HYATT ELEVATORS AND ESCALATORS CORPORATION, PETITIONER, VS. LG OTIS ELEVATOR COMPANY, RESPONDENT.

G.R. NO. 169835. July 03, 2007

Ponente: GARCIA, J.

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GARCIA, J.:

This petition for review under Rule 45 of the Rules of Court seeks to nullify and set aside the Decision[1] dated December 22, 2003 of the Court of Appeals (CA) in CA-G.R. SP No. 74320 and its Resolution[2] of September 27, 2005, denying petitioner's motion for reconsideration

Petitioner Hyatt Elevators and Escalators Corporation (Hyatt) is a domestic corporation primarily engaged in the business of selling, installing and maintaining/servicing elevators, escalators and parking equipment, with address at the 6th Floor, Dao I Condominium, Salved St., Legaspi Village, Makati, as stated in its Articles of Incorporation. When this case started, Hyatt listed its office address as located at Hyatt Centre, Ortigas Avenue, Mandaluyong City. Respondent LG Otis Elevator Company (LG Otis), on the other hand, evolved as a result of a joint venture agreement between LG Electronics, Inc., of South Korea and Otis Elevator Company of Connecticut, U.S.A.

The facts, as established by the appellate court, are as follows:

> It appears that private respondent [herein petitioner] Hyatt Elevators & Escalators Company (HYATT) was the Philippine distributor until 1997 of elevators and escalators of Lucky Goldstar International Corporation (LUCKY GOLDSTAR) and Goldstar Industrial Systems, Co. Ltd. (GOLDSTAR INDUSTRIAL).
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> Herein petitioner [now herein respondent] LG OTIS Elevator Company (LG OTIS) alleges that it is a joint venture established on November 22, 1999 by LG Electronics Inc. (LG ELECTRONICS), which is based in Korea, and Otis Elevator Company (OTIS), which is based in the United States of America. Otis subsequently transferred its rights and obligations under the LG Otis joint venture to Sirius (Korea) Limited, which is based in London, England.
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> LG Otis purchased the business of LG Industrial Systems Co. Ltd. (LGISC), a Korean corporation which, at the time of said purchase, was the principal stockholder of LG Industrial Systems Philippines, Inc. (LGISP), a domestic corporation established in 1998. On March 28, 2000, LGISP changed its name to Goldstar Elevators Philippines, Inc. (GOLDSTAR).
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> Records show that [in the Regional Trial Court of Mandaluyong City]. . . Hyatt filed a complaint for unfair trade practices and damages against LGISC and LG International Corporation. It was alleged in the complaint that defendant LGISC was formerly known as Goldstar Industrial Systems Co., Ltd. (Goldstar Industrial) and co-defendant LG International Corporation was formerly known as Lucky Goldstar Industrial Corporation (Lucky Goldstar). Hyatt claimed that after establishing a Philippine market for defendants' elevators and escalators pursuant to a distributorship agreement executed in 1988, the defendants unfairly committed trade practices intended to establish their own company, ease out Hyatt and cripple its business operations as the exclusive distributor of LG elevators, escalators

> and parking equipment in the Philippines.
>
> An amended complaint was subsequently filed by Hyatt impleading herein petitioner LG Otis. It was alleged that LG Otis was formerly LGISC and Goldstar Industrial. The amended complaint also impleaded Goldstar Elevators . . .. which was allegedly formerly known as LG Industrial Systems Philippines, Inc. (LGISP).
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> LGISC and LG Industrial Corporation opposed the amended complaint on the ground that LG Otis should not be substituted to LGISC as the two are separate and distinct corporations, retaining separate organizations, assets and liabilities. Despite such opposition, the amended complaint was admitted by the trial court.
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> Petitioner LG Otis [and Goldstar Elevators] then filed a motion to dismiss the amended complaint on the grounds . . . that venue was improperly laid, and that the amended complaint fails to state a cause of action.[3] (Emphasis and words in brackets supplied.)

On May 27, 2002, in Civil Case No. MC-99-600, the Regional Trial Court (RTC) of Mandaluyong City, Branch 213,[4] issued an order[5] denying the motion to dismiss separately interposed by respondent LG Otis and Goldstar Elevators, as defendants a quo.

