

FIRST DIVISION

[G.R. No. 204444, January 14, 2015]

**VIRGILIO C. BRIONES, PETITIONER, VS. COURT OF APPEALS
AND CASH ASIA CREDIT CORPORATION, RESPONDENTS.**

DECISION

PERLAS-BERNABE, J.:

Assailed in this petition for *certiorari*^[1] are the Decision^[2] dated March 5, 2012 and the Resolution^[3] dated October 4, 2012 of the Court of Appeals(CA) in CA-G.R. SP No. 117474, which annulled the Orders dated September 20, 2010^[4] and October 22, 2010^[5] of the Regional Trial Court of Manila, Branch 173 (RTC) in Civil Case No. 10-124040, denying private respondent Cash Asia Credit Corporation's (Cash Asia) motion to dismiss on the ground of improper venue.

The Facts

The instant case arose from a Complaint^[6] dated August 2, 2010 filed by Virgilio C. Briones (Briones) for Nullity of Mortgage Contract, Promissory Note, Loan Agreement, Foreclosure of Mortgage, Cancellation of Transfer Certificate of Title (TCT) No.290846, and Damages against Cash Asia before the RTC.^[7] In his complaint, Briones alleged that he is the owner of a property covered by TCT No. 160689 (subject property),and that, on July 15, 2010, his sister informed him that his property had been foreclosed and a writ of possession had already been issued in favor of Cash Asia.^[8] Upon investigation, Briones discovered that: (a) on December 6, 2007, he purportedly executed a promissory note,^[9] loan agreement,^[10] and deed of real estate mortgage^[11] covering the subject property (subject contracts) in favor of Cash Asia in order to obtain a loan in the amount of P3,500,000.00 from the latter;^[12] and (b) since the said loan was left unpaid, Cash Asia proceeded to foreclose his property.^[13] In this relation, Briones claimed that he never contracted any loans from Cash Asia as he has been living and working in Vietnam since October 31, 2007. He further claimed that he only went back to the Philippines on December 28, 2007 until January 3, 2008 to spend the holidays with his family, and that during his brief stay in the Philippines, nobody informed him of any loan agreement entered into with Cash Asia. Essentially, Briones assailed the validity of the foregoing contracts claiming his signature to be forged.^[14]

For its part, Cash Asia filed a Motion to Dismiss^[15] dated August 25, 2010, praying for the outright dismissal of Briones's complaint on the ground of improper venue.^[16] In this regard, Cash Asia pointed out the venue stipulation in the subject contracts stating that "all legal actions arising out of this notice in connection with the Real Estate Mortgage subject hereof shall only be brought in or submitted to the

jurisdiction of the proper court of Makati City.”^[17] In view thereof, it contended that all actions arising out of the subject contracts may only be exclusively brought in the courts of Makati City, and as such, Briones’s complaint should be dismissed for having been filed in the City of Manila.^[18]

In response, Briones filed an opposition,^[19] asserting, *inter alia*, that he should not be covered by the venue stipulation in the subject contracts as he was never a party therein. He also reiterated that his signatures on the said contracts were forgeries.^[20]

The RTC Ruling

In an Order^[21] dated September 20, 2010, the RTC denied Cash Asia’s motion to dismiss for lack of merit. In denying the motion, the RTC opined that the parties must be afforded the right to be heard in view of the substance of Briones’s cause of action against Cash Asia as stated in the complaint.^[22]

Cash Asia moved for reconsideration^[23] which was, however, denied in an Order^[24] dated October 22, 2010. Aggrieved, it filed a petition for *certiorari*^[25] before the CA.

The CA Ruling

In a Decision^[26] dated March 5, 2012, the CA annulled the RTC Orders, and accordingly, dismissed Briones’s complaint without prejudice to the filing of the same before the proper court in Makati City.^[27] It held that the RTC gravely abused its discretion in denying Cash Asia’s motion to dismiss, considering that the subject contracts clearly provide that actions arising therefrom should be exclusively filed before the courts of Makati City only.^[28] As such, the CA concluded that Briones’s complaint should have been dismissed outright on the ground of improper venue,^[29] this, notwithstanding Briones’s claim of forgery.

Dissatisfied, Briones moved for reconsideration,^[30] which was, however, denied in a Resolution^[31] dated October 4, 2012, hence, this petition.

The Issue Before the Court

The primordial issue for the Court’s resolution is whether or not the CA gravely abused its discretion in ordering the outright dismissal of Briones’s complaint on the ground of improper venue.

The Court’s Ruling

The petition is meritorious.

At the outset, the Court stresses that “[t]o justify the grant of the extraordinary remedy of *certiorari*, [the petitioner] must satisfactorily show that the court or quasi-judicial authority gravely abused the discretion conferred upon it. Grave abuse of discretion connotes judgment exercised in a capricious and whimsical manner that is tantamount to lack of jurisdiction. To be considered ‘grave,’ discretion must

be exercised in a despotic manner by reason of passion or personal hostility, and must be so patent and gross as to amount to an evasion of positive duty or to a virtual refusal to perform the duty enjoined by or to act at all in contemplation of law.”^[32]

Guided by the foregoing considerations, the Court finds that the CA gravely abused its discretion in ordering the outright dismissal of Briones’s complaint against Cash Asia, without prejudice to its re-filing before the proper court in Makati City.

Rule 4 of the Rules of Court governs the rules on venue of civil actions, to wit:

Rule 4
VENUE OF ACTIONS

SECTION 1. *Venue of real actions.* — Actions affecting title to or possession of real property, or interest therein, shall be commenced and tried in the proper court which has jurisdiction over the area wherein the real property involved, or a portion thereof, is situated.

Forcible entry and detainer actions shall be commenced and tried in the municipal trial court of the municipality or city wherein the real property involved, or a portion thereof, is situated.

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. 3. *Venue of actions against nonresidents.* — If any of the defendants does not reside and is not found in the Philippines, and the action affects the personal status of the plaintiff, or any property of said defendant located in the Philippines, the action may be commenced and tried in the court of the place where the plaintiff resides, or where the property or any portion thereof is situated or found.

SEC. 4. *When Rule not applicable.* — This Rule shall not apply –

- (a) In those cases where a specific rule or law provides otherwise; or
- (b) Where the parties have validly agreed in writing before the filing of the action on the exclusive venue thereof.

Based therefrom, the general rule is that the venue of real actions is the court which has jurisdiction over the area wherein the real property involved, or a portion thereof, is situated; while the venue of personal actions is the court which has jurisdiction where the plaintiff or the defendant resides, at the election of the plaintiff. As an exception, jurisprudence in *Legaspi v. Rep. of the Phils.*^[33] instructs that the parties, thru a written instrument, may either introduce another venue where actions arising from such instrument may be filed, or restrict the filing of said