

PARAMOUNT INSURANCE CORPORATION, PETITIONER, VS. HON. MAXIMO M. JAPZON, PRESIDING JUDGE, BR. 36, RTC, MANILA; CITY SHERIFF AND DEPUTY SHERIFFS NESTOR MACABILIN & TEODORO EPISCOP...

G.R. No. 68037. July 29, 1992

Ponente: ROMERO, J.

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ROMERO, J.:

Assailed in this petition for certiorari and prohibition with preliminary injunction is the decision^[1] of the Regional Trial Court of Manila, Branch 36 dated August 30, 1983 in Civil Case No. 82-4416 entitled "Jose Lara and Arsenio Paed v. Willy Garcia, Emilio Macasieb, Domingo Natividad, Willy Manuel, and Paramount Insurance Co. Inc." ordering petitioner to pay private respondents an aggregate sum of P175,000.00 as insurer of a motor vehicle owned by Domingo Natividad despite the absence of jurisdiction over its persons.

It appears that on May 27, 1978, Jose Lara contracted the services of a passenger jeepney with Plate No. PUJ K5-826, owned and operated by Willy Garcia (Garcia for brevity), to transport his family, relatives and friends from Manila to Pangasinan. The said jeepney was then driven by Emilio Macasieb (Macasieb for brevity).

On the very same date, within the vicinity of Barangay Parsolangan in Gerona, Tarlac, a Ford truck F-600 with Plate No. WL-628, then driven by Willy Manuel (Manuel for brevity) while cruising the National Highway on its way to Manila, overtook an unidentified motor vehicle and in the process hit and sideswept the said passenger jeepney then driven by Macasieb. As a consequence of such mishap, the two (2) passengers of the jeepney, namely: Jose Lara (Lara for brevity) and Arsenio Paed (Paed for brevity) sustained physical injuries of varying degrees. Specifically, Lara suffered serious physical injuries resulting in the amputation of his right arm while Paed suffered serious physical injuries which incapacitated him to work for more than two (2) weeks. Aside from bodily injuries suffered by its passengers, both vehicles suffered minor damages at their respective points of impact. The insurer of said truck is herein petitioner Paramount Surety and Insurance Co. Inc.^[2]

After the said accident, Natividad filed a notice of claim with Paramount and the latter lost no time in dispatching and/or contracting an independent adjuster handling casualty and marine claims, the EM Salvatierra Adjustment Office.

Thereafter, the adjustment of Natividad's claims were transferred to Speedway Adjustment and Appraisal Corporation which investigated the facts surrounding the incident and recommended petitioner to pay Natividad under its policy, using the "no fault" clause under the Insurance Code as its basis of liability.

A check in the amount of Eight Hundred Pesos (P800.00) covered by Check No. EBC-10036191F was paid to Paed's wife, Priscilla Paed. It was covered by Voucher No. 32358.^[3]

In addition to said amount, another check in the amount of Five Thousand Pesos (P5,000.00) covered by EBC Check No. 3082 was paid by Paramount to Central Luzon Doctor's Hospital covering the expense for medical

treatment and hospitalization of the victims, Lara and Paed. It was covered by Voucher No. 32196.[4]

On or about June 5, 1978, Lara and Paed filed a criminal case against Manuel for Reckless Imprudence resulting in Damage to Property docketed as Criminal Case No. 2227 before the Municipal Trial Court of Gerona, Tarlac.[5]

During the pendency of said criminal case, Lara filed a manifestation reserving the right to file a separate civil action against the operators of the two (2) vehicles, namely: Natividad and Garcia as well as the two (2) drivers, Manuel and Macasieb.[6]

Accordingly, Lara and Paed filed on September 17, 1978 a civil case for damages docketed as Civil Case No. 82-4416 against Garcia, Macasieb, Manuel, Natividad, and impleaded Paramount, the latter as insurer of the Ford truck.[7]

A certain Atty. Segundo Gloria filed a notice of appearance dated November 16, 1978 where he informed the court that he was appearing for and in behalf of the defendants Natividad, Manuel and Paramount.[8] Subsequently, on December 14, 1978, he filed an answer with crossclaim and counterclaim.[9]

During the trial of Criminal Case No. 2227 for Reckless Imprudence resulting in Damage to Property, accused Manuel pleaded guilty to the crime charged on September 18, 1979, and was accordingly, sentenced to imprisonment of six months of arresto mayor maximum under Article 365 of the Revised Penal Code.[10]

