

BERNABE L. NAVIDA, JOSE P. ABANGAN, JR., CEFERINO P. ABARQUEZ, ORLANDITO A. ABISON, FELIPE ADAYA, ALBERTO R. AFRICA, BENJAMIN M. ALBAO, FELIPE ALCANTARA, NUMERIANO S. ALCARIA, F...

G.R. No. 125078. May 30, 2011

Ponente: LEONARDO-DE CASTRO, J.

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LEONARDO-DE CASTRO, J.:

Before the Court are consolidated Petitions for Review on Certiorari under Rule 45 of the Rules of Court, which arose out of two civil cases that were filed in different courts but whose factual background and issues are closely intertwined.

The petitions in G.R. Nos. 125078[1] and 125598[2] both assail the Order[3] dated May 20, 1996 of the Regional Trial Court (RTC) of General Santos City, Branch 37, in Civil Case No. 5617. The said Order decreed the dismissal of the case in view of the perceived lack of jurisdiction of the RTC over the subject matter of the complaint. The petition in G.R. No. 125598 also challenges the Orders dated June 4, 1996[4] and July 9, 1996,[5] which held that the RTC of General Santos City no longer had jurisdiction to proceed with Civil Case No. 5617.

On the other hand, the petitions in G.R. Nos. 126654,[6] 127856,[7] and 128398[8] seek the reversal of the Order[9] dated October 1, 1996 of the RTC of Davao City, Branch 16, in Civil Case No. 24,251-96, which also dismissed the case on the ground of lack of jurisdiction.

G.R. Nos. 125078, 125598, 126654, 127856, and 128398 were consolidated in the Resolutions dated February 10, 1997,[10] April 28, 1997[11] and March 10, 1999.[12]

The factual antecedents of the petitions are as follows:

Proceedings before the Texas Courts

Beginning 1993, a number of personal injury suits were filed in different Texas state courts by citizens of twelve foreign countries, including the Philippines. The thousands of plaintiffs sought damages for injuries they allegedly sustained from their exposure to dibromochloropropane (DBCP), a chemical used to kill nematodes (worms), while working on farms in 23 foreign countries. The cases were eventually transferred to, and consolidated in, the Federal District Court for the Southern District of Texas, Houston Division. The cases therein that involved plaintiffs from the Philippines were "Jorge Colindres Carcamo, et al. v. Shell Oil Co., et al.," which was docketed as Civil Action No. H-94-1359, and "Juan Ramon Valdez, et al. v. Shell Oil Co., et al.," which was docketed as Civil Action No. H-95-1356. The defendants in the consolidated cases prayed for the dismissal of all the actions under the doctrine of forum non conveniens.

In a Memorandum and Order dated July 11, 1995, the Federal District Court conditionally granted the defendants' motion to dismiss. Pertinently, the court ordered that:

Delgado, Jorge Carcamo, Valdez and Isae Carcamo will be dismissed 90 days after the entry of this Memorandum and Order provided that defendants and third- and fourth-party defendants have:

(1)

participated in expedited discovery in the United States xxx;

(2)

either waived or accepted service of process and waived any other jurisdictional defense within 40 days after the entry of this Memorandum and Order in any action commenced by a plaintiff in these actions in his home country or the country in which his injury occurred. Any plaintiff desiring to bring such an action will do so within 30 days after the entry of this Memorandum and Order;

(3)

waived within 40 days after the entry of this Memorandum and Order any limitations-based defense that has matured since the commencement of these actions in the courts of Texas;

(4)

stipulated within 40 days after the entry of this Memorandum and Order that any discovery conducted during the pendency of these actions may be used in any foreign proceeding to the same extent as if it had been conducted in proceedings initiated there; and

(5)

submitted within 40 days after the entry of this Memorandum and Order an agreement binding them to satisfy any final judgment rendered in favor of plaintiffs by a foreign court.

x x x x

Notwithstanding the dismissals that may result from this Memorandum and Order, in the event that the highest court of any foreign country finally affirms the dismissal for lack of jurisdiction of an action commenced by a plaintiff in these actions in his home country or the country in which he was injured, that plaintiff may return to this court and, upon proper motion, the court will resume jurisdiction over the action as if the case had never been dismissed for [forum non conveniens].[13]

Civil Case No. 5617 before the RTC
of General Santos City and G.R. Nos.
125078 and 125598

In accordance with the above Memorandum and Order, a total of 336 plaintiffs from General Santos City (the petitioners in G.R. No. 125078, hereinafter referred to as NAVIDA, et al.) filed a Joint Complaint[14] in the RTC of General Santos City on August 10, 1995. The case was docketed as Civil Case No. 5617. Named as defendants therein were: Shell Oil Co. (SHELL); Dow Chemical Co. (DOW); Occidental Chemical Corp. (OCCIDENTAL); Dole Food Co., Inc., Dole Fresh Fruit Co., Standard Fruit Co., Standard Fruit and Steamship Co. (hereinafter collectively referred to as DOLE); Chiquita Brands, Inc. and Chiquita Brands International, Inc. (CHIQUITA); Del Monte Fresh Produce N.A. and Del Monte Tropical Fruit Co. (hereinafter collectively referred to as DEL MONTE); Dead Sea Bromine Co., Ltd.; Ameribrom, Inc.; Bromine Compounds, Ltd.; and Amvac Chemical Corp. (The aforementioned defendants are hereinafter collectively referred to as defendant companies.)

Navida, et al., prayed for the payment of damages in view of the illnesses and injuries to the reproductive systems which they allegedly suffered because of their exposure to DBCP. They claimed, among others, that they were

exposed to this chemical during the early 1970's up to the early 1980's when they used the same in the banana plantations where they worked at; and/or when they resided within the agricultural area where such chemical was used. Navida, et al., claimed that their illnesses and injuries were due to the fault or negligence of each of the defendant companies in that they produced, sold and/or otherwise put into the stream of commerce DBCP-containing products. According to NAVIDA, et al., they were allowed to be exposed to the said products, which the defendant companies knew, or ought to have known, were highly injurious to the former's health and well-being.

Instead of answering the complaint, most of the defendant companies respectively filed their Motions for Bill of Particulars.[15] During the pendency of the motions, on March 13, 1996, NAVIDA, et al., filed an Amended Joint Complaint,[16] excluding Dead Sea Bromine Co., Ltd., Ameribrom, Inc., Bromine Compounds, Ltd. and Amvac Chemical Corp. as party defendants.

Again, the remaining defendant companies filed their various Motions for Bill of Particulars.[17] On May 15, 1996, DOW filed an Answer with Counterclaim.[18]

On May 20, 1996, without resolving the motions filed by the parties, the RTC of General Santos City issued an Order dismissing the complaint. First, the trial court determined that it did not have jurisdiction to hear the case, to wit:

THE COMPLAINT FOR DAMAGES
FILED WITH THE REGIONAL TRIAL
COURT SHOULD BE DISMISSED FOR
LACK OF JURISDICTION

x x x x

The substance of the cause of action as stated in the complaint against the defendant foreign companies cites activity on their part which took place abroad and had occurred outside and beyond the territorial domain of the Philippines. These acts of defendants cited in the complaint included the manufacture of pesticides, their packaging in containers, their distribution through sale or other disposition, resulting in their becoming part of the stream of commerce.

Accordingly, the subject matter stated in the complaint and which is uniquely particular to the present case, consisted of activity or course of conduct engaged in by foreign defendants outside Philippine territory, hence, outside and beyond the jurisdiction of Philippine Courts, including the present Regional Trial Court.[19]

Second, the RTC of General Santos City declared that the tort alleged by Navida, et al., in their complaint is a tort category that is not recognized in Philippine laws. Said the trial court:

THE TORT ASSERTED IN THE
PRESENT COMPLAINT AGAINST
DEFENDANT FOREIGN COMPANIES
IS NOT WITHIN THE SUBJECT MATTER
JURISDICTION OF THE REGIONAL
TRIAL COURT, BECAUSE IT IS NOT
A TORT CATEGORY WITHIN THE
PURVIEW OF THE PHILIPPINE LAW

The specific tort asserted against defendant foreign companies in the present complaint is product liability tort. When the averments in the present complaint are examined in terms of the particular categories of tort recognized in the Philippine Civil Code, it becomes stark clear that such averments describe and identify the

category of specific tort known as product liability tort. This is necessarily so, because it is the product manufactured by defendant foreign companies, which is asserted to be the proximate cause of the damages sustained by the plaintiff workers, and the liability of the defendant foreign companies, is premised on being the manufacturer of the pesticides.

