

MARIE ANTOINETTE R. SOLIVEN, PETITIONER, VS. FASTFORMS PHILIPPINES, INC., RESPONDENT.

G.R. No. 139031. October 18, 2004

Ponente: SANDOVAL-GUTIERREZ, J.

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SANDOVAL-GUTIERREZ, J.:

For our resolution is the instant petition for review on certiorari[1] assailing the Decision[2] dated February 8, 1999 and Resolution dated June 17, 1999, both issued by the Court of Appeals in CA-G.R. CV No. 51946.

Records show that on May 20, 1994, Marie Antoinette R. Soliven, petitioner, filed with the Regional Trial Court, Branch 60, Makati City a complaint for sum of money with damages against Fastforms Philippines, Inc., respondent, docketed as Civil Case No. 94-1788.

The complaint alleges that on June 2, 1993, respondent, through its president Dr. Eduardo Escobar, obtained a loan from petitioner in the amount of One Hundred Seventy Thousand Pesos (P170,000.00), payable within a period of twenty-one (21) days, with an interest of 3%, as evidenced by a promissory note[3] executed by Dr. Escobar as president of respondent. The loan was to be used to pay the salaries of respondent's employees. On the same day, respondent issued a postdated check (dated June 25, 1993)[4] in favor of petitioner in the amount of P175,000.00 (representing the principal amount of P170,000.00, plus P5,000.00 as interest). It was signed by Dr. Escobar and Mr. Lorcan Harney, respondent's vice-president. About three weeks later, respondent, through Dr. Escobar, advised petitioner not to deposit the postdated check as the account from where it was drawn has insufficient funds. Instead, respondent proposed to petitioner that the P175,000.00 be "rolled-over," with a monthly interest of 5% (or P8,755.00). Petitioner agreed to the proposal. Subsequently, respondent, through Dr. Escobar, Mr. Harney and Mr. Steve Singson, the new president, issued several checks in the total sum of P76,250.00 in favor of petitioner as payment for interests corresponding to the months of June, August, September, October and December, 1993. Later, despite petitioner's repeated demands, respondent refused to pay its principal obligation and interests due.

In her complaint, petitioner prays:

"WHEREFORE, premises considered, it is respectfully prayed of this Honorable Court that judgment be rendered:

(a) holding/declaring defendant (now respondent) guilty of breach of contract x x x; and

(b) ordering defendant to pay plaintiff (now petitioner) the following sums:

P195,155.00 as actual damages;

P200,000.00 as moral damages;

P100,000.00 as exemplary damages; and

P100,000.00 as attorney's fees, plus the costs of suit.

Plaintiff prays for such other relief just and equitable in the premises."

Respondent, in its answer with counterclaim,[5] denied that it obtained a loan from petitioner; and that it did not authorize its then president, Dr. Eduardo Escobar, to secure any loan from petitioner or issue various checks as payment for interests.

After trial on the merits, the court a quo rendered a Decision dated July 3, 1995[6] in favor of petitioner, the dispositive portion of which reads:

“22. WHEREFORE, the court hereby renders judgment as follows:

22.1. The defendant FASTFORMS PHILS., INC. is ordered to pay the plaintiff, MARIE ANTOINETTE R. SOLIVEN, the following amounts:

22.1.1. P175,000.00 – the amount of the loan and its interest covered by the check (Exh. 3);

22.1.2. Five (5%) percent of P175,000.00 – a month from June 25, 1993 until the P175,000.00 is fully paid – less the sum of P76,250.00 – as interest;

22.1.3. P50,000.00 – as attorney’s fees.

22.2. The COMPLAINT for MORAL and EXEMPLARY damages is DISMISSED.

22.3. The COUNTERCLAIM is DISMISSED; and

22.4. Costs is taxed against the defendant.”

Respondent then filed a motion for reconsideration[7] questioning for the first time the trial court’s jurisdiction. It alleged that since the amount of petitioner’s principal demand (P195,155.00) does not exceed P200,000.00, the complaint should have been filed with the Metropolitan Trial Court pursuant to Republic Act No. 7691.[8]

