SAN MIGUEL CORPORATION, PETITIONER, VS. TROY FRANCIS L. MONASTERIO, RESPONDENT.

G.R. NO. 151037. June 23, 2005

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

This appeal by certiorari seeks to reverse and set aside the Decision[1] dated July 16, 2001, and the Resolution[2] dated November 27, 2001, of the Court of Appeals in CA-G.R. SP No. 52622. The Court of Appeals dismissed the special civil action for certiorari filed by San Miguel Corporation (SMC)[3] assailing the Orders[4] of the Regional Trial Court of Naga City, Branch 20, which denied its Motion to Dismiss on the ground of improper venue and the subsequent Motion for Reconsideration in Civil Case No. RTC'98-4150.

The facts are as follows:

On August 1, 1993, petitioner SMC entered into an Exclusive Warehouse Agreement[5] (hereafter EWA for brevity) with SMB Warehousing Services (SMB), represented by its manager, respondent Troy Francis L. Monasterio. SMB undertook to provide land, physical structures, equipment and personnel for storage, warehousing and related services such as, but not limited to, segregation of empty bottles, stock handling, and receiving SMC products for its route operations at Sorsogon, Sorsogon and Daet, Camarines Norte.

The agreement likewise contained a stipulation on venue of actions, to wit:

26. GENERAL PROVISIONS

. . .

> b. Should it be necessary that an action be brought in court to enforce the terms of this Agreement or the duties or rights of the parties herein, it is agreed that the proper court should be in the courts of Makati or Pasig, Metro Manila, to the exclusion of the other courts at the option of the COMPANY.[6] [Underscoring supplied.]

. . .

On November 3, 1998, respondent Monasterio, a resident of Naga City, filed a complaint docketed as Civil Case No. RTC'98-4150 for collection of sum of money against petitioner before the Regional Trial Court of Naga City, Branch 20.

In his Complaint,[7] Monasterio claimed P900,600 for unpaid cashiering fees. He alleged that from September 1993 to September 1997 and May 1995 to November 1997, aside from rendering service as warehouseman, he was given the additional task of cashiering in SMC's Sorsogon and Camarines Norte sales offices for which he was promised a separate fee. He claims that of approximately 290 million pesos in cash and checks of the sales office and the risks of pilferage, theft, robbery and hold-up, he had assumed what amounted to approximately 35 million pesos per annum for Sorsogon, Sorsogon, and 60 million pesos for Daet, Camarines Norte. He also said

that he hired personnel for the job. Respondent added that it was only on December 1, 1997, that petitioner SMC started paying him P11,400 per month for his cashiering services.

Monasterio demanded P82,959.32 for warehousing fees, P11,400 for cashiering fees for the month of September, 1998, as well as exemplary damages, and attorney's fees in the amount of P500,000 and P300,000, respectively.[8]

On November 19, 1998, SMC filed a Motion to Dismiss[9] on the ground of improper venue. SMC contended that respondent's money claim for alleged unpaid cashiering services arose from respondent's function as warehouse contractor thus the EWA should be followed and thus, the exclusive venue of courts of Makati or Pasig, Metro Manila is the proper venue as provided under paragraph 26(b) of the Exclusive Warehouse Agreement. SMC cites in its favor Section 4(b) in relation to Section 2 of Rule 4[10] of the Rules of Court allowing agreement of parties on exclusive venue of actions.

Respondent filed an Opposition[11] contending that the cashiering service he rendered for the petitioner was separate and distinct from the services under the EWA. Hence, the provision on venue in the EWA was not applicable to said services. Hence, respondent insists that in accordance with Section 2 of Rule 4 of the Rules of Court the venue should be in Naga City, his place of residence.