It is clear, therefore, that the Regional Trial Court has jurisdiction over the present case, if and only if the Civil Code of the Philippines, or a suppletory special law prescribes a product liability tort, inclusive of and comprehending the specific tort described in the complaint of the plaintiff workers.[20]

Third, the RTC of General Santos City adjudged that Navida, et al., were coerced into submitting their case to the Philippine courts, viz:

FILING OF CASES IN THE PHILIPPINES
- COERCED AND ANOMALOUS

The Court views that the plaintiffs did not freely choose to file the instant action, but rather were coerced to do so, merely to comply with the U.S. District Court's Order dated July 11, 1995, and in order to keep open to the plaintiffs the opportunity to return to the U.S. District Court.[21]

Fourth, the trial court ascribed little significance to the voluntary appearance of the defendant companies therein, thus:

THE DEFENDANTS' SUBMISSION TO
JURISDICTION IS CONDITIONAL AS
IT IS ILLUSORY

Defendants have appointed their agents authorized to accept service of summons/processes in the Philippines pursuant to the agreement in the U.S. court that defendants will voluntarily submit to the jurisdiction of this court. While it is true that this court acquires jurisdiction over persons of the defendants through their voluntary appearance, it appears that such voluntary appearance of the defendants in this case is conditional. Thus in the "Defendants' Amended Agreement Regarding Conditions of Dismissal for Forum Non Conveniens" (Annex to the Complaint) filed with the U.S. District Court, defendants declared that "(t)he authority of each designated representative to accept service of process will become effective upon final dismissal of these actions by the Court". The decision of the U.S. District Court dismissing the case is not yet final and executory since both the plaintiffs and defendants appealed therefrom (par. 3(h), 3(i), Amended Complaint). Consequently, since the authority of the agent of the defendants in the Philippines is conditioned on the final adjudication of the case pending with the U.S. courts, the acquisition of jurisdiction by this court over the persons of the defendants is also conditional. x x x.

The appointment of agents by the defendants, being subject to a suspensive condition, thus produces no legal effect and is ineffective at the moment.[22]

Fifth, the RTC of General Santos City ruled that the act of NAVIDA, et al., of filing the case in the Philippine courts violated the rules on forum shopping and lis pendencia. The trial court expounded:

THE JURISDICTION FROWNS UPON
AND PROHIBITS FORUM SHOPPING

This court frowns upon the fact that the parties herein are both vigorously pursuing their appeal of the decision of the U.S. District court dismissing the case filed thereat. To allow the parties to litigate in this court when they are actively pursuing the same cases in another forum, violates the rule on 'forum shopping' so abhorred in this jurisdiction. x x x.

x x x x

THE FILING OF THE CASE IN U.S.
DIVESTED THIS COURT OF ITS OWN
JURISDICTION

Moreover, the filing of the case in the U.S. courts divested this court of its own jurisdiction. This court takes note that the U.S. District Court did not decline jurisdiction over the cause of action. The case was dismissed on the ground of forum non conveniens, which is really a matter of venue. By taking cognizance of the case, the U.S. District Court has, in essence, concurrent jurisdiction with this court over the subject matter of this case. It is settled that initial acquisition of jurisdiction divests another of its own jurisdiction. x x x.

x x x x

THIS CASE IS BARRED BY THE RULE
OF "LITIS PENDENCIA"

Furthermore, the case filed in the U.S. court involves the same parties, same rights and interests, as in this case. There exists litis pendencia since there are two cases involving the same parties and interests. The court would like to emphasize that in accordance with the rule on litis pendencia x x x; the subsequent case must be dismissed. Applying the foregoing [precept] to the case-at-bar, this court concludes that since the case between the parties in the U.S. is still pending, then this case is barred by the rule on "litis pendencia." [23]

In fine, the trial court held that:

It behooves this Court, then to dismiss this case. For to continue with these proceedings, would be violative of the constitutional provision on the Bill of Rights guaranteeing speedy disposition of cases (Ref. Sec. 16, Article III, Constitution). The court has no other choice. To insist on further proceedings with this case, as it is now presented, might accord this court a charming appearance. But the same insistence would actually thwart the very ends of justice which it seeks to achieve.

This evaluation and action is made not on account of but rather with due consideration to the fact that the dismissal of this case does not necessarily deprive the parties - especially the plaintiffs - of their possible remedies. The court is cognizant that the Federal Court may resume proceedings of that earlier case between the herein parties involving the same acts or omissions as in this case.

WHEREFORE, in view of the foregoing considerations, this case is now considered DISMISSED. [24]

On June 4, 1996, the RTC of General Santos City likewise issued an Order, [25] dismissing DOW's Answer with Counterclaim.

CHIQUITA, DEL MONTE and SHELL each filed a motion for reconsideration [26] of the RTC Order dated May 20, 1996, while DOW filed a motion for reconsideration [27] of the RTC Order dated June 4, 1996. Subsequently, DOW and OCCIDENTAL also filed a Joint Motion for Reconsideration [28] of the RTC Order dated May 20, 1996.

In an Order [29] dated July 9, 1996, the RTC of General Santos City declared that it had already lost its jurisdiction over the case as it took into consideration the Manifestation of the counsel of NAVIDA, et al., which stated that the latter had already filed a petition for review on certiorari before this Court.

CHIQUITA and SHELL filed their motions for reconsideration [30] of the above order.

On July 11, 1996, NAVIDA, et al., filed a Petition for Review on Certiorari in order to assail the RTC Order dated May 20, 1996, which was docketed as G.R. No. 125078.

The RTC of General Santos City then issued an Order [31] dated August 14, 1996, which merely noted the

incidents still pending in Civil Case No. 5617 and reiterated that it no longer had any jurisdiction over the case.

On August 30, 1996, DOW and OCCIDENTAL filed their Petition for Review on Certiorari,[32] challenging the orders of the RTC of General Santos City dated May 20, 1996, June 4, 1996 and July 9, 1996. Their petition was docketed as G.R. No. 125598.

In their petition, DOW and OCCIDENTAL aver that the RTC of General Santos City erred in ruling that it has no jurisdiction over the subject matter of the case as well as the persons of the defendant companies.

In a Resolution[33] dated October 7, 1996, this Court resolved to consolidate G.R. No. 125598 with G.R. No. 125078.

CHIQUITA filed a Petition for Review on Certiorari,[34] which sought the reversal of the RTC Orders dated May 20, 1996, July 9, 1996 and August 14, 1996. The petition was docketed as G.R. No. 126018. In a Resolution[35] dated November 13, 1996, the Court dismissed the aforesaid petition for failure of CHIQUITA to show that the RTC committed grave abuse of discretion. CHIQUITA filed a Motion for Reconsideration,[36] but the same was denied through a Resolution[37] dated January 27, 1997.

