

SECOND DIVISION

[G.R. No. 175949, January 30, 2017]

UNITED ALLOY PHILIPPINES CORPORATION, SPOUSES DAVID C. CHUA AND LUTEN CHUA, PETITIONERS, VS. UNITED COCONUT PLANTERS BANK, RESPONDENT.

DECISION

PERALTA, J.:

Before the Court is a petition for review on *certiorari* seeking the reversal and setting aside of the Decision^[1] and Resolution^[2] of the Court of Appeals (CA), dated September 21, 2006 and December 11, 2006, respectively, in CA-G.R. CV No. 81079. The assailed Decision affirmed the Decision of the Regional Trial Court (RTC) of Makati City, Branch 135, in Civil Case No. 01-1332, while the questioned Resolution denied petitioners' Motion for Reconsideration.

The pertinent factual and procedural antecedents of the case are as follows:

On December 18, 2000, herein petitioner corporation, United Alloy Philippines Corporation (UNIALLOY) applied for and was granted a credit accommodation by herein respondent United Coconut Planters Bank (UCPB) in the amount of PhP50,000,000.00, as evidenced by a Credit Agreement.^[3] Part of UNIALLOY's obligation under the Credit Agreement was secured by a Surety Agreement,^[4] dated December 18, 2000, executed by UNIALLOY Chairman, Jakob Van Der Sluis (*Van Der Sluis*), UNIALLOY President, David Chua and his spouse, Luten Chua (*Spouses Chua*), and one Yang Kim Eng (*Yang*). Six (6) Promissory Notes,^[5] were later executed by UNIALLOY in UCPB's favor, to wit:

- 1) #8111-00-20031-1, executed on December 18, 2000, in the amount of US\$110,000.00;
- 2) #8111-00-00110-6, executed on December 18, 2000, in the amount of PhP6,000,000.00;
- 3) #8111-00-00112-2, executed on December 27, 2000, in the amount of PhP3,900,000.00;
- 4) #8111-01-20005-6, executed on February 7, 2001, in the amount of US\$320,000.00;
- 5) #8111-01-00009-0, executed on February 26, 2001, in the amount of PhP1,600,000.00;
- 6) #8111-01-00030-8, executed on April 30, 2001, in the amount of PhP16,029,320.88.

In addition, as part of the consideration for the credit accommodation, UNIALLOY and UCPB also entered into a "lease-purchase" contract wherein the former assured

the latter that it will purchase several real properties which UCPB co-owns with the Development Bank of the Philippines.

Subsequently, UNIALLOY failed to pay its loan obligations. As a result, UCPB filed against UNIALLOY, the spouses Chua, Yang and Van Der Sluis an action for Sum of Money with Prayer for Preliminary Attachment^[6] on August 27, 2001. The collection case was filed with the Regional Trial Court of Makati City (*RTC of Makati*) and docketed as Civil Case No. 01-1332. Consequently, UCPB also unilaterally rescinded its lease-purchase contract with UNIALLOY.

On the other hand, on even date, UNIALLOY filed against UCPB, UCPB Vice-President Robert Chua and Van Der Sluis a complaint for Annulment and/or Reformation of Contract with Damages, with Prayer for a Writ of Preliminary Injunction or Temporary Restraining Order.^[7] Claiming that it holds office and conducts its business operations in Tagoloan, Misamis Oriental, UNIALLOY filed the case with the Regional Trial Court of Cagayan De Oro City (*RTC of CDO*) and was docketed as Civil Case No. 2001-219. UNIALLOY contended that Van Der Sluis, in cahoots with UCPB Vice-President Robert Chua, committed fraud, manipulation and misrepresentation to obtain the subject loan for their own benefit. UNIALLOY prayed, among others, that three (3) of the six (6) Promissory Notes it executed be annulled or reformed or that it be released from liability thereon.

On September 12, 2001, UNIALLOY filed an Urgent Motion to Dismiss^[8] the collection case (Civil Case No. 01-1332) filed by UCPB on the ground of *litis pendentia* and forum shopping. UNIALLOY contended that its complaint for annulment of contract (Civil Case No. 2001-219) and the collection case filed by UCPB involves the same parties and causes of action. On October 31, 2001, the RTC of Makati issued an Order^[9] denying UNIALLOY's motion to dismiss.

