be sustained. As we have in other cases^[12] held, "procedural rules are not to be belittled or dismissed simply because their non-observance may have resulted in prejudice to a party's substantive rights. Like all rules, they are required to be followed except only for the most persuasive of reasons when they may be relaxed to relieve a litigant of an injustice not commensurate with the degree of his thoughtlessness in not complying with the procedure prescribed." Here what is involved is no less than the parties' agreement to limit the venue of any action between them and those claiming under them under the contract. Petitioners must abide by that agreement.

WHEREFORE, the petition is DENIED and the order appealed from is AFFIRMED.

SO ORDERED.

Narvasa, C.J., (Chairman), Padilla, Regalado, and Puno, JJ., concur.

[1] Rollo, pp. 39-40, penned by Judge Oscar B. Pimentel and dated May 28, 1993.

[2] Civil Case No. 93-940.

[3] Rule 4, sec. 2(b): "Personal Actions. - All other actions may be commenced and tried where the defendant or any of the defendants resides or may be found or where the plaintiff or any of the plaintiffs resides, at the election of the plaintiff."

[4] See, e.g., *Hoechst Philippines, Inc. v. Torres*, G.R. No. L-44351, May 18, 1978, 83 SCRA 297 and *Limjap v. Animas*, G.R. No. L-53334, January 17, 1985, 134 SCRA 87.

[5] *Western Minolco Corp. v. Court of Appeals*, G.R. No. 51996, November 23, 1988, 167 SCRA 592; *Nasser v. Court of Appeals*, G.R. No. 32946, December 3, 1990, 191 SCRA 783.

[6] G.R. L-270330, October 31, 1969, 30 SCRA 18.

[7] *Supra*, note 4.

[8] At 301.

[9] G.R. No. L-58287, August 19, 1982, 115 SCRA 904.

[10] *Bautista v. De Borja*, G.R. No. L-20600, October 28, 1966, 18 SCRA 474.

[11] Rollo, p. 13, Petition, p. 12.

[12] *Galang v. Court of Appeals*, G.R. No. 76221, July 29, 1991, 199 SCRA 683 and *Limpot v. Court of Appeals*, G.R. No. 44642, February 20, 1989, 170 SCRA 367.

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