Civil Case No. 24,251-96 before the RTC
of Davao City and G.R. Nos. 126654,
127856, and 128398

Another joint complaint for damages against SHELL, DOW, OCCIDENTAL, DOLE, DEL MONTE, and CHIQUITA was filed before Branch 16 of the RTC of Davao City by 155 plaintiffs from Davao City. This case was docketed as Civil Case No. 24,251-96. These plaintiffs (the petitioners in G.R. No. 126654, hereinafter referred to as ABELLA, et al.) amended their Joint-Complaint on May 21, 1996.[38]

Similar to the complaint of NAVIDA, et al., ABELLA, et al., alleged that, as workers in the banana plantation and/or as residents near the said plantation, they were made to use and/or were exposed to nematocides, which contained the chemical DBCP. According to ABELLA, et al., such exposure resulted in "serious and permanent injuries to their health, including, but not limited to, sterility and severe injuries to their reproductive capacities." [39] ABELLA, et al., claimed that the defendant companies manufactured, produced, sold, distributed, used, and/or made available in commerce, DBCP without warning the users of its hazardous effects on health, and without providing instructions on its proper use and application, which the defendant companies knew or ought to have known, had they exercised ordinary care and prudence.

Except for DOW, the other defendant companies filed their respective motions for bill of particulars to which ABELLA, et al., filed their opposition. DOW and DEL MONTE filed their respective Answers dated May 17, 1996 and June 24, 1996.

The RTC of Davao City, however, junked Civil Case No. 24,251-96 in its Order dated October 1, 1996, which, in its entirety, reads:

Upon a thorough review of the Complaint and Amended Complaint For: Damages filed by the plaintiffs against the defendants Shell Oil Company, DOW Chemicals Company, Occidental Chemical Corporation, Standard Fruit Company, Standard Fruit and Steamship, DOLE Food Company, DOLE Fresh Fruit Company, Chiquita Brands, Inc., Chiquita Brands International, Del Monte Fresh Produce, N.A. and Del Monte Tropical Fruits Co., all foreign corporations with Philippine Representatives, the Court, as correctly pointed out by one of the defendants, is convinced that plaintiffs "would have this Honorable Court dismiss the case to pave the way for their getting an affirmance by the Supreme Court" (#10 of Defendants' Del Monte Fresh Produce, N.A. and Del Monte Tropical Fruit Co., Reply to Opposition dated July 22, 1996). Consider these:

1) In the original Joint Complaint, plaintiffs state that: defendants have no properties in the Philippines; they have no agents as well (par. 18); plaintiffs are suing the defendants for tortuous acts committed by these foreign corporations on their respective countries, as plaintiffs, after having elected to sue in the place of defendants' residence, are now compelled by a decision of a Texas District Court to file cases under torts in this jurisdiction for causes of actions which occurred abroad (par. 19); a petition was filed by same plaintiffs against same defendants in the Courts of Texas, USA, plaintiffs seeking for payment of damages based on negligence, strict liability, conspiracy and international tort theories (par. 27); upon defendants' Motion to Dismiss on Forum non [conveniens], said petition was provisionally dismissed on condition that these cases be filed in the Philippines or before 11 August 1995 (Philippine date; Should the Philippine Courts refuse or deny jurisdiction, the U. S. Courts will reassume jurisdiction.)

11. In the Amended Joint Complaint, plaintiffs aver that: on 11 July 1995, the Federal District Court issued a Memorandum and Order conditionally dismissing several of the consolidated actions including those filed by the Filipino complainants. One of the conditions imposed was for the plaintiffs to file actions in their home countries or the countries in which they were injured x x x. Notwithstanding, the Memorandum and [O]rder further provided that should the highest court of any foreign country affirm the dismissal for lack of jurisdictions over these actions filed by the plaintiffs in their home countries [or] the countries where they were injured, the said plaintiffs may return to that court and, upon proper motion, the Court will resume jurisdiction as if the case had never been dismissed for forum non conveniens.

The Court however is constrained to dismiss the case at bar not solely on the basis of the above but because it shares the opinion of legal experts given in the interview made by the Inquirer in its Special report "Pesticide Cause Mass Sterility," to wit:

- Former Justice Secretary Demetrio Demetria in a May 1995 opinion said: The Philippines should be an inconvenient forum to file this kind of damage suit against foreign companies since the causes of action alleged in the petition do not exist under Philippine laws. There has been no decided case in Philippine Jurisprudence awarding to those adversely affected by DBCP. This means there is no available evidence which will prove and disprove the relation between sterility and DBCP.
- Retired Supreme Court Justice Abraham Sarmiento opined that while a class suit is allowed in the Philippines the device has been employed strictly. Mass sterility will not qualify as a class suit injury within the contemplation of Philippine statute.
- Retired High Court Justice Rodolfo Nocom stated that there is simply an absence of doctrine here that permits these causes to be heard. No product liability ever filed or tried here.

Case ordered dismissed.[40]

Docketed as G.R. No. 126654, the petition for review, filed on November 12, 1996 by ABELLA, et al., assails before this Court the above-quoted order of the RTC of Davao City.

ABELLA, et al., claim that the RTC of Davao City erred in dismissing Civil Case No. 24,251-96 on the ground of lack of jurisdiction.

According to ABELLA, et al., the RTC of Davao City has jurisdiction over the subject matter of the case since Articles 2176 and 2187 of the Civil Code are broad enough to cover the acts complained of and to support their claims for damages.

ABELLA, et al., further aver that the dismissal of the case, based on the opinions of legal luminaries reported in a newspaper, by the RTC of Davao City is bereft of basis. According to them, their cause of action is based on

quasi-delict under Article 2176 of the Civil Code. They also maintain that the absence of jurisprudence regarding the award of damages in favor of those adversely affected by the DBCP does not preclude them from presenting evidence to prove their allegations that their exposure to DBCP caused their sterility and/or infertility.

SHELL, DOW, and CHIQUITA each filed their respective motions for reconsideration of the Order dated October 1, 1996 of the RTC of Davao City. DEL MONTE also filed its motion for reconsideration, which contained an additional motion for the inhibition of the presiding judge.

The presiding judge of Branch 16 then issued an Order[41] dated December 2, 1996, voluntarily inhibiting himself from trying the case. Thus, the case was re-raffled to Branch 13 of the RTC of Davao City.

In an Order[42] dated December 16, 1996, the RTC of Davao City affirmed the Order dated October 1, 1996, and denied the respective motions for reconsideration filed by defendant companies.

Thereafter, CHIQUITA filed a Petition for Review dated March 5, 1997, questioning the Orders dated October 1, 1996 and December 16, 1996 of the RTC of Davao City. This case was docketed as G.R. No. 128398.

In its petition, CHIQUITA argues that the RTC of Davao City erred in dismissing the case *motu proprio* as it acquired jurisdiction over the subject matter of the case as well as over the persons of the defendant companies which voluntarily appeared before it. CHIQUITA also claims that the RTC of Davao City cannot dismiss the case simply on the basis of opinions of alleged legal experts appearing in a newspaper article.

Initially, this Court in its Resolution[43] dated July 28, 1997, dismissed the petition filed by CHIQUITA for submitting a defective certificate against forum shopping. CHIQUITA, however, filed a motion for reconsideration, which was granted by this Court in the Resolution[44] dated October 8, 1997.

On March 7, 1997, DEL MONTE also filed its petition for review on certiorari before this Court assailing the above-mentioned orders of the RTC of Davao City. Its petition was docketed as G.R. No. 127856.

DEL MONTE claims that the RTC of Davao City has jurisdiction over Civil Case No. 24,251-96, as defined under the law and that the said court already obtained jurisdiction over its person by its voluntary appearance and the filing of a motion for bill of particulars and, later, an answer to the complaint. According to DEL MONTE, the RTC of Davao City, therefore, acted beyond its authority when it dismissed the case *motu proprio* or without any motion to dismiss from any of the parties to the case.

In the Resolutions dated February 10, 1997, April 28, 1997, and March 10, 1999, this Court consolidated G.R. Nos. 125078, 125598, 126654, 127856, and 128398.

The Consolidated Motion to Drop DOW, OCCIDENTAL, and SHELL as Party-Respondents filed by NAVIDA, et al. and ABELLA, et al.

On September 26, 1997, NAVIDA, et al., and ABELLA, et al., filed before this Court a Consolidated Motion (to Drop Party-Respondents).[45] The plaintiff claimants alleged that they had amicably settled their cases with DOW, OCCIDENTAL, and SHELL sometime in July 1997. This settlement agreement was evidenced by facsimiles of the "Compromise Settlement, Indemnity, and Hold Harmless Agreement," which were attached to the said motion. Pursuant to said agreement, the plaintiff claimants sought to withdraw their petitions as against DOW, OCCIDENTAL, and SHELL.