In the meantime, UCPB and its co-defendants also filed a Motion to Dismiss UNIALLOY's complaint for annulment of contract on the grounds of improper venue, forum shopping, *litis pendentia*, and harassment or nuisance suit. On September 13, 2001, the RTC of CDO issued an Order^[10] dismissing UNIALLOY's complaint for annulment of contract. The dispositive portion of the Order reads, thus:

ACCORDINGLY, finding meritorious that the venue is improperly laid and the complain[ant] engaged in forum-shopping and harassment of defendant Jakob Van Der Sluis, this case is hereby DISMISSED rendering the prayer for issuance of a writ of preliminary injunction moot and academic, and ordering plaintiff to turn over possession of the subject premises of the properties in question at Barangay Gracia, Tagoloan, Misamis Oriental to defendant United Coconut Planters Bank.

SO ORDERED.^[11]

Thereafter, on motion, the RTC of CDO issued an Order of Execution, dated September 14, 2001, directing UNIALLOY to turn over to UCPB the property subject of their lease-purchase agreement.

UNIALLOY then filed a petition for *certiorari* and *mandamus* with the CA questioning the September 13 and September 14, 2001 Orders of the RTC of CDO. UNIALLOY also prayed for the issuance of a writ of preliminary injunction. The case was docketed as CA G.R. SP. No. 67079.

On February 18, 2002, the CA promulgated a Resolution^[12] granting UNIALLOY's prayer for the issuance of a writ of preliminary injunction. UCPB questioned the above CA Resolution by filing a petition for *certiorari* with this Court, which was docketed as G.R. No. 152238. On March 18, 2002, this Court issued a Resolution which restrained the CA from enforcing its February 18, 2002 Resolution.

On January 28, 2005, this Court, rendered its Decision in G.R. No. 152238 denying UCPB's petition for *certiorari* and affirming the CA Resolution granting the writ of preliminary injunction.

Thereafter, on August 17, 2007, the CA promulgated a Decision dismissing UNIALLOY's *certiorari* petition and affirming the September 13 and September 14, 2001 Orders of the RTC of CDO. UNIALLOY then filed a petition for review on *certiorari* challenging the above CA Decision. The case was docketed as G.R. No. 179257.

On November 23, 2015, this Court promulgated a Decision in G.R. No. 179257 denying UNIALLOY's petition. This Court held that the CA did not err in affirming the dismissal of UNIALLOY's complaint on the grounds of improper venue, forum shopping and for being a harassment suit. This Court also ruled that the August 17, 2007 Decision of the CA neither violated this Court's January 28, 2005 Decision in G.R. No. 152238 nor contradicted the CA's February 18, 2002 Resolution granting the preliminary injunction prayed for by UNIALLOY because the dismissal of UNIALLOY's main action carried with it the dissolution of any ancillary relief previously granted in the said case, such as the abovementioned preliminary injunction. Subsequently, this Court's Decision in G.R. No. 179257 became final and executory per Entry of Judgment dated January 20, 2016.

Meanwhile, on March 15, 2002, UNIALLOY filed with the RTC of Makati an omnibus motion praying for the suspension of the proceedings of the collection case in the said court on the ground of pendency of the *certiorari* petition it filed with this Court.^[13] However, the RTC denied UNIALLOY's motion in its Order^[14] dated August 19, 2002.

Subsequently, on June 17, 2003, the RTC of Makati rendered Judgment in the collection case in favor of UCPB. The dispositive portion of the RTC Decision reads, thus:

WHEREFORE, premises considered, judgment is hereby rendered in favor of plaintiff. Defendants are hereby ordered to pay plaintiff the following:

a. The sum of US DOLLARS: (US\$435,494.44) with interest and penalty charges from August 1, 2001 until fully paid.

b. The sum of P26,940,950.80 with interest and penalty charges from August 1, 2001 until fully paid.

c. Attorney's fees in the amount of P1,000,000.00.

d. Costs of suit.

SO ORDERED.^[15]

UNIALLOY appealed the above RTC Decision with the CA.

On September 21, 2006, the CA rendered its assailed judgment denying UNIALLOY's appeal and affirming the questioned RTC Decision.