Petitioner opposed the motion for reconsideration, stressing that respondent is barred from assailing the jurisdiction of the trial court since it has invoked the latter’s jurisdiction by seeking affirmative relief in its answer to the complaint and actively participated in all stages of the trial.[9]

In its Order dated October 11, 1995,[10] the trial court denied respondent’s motion for reconsideration, holding that it has jurisdiction over the case because the totality of the claim therein exceeds P200,000.00. The trial court also ruled that respondent, under the principle of estoppel, has lost its right to question its jurisdiction.

On appeal, the Court of Appeals reversed the trial court’s Decision on the ground of lack of jurisdiction. The Appellate Court held that the case is within the jurisdiction of the Metropolitan Trial Court, petitioner’s claim being only P195,155.00; and that respondent may assail the jurisdiction of the trial court anytime even for the first time on appeal.

Petitioner filed a motion for reconsideration but was denied by the Court of Appeals in its Resolution dated June 17, 1999.[11]

Hence, this petition.

The fundamental issue for our resolution is whether the trial court has jurisdiction over Civil Case No. 94-1788.

Section 1 of Republic Act No. 7691, which took effect on April 15, 1994[12] or prior to the institution of Civil Case No. 94-1788, provides inter alia that where the amount of the demand in civil cases instituted in Metro Manila exceeds P200,000.00, exclusive of interest, damages of whatever kind, attorney’s fees, litigation expenses, and costs, the exclusive original jurisdiction thereof is lodged with the Regional Trial Court.

Under Section 3 of the same law, where the amount of the demand in the complaint instituted in Metro Manila

does not exceed P200,000.00, exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses, and costs, the exclusive original jurisdiction over the same is vested in the Metropolitan Trial Court, Municipal Trial Court and Municipal Circuit Trial Court.

In Administrative Circular No. 09-94 dated March 14, 1994, we specified the guidelines in the implementation of R.A. 7691. Paragraph 2 of the Circular provides:

"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." (underscoring ours)

Here, the main cause of action is for the recovery of sum of money amounting to only P195,155.00. The damages being claimed by petitioner are merely the consequences of this main cause of action. Hence, they are not included in determining the jurisdictional amount. It is plain from R.A. 7691 and our Administrative Circular No. 09-94 that it is the Metropolitan Trial Court which has jurisdiction over the instant case. As correctly stated by the Court of Appeals in its assailed Decision:

"Conformably, since the action is principally for the collection of a debt, and the prayer for damages is not one of the main causes of action but merely a consequence thereto, it should not be considered in determining the jurisdiction of the court."

While it is true that jurisdiction may be raised at any time, "this rule presupposes that estoppel has not supervened." [13] In the instant case, respondent actively participated in all stages of the proceedings before the trial court and invoked its authority by asking for an affirmative relief. Clearly, respondent is estopped from challenging the trial court's jurisdiction, especially when an adverse judgment has been rendered. In *PNOC Shipping and Transport Corporation vs. Court of Appeals*, [14] we held:

"Moreover, we note that petitioner did not question at all the jurisdiction of the lower court x x x in its answers to both the amended complaint and the second amended complaint. It did so only in its motion for reconsideration of the decision of the lower court after it had received an adverse decision. As this Court held in *Pantranco North Express, Inc. vs. Court of Appeals* (G.R. No. 105180, July 5, 1993, 224 SCRA 477, 491), participation in all stages of the case before the trial court, that included invoking its authority in asking for affirmative relief, effectively barred petitioner by estoppel from challenging the court's jurisdiction. Notably, from the time it filed its answer to the second amended complaint on April 16, 1985, petitioner did not question the lower court's jurisdiction. It was only on December 29, 1989 when it filed its motion for reconsideration of the lower court's decision that petitioner raised the question of the lower court's lack of jurisdiction. Petitioner thus foreclosed its right to raise the issue of jurisdiction by its own inaction." (underscoring ours)