DOLE, DEL MONTE and CHIQUITA, however, opposed the motion, as well as the settlement entered into between the plaintiff claimants and DOW, OCCIDENTAL, and SHELL.

The Memoranda of the Parties

Considering the allegations, issues, and arguments adduced by the parties, this Court, in a Resolution dated June 22, 1998,[46] required all the parties to submit their respective memoranda.

CHIQUITA filed its Memorandum on August 28, 1998;[47] SHELL asked to be excused from the filing of a memorandum alleging that it had already executed a compromise agreement with the plaintiff claimants.[48] DOLE filed its Memorandum on October 12, 1998[49] while DEL MONTE filed on October 13, 1998.[50] NAVIDA, et al., and ABELLA, et al., filed their Consolidated Memorandum on February 3, 1999;[51] and DOW and OCCIDENTAL jointly filed a Memorandum on December 23, 1999.[52]

The Motion to Withdraw Petition for Review in G.R. No. 125598

On July 13, 2004, DOW and OCCIDENTAL filed a Motion to Withdraw Petition for Review in G.R. No. 125598, [53] explaining that the said petition "is already moot and academic and no longer presents a justiciable controversy" since they have already entered into an amicable settlement with NAVIDA, et al. DOW and OCCIDENTAL added that they have fully complied with their obligations set forth in the 1997 Compromise Agreements.

DOLE filed its Manifestation dated September 6, 2004,[54] interposing no objection to the withdrawal of the petition, and further stating that they maintain their position that DOW and OCCIDENTAL, as well as other settling defendant companies, should be retained as defendants for purposes of prosecuting the cross-claims of DOLE, in the event that the complaint below is reinstated.

NAVIDA, et al., also filed their Comment dated September 14, 2004,[55] stating that they agree with the view of DOW and OCCIDENTAL that the petition in G.R. No. 125598 has become moot and academic because Civil Case No. 5617 had already been amicably settled by the parties in 1997.

On September 27, 2004, DEL MONTE filed its Comment on Motion to Withdraw Petition for Review Filed by Petitioners in G.R. No. 125598,[56] stating that it has no objections to the withdrawal of the petition filed by DOW and OCCIDENTAL in G.R. No. 125598.

In a Resolution[57] dated October 11, 2004, this Court granted, among others, the motion to withdraw petition for review filed by DOW and OCCIDENTAL.

THE ISSUES

In their Consolidated Memorandum, NAVIDA, et al., and ABELLA, et al., presented the following issues for our consideration:

IN REFUTATION

- THE COURT DISMISSED THE CASE DUE TO LACK OF JURISDICTION.

- a) The court did not simply dismiss the case because it was filed in bad faith with petitioners intending to have the same dismissed and returned to the Texas court.
- b) The court dismissed the case because it was convinced that it did not have jurisdiction.

IN SUPPORT OF THE PETITION

- THE TRIAL COURT HAS JURISDICTION OVER THE SUBJECT MATTER OF THE CASE.

- The acts complained of occurred within Philippine territory.
- Art. 2176 of the Civil Code of the Philippines is broad enough to cover the acts complained of.
- Assumption of jurisdiction by the U.S. District Court over petitioner[s'] claims did not divest Philippine [c]ourts of jurisdiction over the same.
- The Compromise Agreement and the subsequent Consolidated Motion to Drop Party Respondents Dow, Occidental and Shell does not unjustifiably prejudice remaining respondents Dole, Del Monte and Chiquita.[58]

DISCUSSION

On the issue of jurisdiction

Essentially, the crux of the controversy in the petitions at bar is whether the RTC of General Santos City and the RTC of Davao City erred in dismissing Civil Case Nos. 5617 and 24,251-96, respectively, for lack of jurisdiction.

Remarkably, none of the parties to this case claims that the courts a quo are bereft of jurisdiction to determine and resolve the above-stated cases. All parties contend that the RTC of General Santos City and the RTC of Davao City have jurisdiction over the action for damages, specifically for approximately P2.7 million for each of the plaintiff claimants.

NAVIDA, et al., and ABELLA, et al., argue that the allegedly tortious acts and/or omissions of defendant companies occurred within Philippine territory. Specifically, the use of and exposure to DBCP that was manufactured, distributed or otherwise put into the stream of commerce by defendant companies happened in the Philippines. Said fact allegedly constitutes reasonable basis for our courts to assume jurisdiction over the case. Furthermore, NAVIDA, et al., and ABELLA, et al., assert that the provisions of Chapter 2 of the Preliminary Title of the Civil Code, as well as Article 2176 thereof, are broad enough to cover their claim for damages. Thus, NAVIDA, et al., and ABELLA, et al., pray that the respective rulings of the RTC of General Santos City and the RTC of Davao City in Civil Case Nos. 5617 and 24,251-96 be reversed and that the said cases be remanded to the courts a quo for further proceedings.

DOLE similarly maintains that the acts attributed to defendant companies constitute a quasi-delict, which falls under Article 2176 of the Civil Code. In addition, DOLE states that if there were no actionable wrongs committed under Philippine law, the courts a quo should have dismissed the civil cases on the ground that the Amended Joint-Complaints of NAVIDA, et al., and ABELLA, et al., stated no cause of action against the defendant companies. DOLE also argues that if indeed there is no positive law defining the alleged acts of defendant companies as actionable wrong, Article 9 of the Civil Code dictates that a judge may not refuse to render a decision on the ground of insufficiency of the law. The court may still resolve the case, applying the customs of the place and, in the absence thereof, the general principles of law. DOLE posits that the Philippines is the situs of the tortious acts allegedly committed by defendant companies as NAVIDA, et al., and ABELLA, et al., point to their alleged exposure to DBCP which occurred in the Philippines, as the cause of the sterility and other reproductive system problems that they allegedly suffered. Finally, DOLE adds that the RTC of Davao City gravely erred in relying upon newspaper reports in dismissing Civil Case No. 24,251-96 given that newspaper articles are hearsay and without any evidentiary value. Likewise, the alleged legal opinions cited in the newspaper reports were taken judicial notice of, without any notice to the parties. DOLE, however, opines that the dismissal of Civil Case Nos. 5617 and 24,251-96 was proper, given that plaintiff claimants merely prosecuted the cases with the sole intent of securing a dismissal of the actions for the purpose of convincing the U.S. Federal District Court to re-assume jurisdiction over the cases.

In a similar vein, CHIQUITA argues that the courts a quo had jurisdiction over the subject matter of the cases filed before them. The Amended Joint-Complaints sought approximately P2.7 million in damages for each plaintiff claimant, which amount falls within the jurisdiction of the RTC. CHIQUITA avers that the pertinent matter is the place of the alleged exposure to DBCP, not the place of manufacture, packaging, distribution, sale, etc., of the said chemical. This is in consonance with the *lex loci delicti commisi* theory in determining the situs of a tort, which states that the law of the place where the alleged wrong was committed will govern the action. CHIQUITA and the other defendant companies also submitted themselves to the jurisdiction of the RTC by making voluntary appearances and seeking for affirmative reliefs during the course of the proceedings. None of the defendant companies ever objected to the exercise of jurisdiction by the courts a quo over their persons. CHIQUITA, thus, prays for the remand of Civil Case Nos. 5617 and 24,251-96 to the RTC of General Santos City and the RTC of Davao City, respectively.

The RTC of General Santos City and the
RTC of Davao City have jurisdiction over
Civil Case Nos. 5617 and 24,251-96,
respectively

The rule is settled that jurisdiction over the subject matter of a case is conferred by law and is determined by the allegations in the complaint and the character of the relief sought, irrespective of whether the plaintiffs are entitled to all or some of the claims asserted therein.[59] Once vested by law, on a particular court or body, the jurisdiction over the subject matter or nature of the action cannot be dislodged by anybody other than by the legislature through the enactment of a law.

