SPS. RENATO & ANGELINA LANTIN, PETITIONERS, VS. HON. JANE AURORA C. LANTION, PRESIDING JUDGE OF THE REGIONAL TRIAL COURT OF LIPA CITY, FOURTH JUDICIAL REGION, BRANCH 13, PLANTER...

G.R. NO. 160053. August 28, 2006

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

This is a petition for certiorari assailing the orders dated May 15, 2003[1] and September 15, 2003[2] in Civil Case No. 2002-0555 issued by public respondent, Presiding Judge Jane Aurora C. Lantion, of the Regional Trial Court (RTC) of Lipa City, Batangas.

The facts of the case are as follows:

Petitioners Renato and Angelina Lantin took several peso and dollar loans from respondent Planters Development Bank and executed several real estate mortgages and promissory notes to cover the loans. They defaulted on the payments so respondent bank foreclosed the mortgaged lots. The foreclosed properties, in partial satisfaction of petitioners' debt, were sold at a public auction where the respondent bank was the winning bidder. On November 8, 2003, petitioners filed against Planters Development Bank and its officers Elizabeth Umali, Alice Perce and Jelen Mosca (private respondents), a Complaint for Declaration of Nullity and/or Annulment of Sale and/or Mortgage, Reconveyance, Discharge of Mortgage, Accounting, Permanent Injunction, and Damages with the RTC of Lipa City, Batangas. Petitioners alleged that only their peso loans were covered by the mortgages and that these had already been fully paid, hence, the mortgages should have been discharged. They challenged the validity of the foreclosure on the alleged non-payment of their dollar loans as the mortgages did not cover those loans.

Private respondents moved to dismiss the complaint on the ground of improper venue since the loan agreements restricted the venue of any suit in Metro Manila.

On May 15, 2003, the respondent judge dismissed the case for improper venue.

Petitioners sought reconsideration. They argued that the trial court in effect prejudged the validity of the loan documents because the trial court based its dismissal on a venue stipulation provided in the agreement. The motion for reconsideration was denied and the lower court held that the previous order did not touch upon the validity of the loan documents but merely ruled on the procedural issue of venue.

Petitioners now come before us alleging that:

> I
>
> THE HONORABLE JUDGE COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN HOLDING THAT THE VENUE STIPULATIONS IN THE "REAL

ESTATE MORTGAGE" AND "PROMISSORY NOTES" FALL WITHIN THE PURVIEW OF SECTION 4(B) OF RULE 4 OF THE 1997 RULES OF CIVIL PROCEDURE IN THAT IT LIMITED THE VENUE OF ACTIONS TO A DEFINITE PLACE.

II

THE HONORABLE JUDGE COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN NOT FINDING THAT THE MERE USE OF THE WORD "EXCLUSIVELY" DOES NOT, BY ITSELF, MEAN THAT SUCH STIPULATIONS AUTOMATICALLY PROVIDE FOR AN "EXCLUSIVE VENUE", AS CONTEMPLATED BY SECTION 4(B) OF RULE 4 OF THE 1997 RULES OF CIVIL PROCEDURE, SPECIALLY WHEN THE TENOR OR LANGUAGE OF THE ENTIRE VENUE STIPULATION CLEARLY PROVIDES OTHERWISE.

III

THE HONORABLE JUDGE COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN DISREGARDING THE FACT THAT HEREIN PETITIONERS' COMPLAINT INVOLVES SEVERAL CAUSES OF ACTION WHICH DO NOT ARISE SOLELY FROM THE "REAL ESTATE MORTGAGE" AND "PROMISSORY NOTES" AND WHICH OTHER CAUSES OF ACTION MAY BE FILED IN OTHER VENUES UNDER SECTIONS 1 AND 2 OF RULE 4 OF THE 1997 RULES OF CIVIL PROCEDURE.

IV

THE HONORABLE JUDGE COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN DISREGARDING THE PRINCIPLE THAT THE RULE ON VENUE OF ACTIONS IS ESTABLISHED FOR THE CONVENIENCE OF THE PLAINTIFFS.[3]

The main issue in the present petition is whether respondent judge committed grave abuse of discretion when she dismissed the case for improper venue.