Similarly, in the subsequent case of *Sta. Lucia Realty and Development, Inc. vs. Cabrigas*, [15] we ruled:

"In the case at bar, it was found by the trial court in its 30 September 1996 decision in LCR Case No. Q-60161(93) that private respondents (who filed the petition for reconstitution of titles) failed to comply with both sections 12 and 13 of RA 26 and therefore, it had no jurisdiction over the subject matter of the case. However, private respondents never questioned the trial court's jurisdiction over its petition for reconstitution throughout the duration of LCR Case No. Q-60161(93). On the contrary, private respondents actively participated in the reconstitution proceedings by filing pleadings and presenting its evidence. They invoked the trial court's jurisdiction in order to obtain affirmative relief – the reconstitution of their titles. Private respondents have thus foreclosed their right to raise the issue of jurisdiction by their own actions.

“The Court has constantly upheld the doctrine that while jurisdiction may be assailed at any stage, a litigant’s participation in all stages of the case before the trial court, including the invocation of its authority in asking for affirmative relief, bars such party from challenging the court’s jurisdiction (PNOC Shipping and Transport Corporation vs. Court of Appeals, 297 SCRA 402 [1998]). A party cannot invoke the jurisdiction of a court to secure affirmative relief against his opponent and after obtaining or failing to obtain such relief, repudiate or question that same jurisdiction (Asset Privatization Trust vs. Court of Appeals, 300 SCRA 579 [1998]; Province of Bulacan vs. Court of Appeals, 299 SCRA 442 [1998]). The Court frowns upon the undesirable practice of a party participating in the proceedings and submitting his case for decision and then accepting judgment, only if favorable, and attacking it for lack of jurisdiction, when adverse (Producers Bank of the Philippines vs. NLRC, 298 SCRA 517 [1998], citing Ilocos Sur Electric Cooperative, Inc. vs. NLRC, 241 SCRA 36 [1995]).” (underscoring ours)

WHEREFORE, the instant petition is GRANTED. The assailed Decision dated February 8, 1999 and Resolution dated June 17, 1999 of the Court of Appeals in CA-G.R. CV No. 51946 are REVERSED. The Decision dated July 3, 1995 and Resolution dated October 11, 1995 of the Regional Trial Court, Branch 60, Makati City in Civil Case No. 94-1788 are hereby AFFIRMED.

SO ORDERED.

Panganiban, (Chairman), and Corona, JJ., concur.
Carpio-Morales, J., on leave.

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- [1] Filed under Rule 45 of the 1997 Rules of Civil Procedure, amended.
- [2] Penned by Justice Conrado M. Vasquez, Jr. and concurred in by then Presiding Justice Cancio C. Garcia, now Associate Justice of this Court, and Justice Teodoro P. Regino (retired).
- [3] Annex “A”, petitioner’s Complaint, Rollo at 70, 78.
- [4] Exhibit “B”, id. at 70, 79.
- [5] Annex “D”, Petition, Rollo at 82-88.
- [6] Annex “E”, id. at 89-97.
- [7] Annex “F”, id. at 98-101.
- [8] Entitled “An Act Expanding The Jurisdiction Of The Metropolitan Trial Courts, Municipal Trial Courts, And Municipal Circuit Trial Courts, Amending For The Purpose Batas Pambansa Blg. 129, Otherwise Known As ‘The Judiciary Reorganization Act Of 1980’.”
- [9] Rollo at 102.
- [10] Id. at 108-109.
- [11] Annex “A-1”, Petition, Rollo at 52-53.
- [12] Par. 1 of SC Administrative Circular No. 09-94 dated March 14, 1994.
- [13] Sesbrano vs. CA, G.R. No. 84096, January 26, 1995, 310 Phil. 671, 680.
- [14] G.R. No. 107518, October 8, 1998, 297 SCRA 402.
- [15] G.R. No. 134895, June 19, 2001, 358 SCRA 715.

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