At the time of the filing of the complaints, the jurisdiction of the RTC in civil cases under Batas Pambansa Blg. 129, as amended by Republic Act No. 7691, was:

SEC. 19. Jurisdiction in civil cases. - Regional Trial Courts shall exercise exclusive original jurisdiction:

x x x x

(8) In all other cases in which the demand, exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses, and costs or the value of the property in controversy exceeds One hundred thousand pesos (P100,000.00) or, in such other cases in Metro Manila, where the demand, exclusive of the abovementioned items exceeds Two hundred thousand pesos (P200,000.00).[60]

Corollary thereto, Supreme Court Administrative Circular No. 09-94, states:

2. The exclusion of the term "damages of whatever kind" in determining the jurisdictional amount under Section 19 (8) and Section 33 (1) of B.P. Blg. 129, as amended by R.A. No. 7691, applies to cases where the damages are merely incidental to or a consequence of the main cause of action. However, in cases where the claim for damages is the main cause of action, or one of the causes of action, the amount of such claim shall be considered in determining the jurisdiction of the court.

Here, NAVIDA, et al., and ABELLA, et al., sought in their similarly-worded Amended Joint-Complaints filed before the courts a quo, the following prayer:

PRAYER

WHEREFORE, premises considered, it is most respectfully prayed that after hearing, judgment be rendered in favor of the plaintiffs ordering the defendants:

a) TO PAY EACH PLAINTIFF moral damages in the amount of One Million Five Hundred Thousand Pesos (P1,500,00.00);

- b) TO PAY EACH PLAINTIFF nominal damages in the amount of Four Hundred Thousand Pesos (P400,000.00) each;
- c) TO PAY EACH PLAINTIFF exemplary damages in the amount of Six Hundred Thousand Pesos (P600,000.00);
- d) TO PAY EACH PLAINTIFF attorneys fees of Two Hundred Thousand Pesos (P200,000.00); and
- e) TO PAY THE COSTS of the suit.[61]

From the foregoing, it is clear that the claim for damages is the main cause of action and that the total amount sought in the complaints is approximately P2.7 million for each of the plaintiff claimants. The RTCs unmistakably have jurisdiction over the cases filed in General Santos City and Davao City, as both claims by NAVIDA, et al., and ABELLA, et al., fall within the purview of the definition of the jurisdiction of the RTC under Batas Pambansa Blg. 129.

Moreover, the allegations in both Amended Joint-Complaints narrate that:

THE CAUSES OF ACTION

4. The Defendants manufactured, sold, distributed, used, AND/OR MADE AVAILABLE IN COMMERCE nematocides containing the chemical dibromochloropropane, commonly known as DBCP. THE CHEMICAL WAS USED AGAINST the parasite known as the nematode, which plagued banana plantations, INCLUDING THOSE in the Philippines. AS IT TURNED OUT, DBCP not only destroyed nematodes. IT ALSO CAUSED ILL-EFFECTS ON THE HEALTH OF PERSONS EXPOSED TO IT AFFECTING the human reproductive system as well.

5. The plaintiffs were exposed to DBCP in the 1970s up to the early 1980s WHILE (a) they used this product in the banana plantations WHERE they were employed, and/or (b) they resided within the agricultural area WHERE IT WAS USED. As a result of such exposure, the plaintiffs suffered serious and permanent injuries TO THEIR HEALTH, including, but not limited to, STERILITY and severe injuries to their reproductive capacities.

6. THE DEFENDANTS WERE AT FAULT OR WERE NEGLIGENT IN THAT THEY MANUFACTURED, produced, sold, and/or USED DBCP and/or otherwise, PUT THE SAME into the stream of commerce, WITHOUT INFORMING THE USERS OF ITS HAZARDOUS EFFECTS ON HEALTH AND/OR WITHOUT INSTRUCTIONS ON ITS PROPER USE AND APPLICATION. THEY allowed Plaintiffs to be exposed to, DBCP-containing materials which THEY knew, or in the exercise of ordinary care and prudence ought to have known, were highly harmful and injurious to the Plaintiffs' health and well-being.

7. The Defendants WHO MANUFACTURED, PRODUCED, SOLD, DISTRIBUTED, MADE AVAILABLE OR PUT DBCP INTO THE STREAM OF COMMERCE were negligent OR AT FAULT in that they, AMONG OTHERS:

- Failed to adequately warn Plaintiffs of the dangerous characteristics of DBCP, or to cause their subsidiaries or affiliates to so warn plaintiffs;
- Failed to provide plaintiffs with information as to what should be reasonably safe and sufficient clothing and proper protective equipment and appliances, if any, to protect plaintiffs from the harmful effects of exposure to DBCP, or to cause their subsidiaries or affiliates to do so;
- Failed to place adequate warnings, in a language understandable to the worker, on containers of DBCP-containing materials to warn of the dangers to health of coming into contact with DBCP, or to cause their subsidiaries or affiliates to do so;

- Failed to take reasonable precaution or to exercise reasonable care to publish, adopt and enforce a safety plan and a safe method of handling and applying DBCP, or to cause their subsidiaries or affiliates to do so;
- Failed to test DBCP prior to releasing these products for sale, or to cause their subsidiaries or affiliates to do so; and
- Failed to reveal the results of tests conducted on DBCP to each plaintiff, governmental agencies and the public, or to cause their subsidiaries or affiliate to do so.

8. The illnesses and injuries of each plaintiff are also due to the FAULT or negligence of defendants Standard Fruit Company, Dole Fresh Fruit Company, Dole Food Company, Inc., Chiquita Brands, Inc. and Chiquita Brands International, Inc. in that they failed to exercise reasonable care to prevent each plaintiff's harmful exposure to DBCP-containing products which defendants knew or should have known were hazardous to each plaintiff in that they, AMONG OTHERS:

- Failed to adequately supervise and instruct Plaintiffs in the safe and proper application of DBCP-containing products;
- Failed to implement proper methods and techniques of application of said products, or to cause such to be implemented;
- Failed to warn Plaintiffs of the hazards of exposure to said products or to cause them to be so warned;
- Failed to test said products for adverse health effects, or to cause said products to be tested;
- Concealed from Plaintiffs information concerning the observed effects of said products on Plaintiffs;
- Failed to monitor the health of plaintiffs exposed to said products;
- Failed to place adequate labels on containers of said products to warn them of the damages of said products; and
- Failed to use substitute nematocides for said products or to cause such substitutes to [be] used.[62] (Emphasis supplied and words in brackets ours.)

Quite evidently, the allegations in the Amended Joint-Complaints of NAVIDA, et al., and ABELLA, et al., attribute to defendant companies certain acts and/or omissions which led to their exposure to nematocides containing the chemical DBCP. According to NAVIDA, et al., and ABELLA, et al., such exposure to the said chemical caused ill effects, injuries and illnesses, specifically to their reproductive system.

Thus, these allegations in the complaints constitute the cause of action of plaintiff claimants - a quasi-delict, which under the Civil Code is defined as an act, or omission which causes damage to another, there being fault or negligence. To be precise, Article 2176 of the Civil Code provides:

Article 2176. Whoever by act or omission causes damage to another, there being fault or negligence, is obliged to pay for the damage done. Such fault or negligence, if there is no pre-existing contractual relation between the parties, is called a quasi-delict and is governed by the provisions of this Chapter.

As specifically enumerated in the amended complaints, NAVIDA, et al., and ABELLA, et al., point to the acts and/or omissions of the defendant companies in manufacturing, producing, selling, using, and/or otherwise putting into the stream of commerce, nematocides which contain DBCP, "without informing the users of its hazardous effects on health and/or without instructions on its proper use and application." [63]

Verily, in *Citibank, N.A. v. Court of Appeals*,^[64] this Court has always reminded that jurisdiction of the court over the subject matter of the action is determined by the allegations of the complaint, irrespective of whether or

not the plaintiffs are entitled to recover upon all or some of the claims asserted therein. The jurisdiction of the court cannot be made to depend upon the defenses set up in the answer or upon the motion to dismiss, for otherwise, the question of jurisdiction would almost entirely depend upon the defendants. What determines the jurisdiction of the court is the nature of the action pleaded as appearing from the allegations in the complaint. The averments therein and the character of the relief sought are the ones to be consulted.

