

ST. AVIATION SERVICES CO., PTE., LTD., PETITIONER, VS. GRAND INTERNATIONAL AIRWAYS, INC., RESPONDENT.

G.R. NO. 140288. October 23, 2006

Ponente: SANDOVAL-GUTIERREZ, J.

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SANDOVAL-GUTIERREZ, J.:

Challenged in the instant Petition for Review on Certiorari are the Decision of the Court of Appeals dated July 30, 1999 and its Resolution dated September 29, 1999 in CA-G.R. SP No. 51134 setting aside the Orders dated October 30, 1998 and December 16, 1998 of the Regional Trial Court (RTC), Branch 117, Pasay City in Civil Case No. 98-1389.

St. Aviation Services Co., Pte., Ltd., petitioner, is a foreign corporation based in Singapore. It is engaged in the manufacture, repair, and maintenance of airplanes and aircrafts. Grand International Airways, Inc., respondent, is a domestic corporation engaged in airline operations.

Sometime in January 1996, petitioner and respondent executed an "Agreement for the Maintenance and Modification of Airbus A 300 B4-103 Aircraft Registration No. RP-C8882" (First Agreement). Under this stipulation, petitioner agreed to undertake maintenance and modification works on respondent's aircraft. The parties agreed on the mode and manner of payment by respondent of the contract price, including interest in case of default. They also agreed that the "construction, validity and performance thereof" shall be governed by the laws of Singapore. They further agreed to submit any suit arising from their agreement to the non-exclusive jurisdiction of the Singapore courts.

At about the same time, or on January 12, 1996, the parties verbally agreed that petitioner will repair and undertake maintenance works on respondent's other aircraft, Aircraft No. RP-C8881; and that the works shall be based on a General Terms of Agreement (GTA). The GTA terms are similar to those of their First Agreement.

Petitioner undertook the contracted works and thereafter promptly delivered the aircrafts to respondent. During the period from March 1996 to October 1997, petitioner billed respondent in the total amount of US\$303,731.67 or S\$452,560.18. But despite petitioner's repeated demands, respondent failed to pay, in violation of the terms agreed upon.

On December 12, 1997, petitioner filed with the High Court of the Republic of Singapore an action for the sum of S\$452,560.18, including interest and costs, against respondent, docketed as Suit No. 2101. Upon petitioner's motion, the court issued a Writ of Summons to be served extraterritorially or outside Singapore upon respondent. The court sought the assistance of the sheriff of Pasay City to effect service of the summons upon respondent. However, despite receipt of summons, respondent failed to answer the claim.

On February 17, 1998, on motion of petitioner, the Singapore High Court rendered a judgment by default against respondent.

On August 4, 1998, petitioner filed with the RTC, Branch 117, Pasay City, a Petition for Enforcement of

Judgment, docketed as Civil Case No. 98-1389.

Respondent filed a Motion to Dismiss the Petition on two grounds: (1) the Singapore High Court did not acquire jurisdiction over its person; and (2) the foreign judgment sought to be enforced is void for having been rendered in violation of its right to due process.

On October 30, 1998, the RTC denied respondent's motion to dismiss, holding that "neither one of the two grounds (of Grand) is among the grounds for a motion to dismiss under Rule 16 of the 1997 Rules of Civil Procedure."

Respondent filed a motion for reconsideration but was denied by the RTC in its Order dated December 16, 1998.

On February 15, 1999, respondent filed with the Court of Appeals a Petition for Certiorari assailing the RTC Order denying its motion to dismiss. Respondent alleged that the extraterritorial service of summons on its office in the Philippines is defective and that the Singapore court did not acquire jurisdiction over its person. Thus, its judgment sought to be enforced is void. Petitioner, in its comment, moved to dismiss the petition for being unmeritorious.

On July 30, 1999, the Court of Appeals issued its Decision granting the petition and setting aside the Orders dated October 30, 1998 and December 16, 1998 of the RTC "without prejudice to the right of private respondent to initiate another proceeding before the proper court to enforce its claim." It found:

In the case at bar, the complaint does not involve the personal status of plaintiff, nor any property in which the defendant has a claim or interest, or which the private respondent has attached but purely an action for collection of debt. It is a personal action as well as an action in personam, not an action in rem or quasi in rem. As a personal action, the service of summons should be personal or substituted, not extraterritorial, in order to confer jurisdiction on the court.

Petitioner seasonably filed a motion for reconsideration but it was denied on September 29, 1999.

Hence, the instant Petition for Review on Certiorari.

The issues to be resolved are: (1) whether the Singapore High Court has acquired jurisdiction over the person of respondent by the service of summons upon its office in the Philippines; and (2) whether the judgment by default in Suit No. 2101 by the Singapore High Court is enforceable in the Philippines.