In another order[6] dated October 1, 2002, the Mandaluyong RTC denied Goldstar Elevators' and respondent LG Otis' separate motions for reconsideration.

Therefrom, both Goldstar Elevators and respondent LG Otis went to the CA via separate petitions for certiorari under Rule 65 of the Rules of Court, Goldstar Elevators' recourse docketed as CA-G.R. SP No. 74319 and that of respondent LG Otis, as CA-G.R. SP No. 74320.[7] CA-G.R. SP No. 74319 was raffled to the 6[th] Division of the appellate court, while CA-G.R. SP No. 74320 went to its Special Fourth Division

In its Decision dated June 26, 2003, in CA-G.R. SP No. 74319, as reiterated in a Resolution of November 27, 2003, the CA set aside the May 27, 2002 and October 1, 2002 Orders of the RTC of Mandaluyong City. The decretal portion of the CA Decision reads:

> WHEREFORE, in view of the foregoing, the assailed Orders dated May 27, 2002 and October 1, 2002 of the RTC, Branch 213, Mandaluyong City in Civil Case No. 99-600, are hereby SET ASIDE. The said case is hereby ordered DISMISSED on the ground of improper venue. (Emphasis added.)

Hyatt would subsequently appeal the CA's decision and resolution in CA-G.R. SP No. 74319 to this Court, but failed to secure a favorable disposition. For by Decision[8] dated October 24, 2005, in G.R. No. 161026, entitled "Hyatt Elevators and Escalators Corporation v. Goldstar Elevators, Phil., Inc.," the Court affirmed the said assailed CA decision and ruling.

As in CA-G.R. SP No. 74319, the appellate court, in CA-G.R. SP No. 74320, also ruled against herein petitioner HYATT, as respondent therein, and for LG Otis, albeit for reasons in addition to the issue of improper venue. The fallo of the CA's Decision[9] dated December 22, 2003 in CA-G.R. SP No. 74320 which, together with its Resolution[10] of September 27, 2005 denying reconsideration thereof, is subject of this
recourse, reads, as follows:

> WHEREFORE, based on the foregoing premises, the instant petition is hereby GRANTED. Consequently, the assailed May 27, 2002 and October 1, 2002 Orders of the Regional Trial Court of Mandaluyong City in Civil Case No. MC-99-600 are REVERSED and SET ASIDE.
>
> SO ORDERED.

In this recourse, petitioner urges the reversal of the assailed CA decision and resolution, raising the following issues:

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> - WHETHER OR NOT THE [CA], IN REVERSING THE DECISION OF THE REGIONAL TRIAL COURT, ERRED AS A MATTER OF LAW AND JURISPRUDENCE, AS WELL AS COMMITTED GRAVE ABUSE OF DISCRETION, IN HOLDING THAT IN THE LIGHT OF THE PECULIAR FACTS OF THIS CASE, VENUE WAS IMPROPER;
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> - WHETHER OR NOT THE [CA], IN REVERSING THE DECISION OF THE [RTC], ERRED AS A MATTER OF LAW AND JURISPRUDENCE, AS WELL AS COMMITTED GRAVE ABUSE OF DISCRETION, IN HOLDING THAT IN THE LIGHT OF THE PECULIAR FACTS OF THIS CASE, RESPONDENT COULD NOT BE SUED IN THE PHILIPPINES AS A SUCCESSOR-IN-INTEREST OF LG INDUSTRIAL SYSTEMS CO. SIMPLY BECAUSE IT IS NOT DOING BUSINESS IN THE PHILIPPINES.[11] (Words in brackets added.)

We DENY.

As may be noted, G.R. No. 161026 and this case involve virtually the same parties and sprang from one and the same Civil Case No. MC-99-600, a suit for unfair trade practices instituted by petitioner Hyatt against respondent LG Otis and Goldstar Elevators and eventually disposed of by the Mandaluyong RTC. In fine, G.R. No. 161026 and this case are cast against the same factual and legal settings, save perhaps for the fact that respondent in the former case is a domestic corporation, while the instant case has as respondent a foreign corporation. And as contextually abundantly made clear in G.R. No. 161026, petitioner Hyatt could not successfully initiate a civil suit, like Civil Case No. MC-99-600, in Mandaluyong City, its place of business, as stated in its Articles of Incorporation, being in Makati City. As explained by the Court in its Decision in G.R. No. 161026:

