

FIRST DIVISION

[G.R. No. 169919, September 11, 2009]

B. D. LONG SPAN BUILDERS, INC., PETITIONER, VS. R. S. AMPELOQUIO REALTY DEVELOPMENT, INC., RESPONDENT.

DECISION

CARPIO, J.:

The Case

This is a petition for review^[1] of the Court of Appeals' Decision^[2] dated 14 July 2005 and Resolution dated 30 September 2005 in CA-G.R. CV No. 78259. The Court of Appeals reversed the Decision^[3] dated 14 January 2003 of the Regional Trial Court of Muntinlupa City, Branch 206 (RTC).

The Antecedent Facts

Petitioner B. D. Long Span Builders, Inc. and respondent R. S. Ampeloquio Realty Development, Inc. are corporations duly organized and existing under the laws of the Republic of the Philippines.

On 31 July 1999, petitioner and respondent entered into an Agreement wherein petitioner agreed to render "rip rapping" construction services at respondent's Ampeloquio International Resort in Ternate, Cavite, for the contract price of P50 million. On the same day, the parties entered into a second Agreement for the same construction project, stipulating a contract price of P30 million, hence bringing the total contract price of the project to P80 million. Both Agreements required petitioner to deposit with respondent a cash bond of one percent (1%) of the contract price, to be returned to petitioner upon completion of the project. In compliance, petitioner deposited with respondent a cash bond amounting to P800,000.

Respondent failed to fulfill its obligations under the Agreements, resulting in the cancellation of the project. Petitioner demanded the return of the P800,000 cash bond, but respondent refused to do so. Petitioner's legal counsel sent two (2) demand letters dated 19 April 2002 and 10 May 2002 to respondent, but the latter still refused to return the P800,000 cash bond.

On 24 September 2002, petitioner (plaintiff) filed with the RTC a complaint for rescission of contract and damages against respondent (defendant). On 17 October 2002, summons and a copy of the complaint were served on respondent, through its staff member, Romel Dolahoy.^[4]

Respondent failed to file an Answer or any responsive pleading to the complaint.

Upon motion of petitioner, the RTC issued an Order dated 29 November 2002, declaring respondent in default, and allowing petitioner to present evidence *ex parte*.

The Trial Court's Ruling

On 14 January 2003, the RTC rendered a Decision, the dispositive portion of which reads:

WHEREFORE, finding preponderance of evidence in support of the instant complaint, the same is granted.

Judgment is rendered declaring the aforesaid contracts entered into by plaintiff with defendant, both dated July 31, 1999 for the rip rapping construction project at the Ampeloquio International Resort in Ternate, Cavite, as RESCINDED.

Moreover, defendant corporation is ordered to:

- 1) Return the amount of P800,000.00 posted by the plaintiff as cash bond with legal interest accruing thereto from the time of its demand until fully paid;
- 2) Pay the plaintiff the amount of P50,000.00 as nominal damages;
- 3) Pay the plaintiff the amount of P100,000.00 as exemplary damages;
- 4) Pay the plaintiff the amount of P50,000.00 as and by way of attorney's fees; and
- 5) Pay the cost of suit in the amount of P10,539.00.

SO ORDERED. ^[5]

The Court of Appeals' Ruling

Upon receipt of the RTC decision, respondent filed a Notice of Appeal dated 12 February 2003 with the Court of Appeals. After considering the pleadings filed by petitioner and respondent, the Court of Appeals rendered judgment^[6] which reversed and set aside the decision of the RTC. The dispositive portion of the Court of Appeals' Decision reads:

WHEREFORE, in view of the foregoing, the decision dated January 14, 2003 of the Regional Trial Court, Branch 206, Muntinlupa City in Civil Case No. 02-217 is hereby REVERSED and SET ASIDE.

SO ORDERED. ^[7]

Petitioner filed a Motion for Reconsideration, but this was denied by the Court of Appeals in its Resolution of 30 September 2005.^[8]

Hence, this appeal.

The Issue

The sole issue for resolution in this case is whether the Court of Appeals erred in ruling that there was invalid service of summons upon respondent, and hence the trial court did not acquire jurisdiction over said respondent.

The Court's Ruling

We find the appeal without merit.

Courts acquire jurisdiction over the plaintiffs upon the filing of the complaint. On the other hand, jurisdiction over the defendants in a civil case is acquired either through the service of summons upon them or through their voluntary appearance in court and their submission to its authority.^[9] The service of summons is a vital and indispensable ingredient of due process.^[10] As a rule, if defendants have not been validly summoned, the court acquires no jurisdiction over their person, and a judgment rendered against them is null and void.^[11]

Section 11 of Rule 14 of the 1997 Rules of Civil Procedure states:

SEC. 11. Service upon domestic private juridical entity. — When the defendant is a corporation, partnership or association organized under the laws of the Philippines with a juridical personality, service may be made on the president, managing partner, general manager, corporate secretary, treasurer, or in-house counsel.

As a rule, summons should be personally served on the defendant. In case of a domestic private juridical entity, the service of summons must be made upon an officer who is named in the statute (i.e., the president, managing partner, general manager, corporate secretary, treasurer, or in-house counsel), otherwise, the service is insufficient.^[12] The purpose is to render it reasonably certain that the corporation will receive prompt and proper notice in an action against it or to insure that the summons be served on a representative so integrated with the corporation that such person will know what to do with the legal papers served on him.^[13] However, if the summons cannot be served on the defendant personally within a reasonable period of time, then substituted service may be resorted to. Section 7 of Rule 14 provides:

SEC. 7. Substituted service.— If, for justifiable causes, the defendant cannot be served within a reasonable time as provided in the preceding section, service may be effected (a) by leaving copies of the summons at