In the interim period, a fire gutted the City Hall of Manila on November 19, 1981 and the records of the case were burned to ashes. Subsequently, on January 25, 1982, plaintiffs (herein private respondents Lara and Paed) filed a petition for reconstitution of the judicial records of the case[11] which was approved without any opposition in the order of the court dated November 4, 1982.[12]

On February 17, 1983, the court reiterated its order before the reconstitution of the judicial records declaring defendants Natividad, Manuel and Paramount in default in view of their continued failure to appear during the trial of the case and allowed the plaintiffs (Lara and Paed) to make a formal offer of exhibits and considered the case submitted for decision.[13]

After protracted proceedings which lasted for almost five years, the Regional Trial Court of Manila, rendered a decision dated August 30, 1983, the decretal portion of which states:

"WHEREFORE, finding the evidence presented by plaintiff sufficient to prove the allegations of the complaint, judgment is hereby rendered in favor of the plaintiffs and against the defendants ordering the latter to pay jointly and severally plaintiff Jose Lara, the amount of P15,000.00 for medical and hospitalization expenses; the sum of P80,000.00 as moral and exemplary damages; the sum of P50,000.00 as compensatory damages; to pay jointly and severally plaintiff Arsenio Paed the sum of P20,000.00 as moral and actual damages and to pay the sum of P10,000.00 by way of attorney's fees and the costs of suit." [14]

A copy of the said decision was served on the petitioner's counsel, Atty. Segundo Gloria, on October 5, 1983.[15] No appeal from the judgment having been filed within the reglementary period or up to October 20, 1983, the same became final and executory. So, on March 2, 1984, Lara and Paed, now private respondents, filed an ex-parte motion for execution of the said judgment and the trial court granted the same on July 10, 1984.[16]

It was only on March 3, 1984 that Paramount, now petitioner, filed a motion to set aside the Decision raising the issue that the court has not validly acquired jurisdiction over its person.[17]

Hence, the present recourse.

After deliberating on the petition, the Court issued a temporary restraining order on July 30, 1984 as prayed for

and enjoined the respondents from enforcing the Decision dated August 30, 1983 and the Writ of Execution dated July 10, 1984, both rendered and issued in Civil Case No. 82-4416.[18]

The pivotal issue to be resolved in this case is whether or not the court validly acquired jurisdiction over petitioner despite the appearance of Atty. Segundo M. Gloria who allegedly was not retained or authorized to file an answer for it.[19]

Petitioner now claims that the Decision of the trial court dated August 30, 1983, should be set aside since the court has not validly acquired jurisdiction over its person, not having been validly served with summons and a copy of the complaint nor did it actively participate in the said proceedings. It alleged that Atty. Segundo Gloria was not its retained counsel at that time nor was he authorized by petitioner to act for and in its behalf; and that private respondents' claims for moral, exemplary and compensatory damages as well as attorney's fees are not recoverable from petitioner.[20]

The petition is devoid of merit.

Jurisdiction is the power with which courts are invested for administering justice, that is, for hearing and deciding cases.[21] In order for the court to have authority to dispose of the case on the merits, it must acquire jurisdiction over the subject matter and the parties.[22]

Jurisdiction over the person of the defendant in civil cases is acquired either by his voluntary appearance in court and his submission to its authority or by service of summons. The service of summons is intended to give notice to the defendant or respondent that an action has been commenced against it. The defendant or respondent is thus put on guard as to the demands of the plaintiff or the petitioner.[23]

Consequently, petitioner's contentions that it was not properly served with summons and that Atty. Segundo Gloria was not authorized to appear for and in its behalf are untenable.

In the case at bar, although petitioner questioned the propriety of the service of summons, it however failed to substantiate its allegation that it was not properly served with summons. Hence, the disputable presumption that official duty has been regularly performed prevails.[24]

The records of the case, however, showed that all the pleadings, including the answer with crossclaim and counterclaim filed by Atty. Segundo Gloria stated that he represented the defendants Natividad, Manuel and Paramount. In fact, he even filed a notice of appearance informing the court that he is representing the said defendants.[25]

It is worth noting that this is not the first time petitioner raised the issue of want of jurisdiction over its person as well as want of authority of a lawyer to appear for and in its behalf. In the case docketed as G.R. No. 68066 entitled "Paramount Insurance Corp. v. Luna," this Court had the opportunity to rule that "the mere filing of the answer with crossclaim raised a presumption of authority to appear for petitioner Paramount Insurance Corporation x x x in accordance with Section 21, Rule 138 of the Rules of Court. Such presumption is rebuttable, but only by clear and positive proof.