On February 22, 1999, the Regional Trial Court, of Naga City, Branch 20 issued an Order[12] denying petitioner's motion to dismiss. The court held that the services agreed upon in said contract is limited to warehousing services and the claim of plaintiff in his suit pertains to the cashiering services rendered to the defendant, a relationship which was not documented, and is certainly a contract separate and independent from the exclusive warehousing agreements.[13]

SMC's subsequent Motion for Reconsideration was likewise denied.[14] While the motion was pending, the respondent filed an Amended Complaint[15] deleting his claim for unpaid warehousing and cashiering fees but increasing the exemplary damages from P500,000 to P1,500,000.[16]

Petitioner elevated the controversy to the Court of Appeals by way of a special civil action for certiorari with a prayer for the issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction, imputing grave abuse of discretion on the RTC Naga City for denying its motion to dismiss and subsequent motion for reconsideration.

On June 11, 1999, during the pendency of the certiorari petition SMC filed before the trial court an answer ex abundanti cautela[17] with a compulsory counterclaim for moral and exemplary damages and attorney's fees. SMC averred lack of cause of action, payment, waiver, abandonment and extinguishment.

In its decision dated July 16, 2001, the Court of Appeals found respondent's claim for cashiering services inseparable from his claim for warehousing services, thus, the venue stipulated in the EWA is the proper venue. However, the Court of Appeals noted that prior to the filing of SMC's petition, respondent Monasterio filed an amended complaint to which SMC filed an answer. Thus, the Court of Appeals dismissed San Miguel's petition for certiorari, stating that the case was already moot and academic.

Petitioner filed a motion for reconsideration which was denied by the Court of Appeals. Hence, this petition wherein petitioner raises the following as issues:[18]

- Whether or not this Honorable Court may review the finding of the Court of Appeals that the Complaint and Amended Complaint were filed in the wrong venue.

- Assuming arguendo that this Honorable Court may review the finding of the Court of Appeals that the

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Complaint and Amended Complaint were filed in the wrong venue, whether or not such finding should be reversed.

- Whether or not the Court of Appeals gravely erred in ruling that SMC's Petition For Certiorari has become moot and academic in view of the filing of Monasterio's Amended Complaint and SMC's Answer (Ex Abundanti Cautela).[19]

In our view, two issues only require resolution: (1) Did the RTC of Naga City err in denying the motion to dismiss filed by SMC alleging improper venue? (2) Did the CA gravely err in ruling that SMC's petition for certiorari has become moot?

On disputes relating to the enforcement of the rights and duties of the contracting parties, the venue stipulation in the EWA should be construed as mandatory. Nothing therein being contrary to law, morals, good custom or public policy, this provision is binding upon the parties.[20] The EWA stipulation on venue is clear and unequivocal, thus it ought to be respected.

However, we note that the cause of action in the complaint filed by the respondent before the RTC of Naga was not based on the EWA, but concern services not enumerated in the EWA. Records show also that previously, respondent received a separate consideration of P11,400 for the cashiering service he rendered to SMC. Moreover, in the amended complaint, the respondent's cause of action was specifically limited to the collection of the sum owing to him for his cashiering service in favor of SMC. He already omitted petitioner's non-payment of warehousing fees. As previously ruled, allegations in the complaint determines the cause of action or the nature of the case.[21] Thus, given the circumstances of this case now before us, we are constrained to hold that it would be erroneous to rule, as the CA did, that the collection suit of the respondent did not pertain solely to the unpaid cashiering services but pertain likewise to the warehousing services.[22]

Exclusive venue stipulation embodied in a contract restricts or confines parties thereto when the suit relates to breach of the said contract. But where the exclusivity clause does not make it necessarily all encompassing, such that even those not related to the enforcement of the contract should be subject to the exclusive venue, the stipulation designating exclusive venues should be strictly confined to the specific undertaking or agreement. Otherwise, the basic principles of freedom to contract might work to the great disadvantage of a weak party-suitor who ought to be allowed free access to courts of justice.

Restrictive stipulations are in derogation of the general policy of making it more convenient for the parties to institute actions arising from or in relation to their agreements.[23] Thus, the restriction should be strictly construed as relating solely to the agreement for which the exclusive venue stipulation is embodied. Expanding the scope of such limitation on a contracting party will create unwarranted restrictions which the parties might find unintended or worse, arbitrary and oppressive.