Clearly then, the acts and/or omissions attributed to the defendant companies constitute a quasi-delict which is the basis for the claim for damages filed by NAVIDA, et al., and ABELLA, et al., with individual claims of approximately P2.7 million for each plaintiff claimant, which obviously falls within the purview of the civil action jurisdiction of the RTCs.

Moreover, the injuries and illnesses, which NAVIDA, et al., and ABELLA, et al., allegedly suffered resulted from their exposure to DBCP while they were employed in the banana plantations located in the Philippines or while they were residing within the agricultural areas also located in the Philippines. The factual allegations in the Amended Joint-Complaints all point to their cause of action, which undeniably occurred in the Philippines. The RTC of General Santos City and the RTC of Davao City obviously have reasonable basis to assume jurisdiction over the cases.

It is, therefore, error on the part of the courts a quo when they dismissed the cases on the ground of lack of jurisdiction on the mistaken assumption that the cause of action narrated by NAVIDA, et al., and ABELLA, et al., took place abroad and had occurred outside and beyond the territorial boundaries of the Philippines, i.e., "the manufacture of the pesticides, their packaging in containers, their distribution through sale or other disposition, resulting in their becoming part of the stream of commerce,"[65] and, hence, outside the jurisdiction of the RTCs.

Certainly, the cases below are not criminal cases where territoriality, or the situs of the act complained of, would be determinative of jurisdiction and venue for trial of cases. In personal civil actions, such as claims for payment of damages, the Rules of Court allow the action to be commenced and tried in the appropriate court, where any of the plaintiffs or defendants resides, or in the case of a non-resident defendant, where he may be found, at the election of the plaintiff.[66]

In a very real sense, most of the evidence required to prove the claims of NAVIDA, et al., and ABELLA, et al., are available only in the Philippines. First, plaintiff claimants are all residents of the Philippines, either in General Santos City or in Davao City. Second, the specific areas where they were allegedly exposed to the chemical DBCP are within the territorial jurisdiction of the courts a quo wherein NAVIDA, et al., and ABELLA, et al., initially filed their claims for damages. Third, the testimonial and documentary evidence from important witnesses, such as doctors, co-workers, family members and other members of the community, would be easier to gather in the Philippines. Considering the great number of plaintiff claimants involved in this case, it is not far-fetched to assume that voluminous records are involved in the presentation of evidence to support the claim of plaintiff claimants. Thus, these additional factors, coupled with the fact that the alleged cause of action of NAVIDA, et al., and ABELLA, et al., against the defendant companies for damages occurred in the Philippines, demonstrate that, apart from the RTC of General Santos City and the RTC of Davao City having jurisdiction over the subject matter in the instant civil cases, they are, indeed, the convenient fora for trying these cases.[67]

The RTC of General Santos City and the
RTC of Davao City validly acquired
jurisdiction over the persons of all the
defendant companies

It is well to stress again that none of the parties claims that the courts a quo lack jurisdiction over the cases filed

before them. All parties are one in asserting that the RTC of General Santos City and the RTC of Davao City have validly acquired jurisdiction over the persons of the defendant companies in the action below. All parties voluntarily, unconditionally and knowingly appeared and submitted themselves to the jurisdiction of the courts a quo.

Rule 14, Section 20 of the 1997 Rules of Civil Procedure provides that "[t]he defendant's voluntary appearance in the action shall be equivalent to service of summons." In this connection, all the defendant companies designated and authorized representatives to receive summons and to represent them in the proceedings before the courts a quo. All the defendant companies submitted themselves to the jurisdiction of the courts a quo by making several voluntary appearances, by praying for various affirmative reliefs, and by actively participating during the course of the proceedings below.

In line herewith, this Court, in *Meat Packing Corporation of the Philippines v. Sandiganbayan*,^[68] held that jurisdiction over the person of the defendant in civil cases is acquired either by his voluntary appearance in court and his submission to its authority or by service of summons. Furthermore, the active participation of a party in the proceedings is tantamount to an invocation of the court's jurisdiction and a willingness to abide by the resolution of the case, and will bar said party from later on impugning the court or body's jurisdiction.^[69]

Thus, the RTC of General Santos City and the RTC of Davao City have validly acquired jurisdiction over the persons of the defendant companies, as well as over the subject matter of the instant case. What is more, this jurisdiction, which has been acquired and has been vested on the courts a quo, continues until the termination of the proceedings.

It may also be pertinently stressed that "jurisdiction" is different from the "exercise of jurisdiction." Jurisdiction refers to the authority to decide a case, not the orders or the decision rendered therein. Accordingly, where a court has jurisdiction over the persons of the defendants and the subject matter, as in the case of the courts a quo, the decision on all questions arising therefrom is but an exercise of such jurisdiction. Any error that the court may commit in the exercise of its jurisdiction is merely an error of judgment, which does not affect its authority to decide the case, much less divest the court of the jurisdiction over the case.^[70]

Plaintiffs' purported bad faith in
filing the subject civil cases in
Philippine courts

Anent the insinuation by DOLE that the plaintiff claimants filed their cases in bad faith merely to procure a dismissal of the same and to allow them to return to the forum of their choice, this Court finds such argument much too speculative to deserve any merit.

It must be remembered that this Court does not rule on allegations that are unsupported by evidence on record. This Court does not rule on allegations which are manifestly conjectural, as these may not exist at all. This Court deals with facts, not fancies; on realities, not appearances. When this Court acts on appearances instead of realities, justice and law will be short-lived.^[71] This is especially true with respect to allegations of bad faith, in line with the basic rule that good faith is always presumed and bad faith must be proved.^[72]

In sum, considering the fact that the RTC of General Santos City and the RTC of Davao City have jurisdiction over the subject matter of the amended complaints filed by NAVIDA, et al., and ABELLA, et al., and that the courts a quo have also acquired jurisdiction over the persons of all the defendant companies, it therefore, behooves this Court to order the remand of Civil Case Nos. 5617 and 24,251-96 to the RTC of General Santos City and the RTC of Davao City, respectively.

On the issue of the dropping of DOW, OCCIDENTAL and SHELL as respondents in view of their amicable settlement with NAVIDA, et al., and ABELLA, et al.

NAVIDA, et al., and ABELLA, et al., are further praying that DOW, OCCIDENTAL and SHELL be dropped as respondents in G.R. Nos. 125078 and 126654, as well as in Civil Case Nos. 5617 and 24,251-96. The non-settling defendants allegedly manifested that they intended to file their cross-claims against their co-defendants who entered into compromise agreements. NAVIDA, et al., and ABELLA, et al., argue that the non-settling defendants did not aver any cross-claim in their answers to the complaint and that they subsequently sought to amend their answers to plead their cross-claims only after the settlement between the plaintiff claimants and DOW, OCCIDENTAL, and SHELL were executed. NAVIDA, et al., and ABELLA, et al., therefore, assert that the cross-claims are already barred.

In their Memoranda, CHIQUITA and DOLE are opposing the above motion of NAVIDA, et al., and ABELLA, et al., since the latter's Amended Complaints cited several instances of tortious conduct that were allegedly committed jointly and severally by the defendant companies. This solidary obligation on the part of all the defendants allegedly gives any co-defendant the statutory right to proceed against the other co-defendants for the payment of their respective shares. Should the subject motion of NAVIDA, et al., and ABELLA, et al., be granted, and the Court subsequently orders the remand of the action to the trial court for continuance, CHIQUITA and DOLE would allegedly be deprived of their right to prosecute their cross-claims against their other co-defendants. Moreover, a third party complaint or a separate trial, according to CHIQUITA, would only unduly delay and complicate the proceedings. CHIQUITA and DOLE similarly insist that the motion of NAVIDA, et al., and ABELLA, et al., to drop DOW, SHELL and OCCIDENTAL as respondents in G.R. Nos. 125078 and 126654, as well as in Civil Case Nos. 5617 and 24,251-96, be denied.