In the absence of such clear and positive proof, the presumption of authority x x x should prevail over the petitioner's self-serving denial of such authority.

It strains credulity that a counsel who has no personal interest in the case would fight for and defend a case with persistence and vigor if he has not been authorized or employed by the party concerned.[26]

To the mind of the Court, the instant petition is filed merely to derail its execution. It took Paramount almost six years to question the jurisdiction of the lower court. Moreover, as earlier adverted to, the controverted Decision of

August 30, 1983, became final and executory on October 20, 1983. In any event, it is axiomatic that there is no justification in law and in fact for the reopening of a case which has long become final and which in fact was already executed on July 18, 1984. Time and again, this Court has said that the doctrine of finality of judgment is grounded on fundamental considerations of public policy and sound practice and at the risk of occasional error, the judgments of courts must become final at some definite date fixed by law.[27]

However, there is merit in petitioner's contention that its liability is limited only to P50,000.00 as expressed in Insurance Policy No. CV-3466 issued on February 23, 1978.[28] The said insurance policy clearly and categorically placed the petitioner's liability for all damages arising out of death or bodily injury sustained by one person as a result of any one accident at P50,000.00. Said amount complied with the minimum fixed by law then prevailing, Section 377 of Presidential Decree No. 6123 (which was retained by P.D. No. 1460, the Insurance Code of 1978), which provided that the liability of land transportation vehicle operators for bodily injuries sustained by a passenger arising out of the use of their vehicles shall not be less than P12,000.00. Since the petitioner's liability under the insurance contract is neither less than P12,000.00 nor contrary to law, morals, good customs, public order or public policy, said stipulation must be upheld as effective and binding between the parties. Therefore, the terms of the contract constitute the measure of the insurer's liability.[29]

WHEREFORE, the petition is DISMISSED and the temporary restraining order of July 30, 1984 is LIFTED. The decision of the Regional Trial Court of Manila, Branch 36, dated August 30, 1983, is hereby AFFIRMED with the MODIFICATION that petitioner be held liable to pay respondents Jose Lara and Arsenio Paed the amount of P50,000.00 each which is the limit of its liability under the insurance policy minus the amounts of P5,000.00 and P800.00 which it paid for the hospitalization and medical expenses, respectively, of respondents.

Costs against petitioner.

SO ORDERED.

Gutierrez, Jr., (Chairman), Feliciano, Bidin and Davide, Jr., JJ., concur.

[1] Penned by Judge Alfredo C. Florendo; Rollo, Annex "C," p. 14.

[2] Rollo, p. 44.

[3] Rollo, Annex "A," p. 12.

[4] Rollo, Annex "B," p. 13.

[5] Id., p. 57.

[6] Rollo, p. 45.

[7] Id.

[8] Original Records, p. 11.

[9] Rollo; Annex "E," p. 23.

[10] Id., pp. 58-60.

[11] Original Records, p. 145.

[12] Rollo, p. 14.

- [13] Id., Annex "BB," p. 124.
- [14] Id., Annex "C," p. 14.
- [15] Original Records, p. 167.
- [16] Id., pp. 168-169.
- [17] Id., pp. 170-175.
- [18] Id., p. 176.
- [19] Rollo, p. 144.
- [20] Rollo, pp. 148-153.
- [21] Velunta v. Philippine Constabulary, G.R. No. 71855, January 20, 1988, 157 SCRA 147.
- [22] Republic Planters Bank v. Hon. Conrado Molina, G.R. No. 54287, September 28, 1988, 166 SCRA 39.
- [23] Paramount Insurance Corp. v. Luna, G.R. No. 61404, March 16, 1987, 148 SCRA 564.
- [24] Section 5(m) of Rule 131 of the Rules of Court.
- [25] Annex "C" of Original Records, p. 11.
- [26] Fortunato Mercado, et al. v. Hon. Alberto Q. Ubay, et al., L-35830, July 2, 1990, 187 SCRA 719.
- [27] Alvendia v. Intermediate Appellate Court, G.R. NO.72138, January 22, 1990, 181 SCRA 252.
- [28] Rollo, Annex "C," p. 157.
- [29] Perla Compania de Seguros v. Court of Appeals, G.R. No. 78860, May 28, 1990, 185 SCRA 741.

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