Moreover, since convenience is the raison d'etre of the rules on venue,[24] venue stipulation should be deemed merely permissive, and that interpretation should be adopted which most serves the parties' convenience.[25] Contrawise, the rules mandated by the Rules of Court should govern.[26] Accordingly, since the present case for the collection of sum of money filed by herein respondent is a personal action,[27] we find no compelling reason why it could not be instituted in the RTC of Naga City, the place where plaintiff resides.

Having settled the issue on venue, we need not belabor the issue of whether SMC's petition has become moot.

WHEREFORE, it is hereby ruled that no reversible error was committed by the Regional Trial Court of Naga City, Branch 20, in denying petitioner's motion to dismiss. Said RTC is the proper venue of the amended complaint for a sum of money filed by respondent against petitioner San Miguel Corporation, in connection with

his cashiering services. The case is hereby REMANDED to the RTC of Naga City, Branch 20, for further proceedings on respondent's amended complaint, without further delay.

Costs against petitioner.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Ynares-Santiago, Carpio, and Azcuna, JJ., concur.

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[1] Rollo, pp. 25-35. Penned by Associate Justice Josefina Guevara-Salonga, with Associate Justices Delilah Vidallon-Magtolis, and Teodoro P. Regino concurring.

[2] Id. at 37.

[3] Also referred to as "San Miguel Brewing Philippines" in the pleadings before the RTC of Naga.

[4] Rollo, pp. 78-79, 96.

[5] Id. at 38-46.

[6] Id. at 44.

[7] Id. at 56-60.

[8] Id. at 59.

[9] Id. at 61-68.

[10] SEC. 2. Venue of personal actions.–All other actions may be commenced and tried where the plaintiff or any of the principal plaintiffs resides, or where the defendant or any of the principal defendants resides, or in the case of a non-resident defendant where he may be found, at the election of the plaintiff.

. . .

Sec. 4. When Rule not applicable.–This Rule shall not apply-

. . .

(b) Where the parties have validly agreed in writing before the filing of the action on the exclusive venue thereof.

[11] Rollo, pp. 69-70.

[12] Id. at 78-79.

[13] Ibid.

[14] Id. at 80-82.

[15] Id. at 89-92.

[16] Id. at 91.

[17] Id. at 120-131.

[18] Id. at 299-300.

[19] Out of abundant caution.

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[20] See Unimasters Conglomeration, Inc. v. Court of Appeals, G.R. No. 119657, 7 February 1997, 267 SCRA 759, 767 citing Bautista v. De Borja, No. L-20600, 28 October 1966, 18 SCRA 474, 480 and Central Azucarera de Tarlac v. De Leon and Fernandez, No. 35246, 22 September 1931, 56 Phil. 169, 173.

[21] Peltan Development, Inc. v. Court of Appeals, G.R. No. 117029, 19 March 1997, 270 SCRA 82, 91.

[22] CA Rollo, p. 160.

[23] Supra, note 20 at 768.

[24] Uy v. Contreras, G.R. Nos. 111416-17, 26 September 1994, 237 SCRA 167, 178; Sweet Lines, Inc. v. Teves, No. L-37750, 19 May 1978, 83 SCRA 361, 372; See Nicolas v. Reparations Commission, No. L-28649, 21 May 1975, 64 SCRA 110, 116.

[25] Supra, note 20 at 767-768.

[26] Rules of Court, Rule 4.

SEC. 2. Venue of personal actions.–All other actions may be commenced and tried where the plaintiff or any of the principal plaintiffs resides, or where the defendant or any of the principal defendants resides, or in the case of a non-resident defendant where he may be found, at the election of the plaintiff.

[27] Ruiz v. Court of Appeals, G.R. No. 116909, 25 February 1999, 303 SCRA 637, 645.

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