Incidentally, on April 2, 2007, after the parties have submitted their respective memoranda, DEL MONTE filed a Manifestation and Motion[73] before the Court, stating that similar settlement agreements were allegedly executed by the plaintiff claimants with DEL MONTE and CHIQUITA sometime in 1999. Purportedly included in the agreements were Civil Case Nos. 5617 and 24,251-96. Attached to the said manifestation were copies of the Compromise Settlement, Indemnity, and Hold Harmless Agreement between DEL MONTE and the settling plaintiffs, as well as the Release in Full executed by the latter.[74] DEL MONTE specified therein that there were "only four (4) plaintiffs in Civil Case No. 5617 who are claiming against the Del Monte parties"[75] and that the latter have executed amicable settlements which completely satisfied any claims against DEL MONTE. In accordance with the alleged compromise agreements with the four plaintiffs in Civil Case No. 5617, DEL MONTE sought the dismissal of the Amended Joint-Complaint in the said civil case. Furthermore, in view of the above settlement agreements with ABELLA, et al., in Civil Case No. 24,251-96, DEL MONTE stated that it no longer wished to pursue its petition in G.R. No. 127856 and accordingly prayed that it be allowed to withdraw the same.

Having adjudged that Civil Case Nos. 5617 and 24,251-96 should be remanded to the RTC of General Santos City and the RTC of Davao City, respectively, the Court deems that the Consolidated Motions (to Drop Party-Respondents) filed by NAVIDA, et al., and ABELLA, et al., should likewise be referred to the said trial courts for appropriate disposition.

Under Article 2028 of the Civil Code, "[a] compromise is a contract whereby the parties, by making reciprocal concessions, avoid a litigation or put an end to one already commenced." Like any other contract, an extrajudicial

compromise agreement is not excepted from rules and principles of a contract. It is a consensual contract, perfected by mere consent, the latter being manifested by the meeting of the offer and the acceptance upon the thing and the cause which are to constitute the contract.[76] Judicial approval is not required for its perfection.[77] A compromise has upon the parties the effect and authority of *res judicata*[78] and this holds true even if the agreement has not been judicially approved.[79] In addition, as a binding contract, a compromise agreement determines the rights and obligations of only the parties to it.[80]

In light of the foregoing legal precepts, the RTC of General Santos City and the RTC of Davao City should first receive in evidence and examine all of the alleged compromise settlements involved in the cases at bar to determine the propriety of dropping any party as a defendant therefrom.

The Court notes that the Consolidated Motions (to Drop Party-Respondents) that was filed by NAVIDA, et al., and ABELLA, et al., only pertained to DOW, OCCIDENTAL and SHELL in view of the latter companies' alleged compromise agreements with the plaintiff claimants. However, in subsequent developments, DEL MONTE and CHIQUITA supposedly reached their own amicable settlements with the plaintiff claimants, but DEL MONTE qualified that it entered into a settlement agreement with only four of the plaintiff claimants in Civil Case No. 5617. These four plaintiff claimants were allegedly the only ones who were asserting claims against DEL MONTE. However, the said allegation of DEL MONTE was simply stipulated in their Compromise Settlement, Indemnity, and Hold Harmless Agreement and its truth could not be verified with certainty based on the records elevated to this Court. Significantly, the 336 plaintiff claimants in Civil Case No. 5617 jointly filed a complaint without individually specifying their claims against DEL MONTE or any of the other defendant companies. Furthermore, not one plaintiff claimant filed a motion for the removal of either DEL MONTE or CHIQUITA as defendants in Civil Case Nos. 5617 and 24,251-96.

There is, thus, a primary need to establish who the specific parties to the alleged compromise agreements are, as well as their corresponding rights and obligations therein. For this purpose, the courts *a quo* may require the presentation of additional evidence from the parties. Thereafter, on the basis of the records of the cases at bar and the additional evidence submitted by the parties, if any, the trial courts can then determine who among the defendants may be dropped from the said cases.

It is true that, under Article 2194 of the Civil Code, the responsibility of two or more persons who are liable for the same quasi-delict is solidary. A solidary obligation is one in which each of the debtors is liable for the entire obligation, and each of the creditors is entitled to demand the satisfaction of the whole obligation from any or all of the debtors.[81]

In solidary obligations, the paying debtor's right of reimbursement is provided for under Article 1217 of the Civil Code, to wit:

Art. 1217. Payment made by one of the solidary debtors extinguishes the obligation. If two or more solidary debtors offer to pay, the creditor may choose which offer to accept.

He who made the payment may claim from his co-debtors only the share which corresponds to each, with the interest for the payment already made. If the payment is made before the debt is due, no interest for the intervening period may be demanded.

When one of the solidary debtors cannot, because of his insolvency, reimburse his share to the debtor paying the obligation, such share shall be borne by all his co-debtors, in proportion to the debt of each.

The above right of reimbursement of a paying debtor, and the corresponding liability of the co-debtors to reimburse, will only arise, however, if a solidary debtor who is made to answer for an obligation actually delivers

payment to the creditor. As succinctly held in *Lapanday Agricultural Development Corporation v. Court of Appeals*,^[82] "[p]ayment, which means not only the delivery of money but also the performance, in any other manner, of the obligation, is the operative fact which will entitle either of the solidary debtors to seek reimbursement for the share which corresponds to each of the [other] debtors."^[83]

In the cases at bar, there is no right of reimbursement to speak of as yet. A trial on the merits must necessarily be conducted first in order to establish whether or not defendant companies are liable for the claims for damages filed by the plaintiff claimants, which would necessarily give rise to an obligation to pay on the part of the defendants.

At the point in time where the proceedings below were prematurely halted, no cross-claims have been interposed by any defendant against another defendant. If and when such a cross-claim is made by a non-settling defendant against a settling defendant, it is within the discretion of the trial court to determine the propriety of allowing such a cross-claim and if the settling defendant must remain a party to the case purely in relation to the cross claim.

In *Armed Forces of the Philippines Mutual Benefit Association, Inc. v. Court of Appeals*,^[84] the Court had the occasion to state that "where there are, along with the parties to the compromise, other persons involved in the litigation who have not taken part in concluding the compromise agreement but are adversely affected or feel prejudiced thereby, should not be precluded from invoking in the same proceedings an adequate relief therefor."^[85]

Relevantly, in *Philippine International Surety Co., Inc. v. Gonzales*,^[86] the Court upheld the ruling of the trial court that, in a joint and solidary obligation, the paying debtor may file a third-party complaint and/or a cross-claim to enforce his right to seek contribution from his co-debtors.

Hence, the right of the remaining defendant(s) to seek reimbursement in the above situation, if proper, is not affected by the compromise agreements allegedly entered into by NAVIDA, et al., and ABELLA, et al., with some of the defendant companies.

WHEREFORE, the Court hereby GRANTS the petitions for review on certiorari in G.R. Nos. 125078, 126654, and 128398. We REVERSE and SET ASIDE the Order dated May 20, 1996 of the Regional Trial Court of General Santos City, Branch 37, in Civil Case No. 5617, and the Order dated October 1, 1996 of the Regional Trial Court of Davao City, Branch 16, and its subsequent Order dated December 16, 1996 denying reconsideration in Civil Case No. 24,251-96, and REMAND the records of this case to the respective Regional Trial Courts of origin for further and appropriate proceedings in line with the ruling herein that said courts have jurisdiction over the subject matter of the amended complaints in Civil Case Nos. 5617 and 24,251-96.