Hence, the instant petition raising the following issues:

5.01 THE HONORABLE COURT OF APPEALS COMMITTED A SERIOUS, REVERSIBLE ERROR, IF NOT GRAVE ABUSE OF DISCRETION, IN REFUSING TO RESOLVE AS TO –

I

WHETHER OR NOT THE TRIAL COURT ERRED IN DENYING PETITIONERS' URGENT MOTION TO DISMISS

II

WHETHER OR NOT THE TRIAL COURT ERRED IN DENYING PETITIONERS' OMNIBUS MOTION TO SUSPEND PROCEEDINGS AND TO LIFT WRIT OF PRELIMINARY ATTACHMENT

III

WHETHER OR NOT THE TRIAL COURT ERRED AND/OR COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR IN EXCESS OF JURISDICTION IN RENDERING THE ASSAILED QUESTIONED DECISION WHEN THERE IS A PENDING CIVIL ACTION BEFORE THE REGIONAL TRIAL COURT OF CAGAYAN DE ORO, BRANCH 40, INVOLVING THE SAME PARTIES AND SUBJECT MATTER WHICH CASE, IS NOW PENDING AND ASSAILED BY THE PLAINTIFF-APPELLEE VIA PETITION BEFORE THE HONORABLE SUPREME COURT.

5.02 THE HONORABLE COURT OF APPEALS COMMITTED A SERIOUS, REVERSIBLE ERROR IF NOT GRAVE ABUSE OF DISCRETION, IN DENYING PETITIONERS' URGENT MOTION FOR RECONSIDERATION WITHOUT STATING CLEARLY AND DISTINCTLY THE FACTUAL AND LEGAL BASIS THEREOF.^[16]

Petitioners' basic argument is that the resolution of the instant petition basically hinges on the outcome of the petition filed under G.R. No. 179257. Considering that the promissory notes subject of G.R. No. 179257 are among the promissory notes

which are also involved in the present case, petitioner contends that a judgment by this Court in G.R. No. 179257 that reverses the Decision of the RTC of Cagayan de Oro City, which in effect would declare the nullity of the subject promissory notes, may conflict with the Decision of this Court in the present petition, which involves the collection of the sum being represented in the same promissory notes. Thus, petitioner prays for the dismissal of the collection case (Civil Case No. 01-1332) filed by UCPB or the suspension of proceedings therein pending resolution of its petition in G.R. No. 179257.

However, as mentioned above, on November 23, 2015, the 2nd Division of this Court already came up with a Decision in G.R. No. 179257 which affirmed the RTC's dismissal of UNIALLOY's complaint. Pertinent portions of the said Decision read as follows:

CA CDO did not err in affirming the dismissal of UniAlloy's Complaint on the grounds of improper venue, forum shopping and for being a harassment suit

The RTC was correct in dismissing UniAlloy's Complaint on the ground of improper venue. In general, personal actions must be commenced and tried (i) where the plaintiff or any of the principal plaintiffs resides, (ii) where the defendant or any of the principal defendants resides, or (III) in the case of a resident defendant where he may be found, at the election of the plaintiff. Nevertheless, the parties may agree in writing to limit the venue of future actions between them to a specified place.

In the case at bench, paragraph 18 of the LPA expressly provides that "[a]ny legal action arising out of or in connection with this Agreement shall be brought *exclusively* in the proper courts of Makati City, Metro Manila." Hence, UniAlloy should have filed its complaint before the RTC of Makati City, and not with the RTC of Cagayan de Oro City.

But to justify its choice of venue, UniAlloy insists that the subject matter of its Complaint in Civil Case No. 2001-219 is not the LPA, but the fictitious loans that purportedly matured on April 17, 2001.

UniAlloy's insistence lacks merit. Its Complaint unequivocally sought to declare "as null and void the unilateral rescission made by defendant UCPB of its subsisting Lease Purchase Agreement with [UniAlloy]." What UCPB unilaterally rescinded is the LPA and without it there can be no unilateral rescission to speak of. Hence, the LPA is the subject matter or at least one of the subject matters of the Complaint. Moreover, and to paraphrase the aforecited paragraph 18 of the LPA, as long as the controversy arises out of or is connected therewith, any legal action should be filed exclusively before the proper courts of Makati City. Thus, even assuming that the LPA is not the main subject matter, considering that what is being sought to be annulled is an act connected and inseparably related thereto, the Complaint should have been filed before the proper courts in Makati City.