Petitioners contend that, since the validity of the loan documents were squarely put in issue, necessarily this meant also that the validity of the venue stipulation also was at issue. Moreover, according to the petitioners, the venue stipulation in the loan documents is not an exclusive venue stipulation under Section 4(b) of Rule 4 of the 1997 Rules of Civil Procedure.[4] The venue in the loan agreement was not specified with particularity. Besides, petitioners posit, the rule on venue of action was established for the convenience of the plaintiff, herein petitioners. Further, petitioners also contend that since the complaint involves several causes of action which did not arise solely from or connected with the loan documents, the cited venue stipulation should not be made to apply.

Private respondents counter that, in their complaint, petitioners did not assail the loan documents, and the issue of validity was merely petitioners' afterthought to avoid being bound by the venue stipulation. They also aver that the venue stipulation was not contrary to the doctrine in Unimasters,[5] which requires that a venue stipulation employ categorical and suitably limiting language to the effect that the parties agree that the venue of actions between them should be laid only and exclusively at a definite place. According to private respondents, the language of the stipulation is clearly exclusive.

At the outset, we must make clear that under Section 4 (b) of Rule 4 of the 1997 Rules of Civil Procedure, the general rules on venue of actions shall not apply where the parties, before the filing of the action, have validly agreed in writing on an exclusive venue. The mere stipulation on the venue of an action, however, is not enough to preclude parties from bringing a case in other venues. The parties must be able to show that such stipulation is exclusive.[6] In the absence of qualifying or restrictive words, the stipulation should be deemed as merely an

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agreement on an additional forum, not as limiting venue to the specified place.[7]

The pertinent provisions of the several real estate mortgages and promissory notes executed by the petitioner respectively read as follows:

> 18. In the event of suit arising out of or in connection with this mortgage and/or the promissory note/s secured by this mortgage, the parties hereto agree to bring their causes of auction (sic) exclusively in the proper court of Makati, Metro Manila or at such other venue chosen by the Mortgagee, the Mortgagor waiving for this purpose any other venue.[8] (Emphasis supplied.)

> I/We further submit that the venue of any legal action arising out of this note shall exclusively be at the proper court of Metropolitan Manila, Philippines or any other venue chosen by the BANK, waiving for this purpose any other venue provided by the Rules of Court.[9] (Emphasis supplied.)

Clearly, the words "exclusively" and "waiving for this purpose any other venue" are restrictive and used advisedly to meet the requirements.

Petitioners claim that effecting the exclusive venue stipulation would be tantamount to a prejudgment on the validity of the loan documents. We note however that in their complaint, petitioners never assailed the validity of the mortgage contracts securing their peso loans. They only assailed the terms and coverage of the mortgage contracts. What petitioners claimed is that their peso loans had already been paid thus the mortgages should be discharged, and that the mortgage contracts did not include their dollar loans. In our view, since the issues of whether the mortgages should be properly discharged and whether these also cover the dollar loans, arose out of the said loan documents, the stipulation on venue is also applicable thereto.

Considering all the circumstances in this controversy, we find that the respondent judge did not commit grave abuse of discretion, as the questioned orders were evidently in accord with law and jurisprudence.

WHEREFORE, the petition is DISMISSED. The assailed orders dated May 15, 2003 and September 15, 2003 of the Regional Trial Court of Lipa City, Batangas, in Civil Case No. 2002-0555 are AFFIRMED.

Costs against petitioners.

SO ORDERED.

Carpio, Carpio Morales, Tinga and Velasco, Jr., JJ., concur.

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[1] Rollo, pp. 30-31.

[2] Id. at 32-34.

[3] Id. at 10-11.

[4] SEC. 4. When Rule not applicable.–This Rule shall not apply –

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

[5] Unimasters Conglomeration, Inc. v. Court of Appeals, G.R. No. 119657, February 7, 1997, 267 SCRA 759.

[6] Mangila v. Court of Appeals, G.R. No. 125027, August 12, 2002, 387 SCRA 162, 175; Philippine Banking Corporation v. Tensuan, G.R. No. 104649, February 28, 1994, 230 SCRA 413, 420.

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[7] Langkaan Realty Development, Inc. v. United Coconut Planters Bank, G.R. No. 139437, December 8, 2000, 347 SCRA 542, 555-556.

[8] Rollo, pp. 63(b), 65(b), 67(b), 69(b), 71(b), 75, 77.

[9] Id. at 91-92.

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