The Court likewise GRANTS the motion filed by Del Monte to withdraw its petition in G.R. No. 127856. In view of the previous grant of the motion to withdraw the petition in G.R. No. 125598, both G.R. Nos. 127856 and 125598 are considered CLOSED AND TERMINATED.

No pronouncement as to costs.

SO ORDERED.

Corona, C.J., (Chairperson), Velasco, Jr., Peralta,^[*] and Perez, JJ., concur.

^[*] Per Special Order No. 994 dated May 27, 2011.

^[1] Rollo (G.R. No. 125078), Vol. I, pp. 39-71.

- [2] Rollo (G.R. No. 125598), pp. 10-59.
- [3] Rollo (G.R. No. 125078), Vol. I, pp. 72-85; penned by Judge Teodoro A. Dizon, Jr.
- [4] Rollo (G.R. No. 125598), pp. 75-76.
- [5] Id. at 77-78.
- [6] Rollo (G.R. No. 126654), pp. 12-36.
- [7] Rollo (G.R. No. 127856), pp. 16-31.
- [8] Rollo (G.R. No. 128398), pp. 17-42.
- [9] Rollo (G.R. No. 126654), pp. 34-35; penned by Judge Romeo D. Marasigan.
- [10] Id. at 224.
- [11] Rollo (G.R. No. 128398), p. 104.
- [12] Rollo (G.R. No. 127856), p. 238.
- [13] Records, Vol. I, pp. 92-98.
- [14] Id. at 1-12.
- [15] DOLE filed its motion on December 28, 1995 (Records, Vol. I, pp. 527-535). DOW filed a similar motion on January 22, 1996 (id. at 581-586), while SHELL filed its own motion on February 12, 1996 (id. at 669-674). DEL MONTE filed its motion on February 29, 1996 (Records, Vol. II, pp. 699-714) and CHIQUITA filed its motion on February 29, 1996 (id. at 716-719).
- [16] Records, Vol. II, pp. 720-735.
- [17] SHELL filed a Manifestation with Second Motion for Bill of Particulars on April 3, 1996 (Records, Vol. II, pp. 879-882). On even date, DOW and DOLE also filed their separate Motions for Bill of Particulars (id. at 895-901, 903-911). CHIQUITA filed its motion on April 8, 1996 (id. at 935-938), while DEL MONTE filed its motion on April 12, 1996 (id. at 940-956). OCCIDENTAL filed its motion on May 15, 1996 (id. at 1100-1105).
- [18] Records, Vol. II, pp. 1085-1092.
- [19] Rollo (G.R. No. 125078), Vol. I, pp. 74A-75.
- [20] Id. at 77.
- [21] Id. at 78.
- [22] Id. at 79-80.
- [23] Id. at 82-84.
- [24] Id. at 85.
- [25] Records, Vol. III, pp. 1205-1206.
- [26] Id. at 1222-1241, 1243-1257, 1258-1278.
- [27] Id. at 1303-1307.
- [28] Id. at 1867-1879.

[29] Id. at 1410-1411.

[30] Id. at 1669-1674, 1689-1692.

[31] Records, Vol. IV, pp. 2064-2066.

[32] Rollo (G.R. No. 125598), pp. 10-59.

[33] Id. at 158.

[34] Records, Vol. IV, pp. 1931-1969.

[35] Id. at 2465-2466.

[36] Id. at 2474-2485.

[37] Id. at 2512.

[38] Jesus Abayon, the first plaintiff named in the original complaint, was dropped in the amended joint complaint.

[39] Rollo (G.R. No. 126654), p. 47.

[40] Id. at 37-38.

[41] Rollo (G.R. No. 128398), p. 81.

[42] Id. at 82.

[43] Id. at 106-107.

[44] Id. at 211-212.

[45] Rollo (G.R. No. 125078), Vol. I, pp. 1053-1056.

[46] Rollo (G.R. No. 128398), pp. 238-240.

[47] Rollo (G.R. No. 125078), Vol. I, pp. 1148-1190.

[48] Rollo (G.R. No. 126654), pp. 777-781.

[49] Rollo (G.R. No. 125078), Vol. I, pp. 2289-2411.

[50] Id. at 2421-2460.

[51] Id. at 2486-2511.

[52] Id., Vol. II, pp. 2551-2559.

[53] Rollo (G.R. No. 125598), pp. 796-804.

[54] Id. at 807-811.

[55] Rollo (G.R. No. 125078), Vol. II, pp. 2901-2903.

[56] Id. at 2916-2921.

[57] Rollo (G.R. No. 125598), pp. 812-813.

[58] Rollo (G.R. No. 125078), Vol. I, p. 2496.

[59] *Barangay Piapi v. Talip*, 506 Phil. 392, 396 (2005); *Radio Communications of the Philippines, Inc. v. Court of Appeals*, 435 Phil. 62, 66 (2002).

[60] Under Republic Act No. 7691, the jurisdictional amounts in civil cases would later be adjusted as provided in Section 5, to wit:

SEC. 5. After five (5) years from the effectivity of this Act, the jurisdictional amounts mentioned in Sec. 19(3), (4), and (8); and Sec. 33(1) of Batas Pambansa Blg. 129 as amended by this Act, shall be adjusted to Two hundred thousand pesos (P200,000.00). Five (5) years thereafter, such jurisdictional amounts shall be adjusted further to Three hundred thousand pesos (P300,000.00): Provided, however, That in the case of Metro Manila, the abovementioned jurisdictional amounts shall be adjusted after five (5) years from the effectivity of this Act to Four hundred thousand pesos (P400,000.00).

[61] *Rollo* (G.R. No. 125078), Vol. I, pp. 99-100.

[62] *Id.* at 95-98.

[63] *Rollo* (G.R. No. 126654), p. 47.

[64] 359 Phil. 719, 727 (1998).

[65] Order dated May 20, 1996 of the General Santos City RTC, *Rollo* (G.R. No. 125078), Vol. I, pp. 72-86; penned by Judge Teodoro A. Dizon, Jr.

[66] Rules of Court, Rule 4, Section 2.

[67] See *Saudi Arabian Airlines v. Court of Appeals*, 358 Phil. 105 (1998).

[68] 411 Phil. 959 (2001).

[69] *Id.* at 977-978.

[70] *Platinum Tours and Travel, Inc. v. Panlilio*, 457 Phil. 961, 967-968 (2003).

[71] *ABAKADA Guro Party List Officers Alcantara & Albano v. The Honorable Executive Secretary Ermita*, 506 Phil. 1, 116 (2005).

[72] *Andrade v. Court of Appeals*, 423 Phil. 30, 43 (2001).

[73] *Rollo* (G.R. No. 125078), Vol. II, pp. 3220-3234.

[74] *Id.* at 3235-3272.

[75] The Release In Full bore the names of plaintiffs Leoncio Serdoncillo, Edgar M. Penaranda and Leonardo Burdeos, Jr. The Release in Full under the name of Bernabe Navida [*Rollo* (G.R. No. 125078), Vol. II, pp. 3390-3404] was attached to DEL MONTE's Supplement to Manifestation and Motion dated April 2, 2007.

[76] *Armed Forces of the Philippines Mutual Benefit Association, Inc. v. Court of Appeals*, 370 Phil. 150, 163 (1999).

[77] *Sanchez v. Court of Appeals*, 345 Phil. 155, 182 (1997).

[78] Article 2037 of the Civil Code reads:

Art. 2037. A compromise has upon the parties the effect and authority of *res judicata*; but there shall be no execution except in compliance with a judicial compromise.

[79] Santos Ventura Hocorma Foundation, Inc. v. Santos, 484 Phil. 447, 455 (2004).

[80] California Bus Lines, Inc. v. State Investment House, Inc., 463 Phil. 689, 710 (2003).

[81] PH Credit Corporation v. Court of Appeals, 421 Phil. 821, 832 (2001).

[82] 381 Phil. 41 (2000).

[83] Id. at 52-53.

[84] Supra note 76.

[85] Id. at 164.

[86] 113 Phil. 373, 376-377 (1961).

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