> x x x Admittedly, the latter's principal place of business is Makati, as indicated in its Articles of Incorporation. Since the principal place of business of a corporation determines its residence or domicile, then the place indicated in petitioner's [Hyatt's] articles of incorporation becomes controlling in determining the venue for this case.
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> Petitioner [Hyatt] argues that the Rules of Court do not provide that when the plaintiff is a corporation, the complaint should be filed in the location of its principal office as indicated in its articles of incorporation. Jurisprudence has, however, settled that the place where the principal office of a corporation is located, as stated in the articles, indeed establishes its residence. This ruling is important in determining the venue of an action by or against a corporation, as in the present case.
>
> Without merit is the argument of petitioner [Hyatt] that the locality stated in its Articles of Incorporation does not conclusively indicate that its principal office is still in the same place. We agree with the appellate court in its observation that the requirement to state in the articles the place where the principal office of the corporation is to be located "is not a meaningless requirement. That proviso would be rendered nugatory if corporations were to be allowed to simply disregard what is expressly stated in their Articles of Incorporation."
>
> Inconclusive are the bare allegations of petitioner [Hyatt] that it had closed its Makati office and relocated to Mandaluyong City, and that respondent [Goldstar Elevators] was well aware of those circumstances. Assuming arguendo that they transacted business with each other in the Mandaluyong office of petitioner [Hyatt], the fact remains that, in law, the latter's residence was still the place indicated in its Articles of Incorporation. Further unacceptable is its faulty reasoning that the ground for the CA's dismissal of its Complaint was its failure to amend its Articles of Incorporation so as to reflect its actual and present principal office. The appellate court was clear enough in its ruling that the Complaint was dismissed because the venue had been improperly laid, not because of the failure of petitioner to amend the latter's Articles of Incorporation.[12] (Words in brackets and emphasis added.)

In the light of the foregoing considerations, the challenged dismissal of Civil Case No. MC-99-600, as ordered in the assailed judgment of the CA, on the ground of improper venue, is correct. The Court will even go further and

apply its Decision in G.R. No. 161026 as the law of the case with respect to Hyatt on the issue of venue. Whatever is once irrevocably established as the controlling legal rule or decision between the same parties in the same case continues to be the law of the case so long as the facts on which such decision was predicated continue to be the facts of the case before the court.[13] With the view we take of this case, the factual milieu upon which the Decision in G.R. No. 161026 was based has remained unchanged to justify the application of the salutary law of the case principle.

Given the above perspective, the second issue of whether or not foreign-based respondent LG Otis, as alleged successor-in-interest of a domestic corporation, could be sued in the country need not detain the Court further. For, the matter of suability would, in final reckoning, really have no bearing on the dismissal of a suit on the ground of improper venue. And besides, the second issue raised would require the Court to delve into certain unresolved factual questions and assumptions. Needless to stress, such exercise is beyond the purview of the Court's power of review on certiorari.

WHEREFORE, the petition is DENIED. The appealed Decision and Resolution of the CA in CA-G.R. SP No. 74320 are AFFIRMED, and Civil Case No. MC-99-600 is DISMISSED without prejudice.

Costs against the petitioner.

SO ORDERED.

Puno, C.J., (Chairperson), Corona, and Azcuna, JJ., concur.
Sandoval-Gutierrez, J., on leave.

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[1]Penned by former Associate Justice Elvi John S. Asuncion, with Associate Justices Renato C. Dacudao (now retired) and Lucas P. Bersamin, concurring; rollo, pp. 24-31.

[2]Id. at 32-33.

[3]Id. at 25-27.

[4]Presided then by Judge Amalia F. Dy.

[5] Annex "G" of the Petition; rollo, pp. 76-77.

[6] Annex "H" of the Petition; id. at 78-79.

[7] LG Otis' petition was actually one for certiorari and prohibition

[8] Reported in 473 SCRA 705.

[9] Supra note 1.

[10] Supra note 2.

[11] Rollo, pp. 14-15.

[12] Supra note 8 at 713-714.

[13] Rodriquez v. Director of Prisons, G.R. No. L-35386, September 28, 1972, 47 SCRA 153 citing 21 C.J.S. 330.

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