Generally, in the absence of a special contract, no sovereign is bound to give effect within its dominion to a judgment rendered by a tribunal of another country; however, under the rules of comity, utility and convenience, nations have established a usage among civilized states by which final judgments of foreign courts of competent jurisdiction are reciprocally respected and rendered efficacious under certain conditions that may vary in different countries.[1] Certainly, the Philippine legal system has long ago accepted into its jurisprudence and procedural rules the viability of an action for enforcement of foreign judgment, as well as the requisites for such valid enforcement, as derived from internationally accepted doctrines.[2]

The conditions for the recognition and enforcement of a foreign judgment in our legal system are contained in Section 48, Rule 39 of the 1997 Rules of Civil Procedure, as amended, thus:

SEC. 48. Effect of foreign judgments. - The effect of a judgment or final order of a tribunal of a foreign country, having jurisdiction to render the judgment or final order is as follows:

(a)

In case of a judgment or final order upon a specific thing, the judgment or final order is conclusive upon the

title to the thing; and

(b)

In case of a judgment or final order against a person, the judgment or final order is presumptive evidence of a right as between the parties and their successors in interest by a subsequent title;

In either case, the judgment or final order may be repelled by evidence of a want of jurisdiction, want of notice to the party, collusion, fraud, or clear mistake of law or fact.

Under the above Rule, a foreign judgment or order against a person is merely presumptive evidence of a right as between the parties. It may be repelled, among others, by want of jurisdiction of the issuing authority or by want of notice to the party against whom it is enforced. The party attacking a foreign judgment has the burden of overcoming the presumption of its validity.[3]

Respondent, in assailing the validity of the judgment sought to be enforced, contends that the service of summons is void and that the Singapore court did not acquire jurisdiction over it.

Generally, matters of remedy and procedure such as those relating to the service of process upon a defendant are governed by the lex fori or the internal law of the forum,[4] which in this case is the law of Singapore. Here, petitioner moved for leave of court to serve a copy of the Writ of Summons outside Singapore. In an Order dated December 24, 1997, the Singapore High Court granted "leave to serve a copy of the Writ of Summons on the Defendant by a method of service authorized by the law of the Philippines for service of any originating process issued by the Philippines at ground floor, APMC Building, 136 Amorsolo corner Gamboa Street, 1229 Makati City, or elsewhere in the Philippines." [5] This service of summons outside Singapore is in accordance with Order 11, r. 4(2) of the Rules of Court 1996[6] of Singapore, which provides.

(2) Where in accordance with these Rules, an originating process is to be served on a defendant in any country with respect to which there does not subsist a Civil Procedure Convention providing for service in that country of process of the High Court, the originating process may be served -

a) through the government of that country, where that government is willing to effect service;

b) through a Singapore Consular authority in that country, except where service through such an authority is contrary to the law of the country; or

c) by a method of service authorized by the law of that country for service of any originating process issued by that country.

In the Philippines, jurisdiction over a party is acquired by service of summons by the sheriff,[7] his deputy or other proper court officer either personally by handing a copy thereof to the defendant[8] or by substituted service.[9] In this case, the Writ of Summons issued by the Singapore High Court was served upon respondent at its office located at Mercure Hotel (formerly Village Hotel), MIA Road, Pasay City. The Sheriff's Return shows that it was received on May 2, 1998 by Joyce T. Austria, Secretary of the General Manager of respondent company.[10] But respondent completely ignored the summons, hence, it was declared in default.

Considering that the Writ of Summons was served upon respondent in accordance with our Rules, jurisdiction was acquired by the Singapore High Court over its person. Clearly, the judgment of default rendered by that court against respondent is valid.

WHEREFORE, we GRANT the petition. The challenged Decision and Resolution of the Court of Appeals in CA-G.R. SP No. 51134 are SET ASIDE.

The RTC, Branch 117, Pasay City is hereby DIRECTED to hear Civil Case No. 98-1389 with dispatch.

SO ORDERED.

Puno, (Chairperson), Corona, Azcuna, and Garcia, JJ., concur.

[1] Asiavest Merchant Bankers (M) Berhad v. Court of Appeals, G.R. No. 110263, July 20, 2001, 361 SCRA 489.

[2] Mijares v. Ranada, G.R. No. 139325, April 12, 2005, 455 SCRA 397.

[3] Ibid.; Northwest Orient Airlines, Inc. v. Court of Appeals, G.R. No. 112573, February 9, 1995, 241 SCRA 192.

[4] Northwest Orient Airlines, Inc. v. Court of Appeals, *ibid.*; Asiavest Merchant Bankers (M) Berhad v. Court of Appeals; *supra*, footnote 1.

[5] Rollo, p. 147.

[6] The Singapore Supreme Court of Judicature Act, Chapter 322.

[7] Section 3, Rule 14, 1997 Rules of Civil Procedure, as amended:

Sec. 3. By whom served. - The summons may be served by the sheriff, his deputy, or other proper court officer, or for justifiable reasons by any suitable person authorized by the court issuing the summons.

[8] Section 6, *ibid.*

Sec. 6. Service in person on defendant. - Whenever practicable, the summons shall be served by handing a copy thereof to the defendant in person, or, if he refuses to receive and sign for it, by tendering it to him.

[9] Section 7, *ibid.*

Sec. 7. Substituted service. - If, for justifiable causes, the defendant cannot be served within a reasonable time as provided in the preceding section, service may be effected (a) by leaving copies of the summons at the defendant's residence with some person of suitable age and discretion then residing therein, or (b) by leaving the copies at defendant's office or regular place of business with some competent person in charge thereof.

[10] Rollo, p. 8.

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