

# SIXTH DIVISION

[ CA-GR. SP NO. 125393, May 23, 2014 ]

**ROBERT RHYZ CHUA, PETITIONER, VS. AMA RURAL BANK OF MANDALUYONG, INC. AND THE REGIONAL TRIAL COURT OF PASAY CITY, BRANCH 108, RESPONDENTS.**

## DECISION

**CRUZ, R.A. J.:**

### THE CASE

This is a Petition for Review under Rule 42 of the Rules of Court, claiming that the Regional Trial Court of Pasay City, Branch 108 ("RTC"), erred in its Decision dated November 10, 2010<sup>[1]</sup> for affirming the Decision of the Metropolitan Trial Court of Pasay City, Branch 48, dated April 14, 2010<sup>[2]</sup> which ordered petitioner to pay Private Respondent AMA Rural Bank of Mandaluyong the amount of Two Hundred Fifty-One Thousand and Sixty Eight Philippine Pesos and 96/100 (P251,068.96), representing the unpaid monthly amortizations, from July 2006 to August 2007, of the car petitioner mortgaged to the bank, plus 12% legal interest per annum; Ten Thousand Philippine Pesos (P10,000.00) as attorney's fees; Ten Thousand Philippine Pesos (P10,000.00) as liquidated damages and the cost of suit.

### THE ANTECEDENTS

On August 16, 2005, for value received, Robert Rhyz Chua ("Chua") and Edwin Franco ("Franco") executed and delivered to the AMA Rural Bank of Mandaluyong, Inc. ("AMA Bank"), a domestic banking corporation with principal office in Mandaluyong City, a Promissory Note<sup>[3]</sup> in the sum of Three Hundred Fifty Thousand Nine Hundred Fifty-Two Philippine Pesos (P350,952.00), payable in 24 installments with a monthly amortization of Fourteen Thousand Six Hundred Twenty-Three Philippine Pesos (P14,623.00), inclusive of 29.98% interest. In order to secure the payment of the aforementioned Promissory Note, Chua and Franco executed in favor of AMA Bank a Deed of Chattel Mortgage over a 2002 Nissan Exalta car with plate number XEL-895. The vehicle was registered with the Land Transportation Office, Manila District Office, as shown by its Certificate of Registration and Official Receipt.<sup>[4]</sup>

Chua and Franco failed to comply with the terms and conditions of the Promissory Note with Chattel Mortgage<sup>[5]</sup> by not paying the monthly amortizations for ten (10) consecutive months, from July 10, 2006 to March 10, 2007.<sup>[6]</sup>

For this reason, AMA Bank sent a demand letter to Chua dated February 23, 2007,<sup>[7]</sup> demanding payment of the mortgage loan obligation in the amount of Two Hundred Twenty One Thousand Two Hundred Sixteen Philippine Pesos and 15/100 (P221,216.15) as of February 23, 2007, exclusive of interest, charges and attorney's fees or to surrender the collateral subject of the bank's appraisal and acceptance

within five (5) days from receipt of the demand letter. The basis of the bank's demand is the provision in the Promissory Note with Chattel Mortgage that failure on the part of Chua and Franco to pay any of the accrued installment when due shall make the subsequent installments and the entire balance of the obligation immediately due and demandable.

On July 5, 2007, AMA Rural Bank of Mandaluyong, Inc. filed before the Metropolitan Trial Court of Pasig ("MeTC"), raffled to Branch 48 thereof, a Complaint<sup>[8]</sup> for Recovery of Possession with Writ of Replevin and Damages against Robert Rhyz Chua and Edwin Franco and John Doe who is authorized to drive and in possession of the mortgaged car. AMA Bank prayed for the following reliefs: (a) Before trial and upon filing and approval of the bond, for the MeTC to issue a Writ of Replevin ordering the seizure of the subject motor vehicle and direct delivery to AMA Bank, and after due hearing, to confirm said seizure; or (b) in the event that manual delivery of the said motor vehicle cannot be effected, to render judgment in favor of the plaintiff and against the defendants and order them to pay jointly and severally the sum of Two Hundred Fifty One Thousand and Sixty-Eight Philippine Pesos and 96/100 (P251,068.96), inclusive of interest and late payment charges at the rate of 60% per annum from July 10, 2006 until fully paid. AMA Bank also prayed for the payment to it of attorney's fees in the amount of P55,304.04, liquidated damages in the amount of P55,304.04, bonding fee and other expenses incurred in the seizure of the vehicle in the amount of P30,000.00 and the cost of suit.

Defendant Chua filed an Answer but failed to appear during the pre-trial conference on February 26, 2010 despite notice. Defendant Franco failed to file an Answer to the Complaint. It appears that the Writ of Replevin was not served based on the Return dated August 13, 2007.<sup>[9]</sup>

In its Decision dated April 14, 2010<sup>[10]</sup>, the MeTC ruled in favor of AMA Bank in this wise:

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"WHEREFORE, judgment is hereby rendered in favor of plaintiff and against the defendant, ordering the latter to pay plaintiff as follows:

1. The sum of Php251,068.96 representing the unpaid monthly amortizations from July 2006 to August 2007 inclusive of interest and penalty charge, plus legal interest of 12% per annum from the finality of this decision until fully paid;
2. The sum of P10,000.00 as attorney's fees;
3. The sum of Php10,000.00 as liquidated damages;
4. The cost of suit.

SO ORDERED."<sup>[11]</sup>

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Defendant Chua appealed the said case before the Regional Trial Court of Pasay City, raffled to Branch 108 ("RTC") and docketed as Civil Case No. 797-07-CPM-R00-00,

which affirmed *en toto* the MeTC Decision in its Decision dated November 10, 2010, ratiocinating that the plaintiff-appellee was able to show and prove that the defendants-appellants' violations of their contract opened plaintiff-appellee to liability. As to jurisdiction, the RTC held that defendants-appellants are estopped from questioning the jurisdiction of the Court after it had voluntarily filed pleadings and appeared in several hearings. As to the certification of non-forum shopping, the RTC also found sufficient compliance under Sec. 4, Rule 7 of the Rules of Court.

Dissatisfied, Chua filed a Petition for Review<sup>[12]</sup> of the November 10, 2010 RTC Decision, raising the following as posers:

### **THE ISSUES BEFORE US**

#### I

WHETHER THE COMPLAINT SHOULD HAVE BEEN DISMISSED FOR LACK OF JURISDICTION OVER THE SUBJECT MATTER OF THE CASE;

#### II

WHETHER THE COMPLAINT SHOULD HAVE BEEN DISMISSED FOR THE FAILURE OF THE RESPONDENT TO COMPLY WITH SEC. 5, RULE 7 OF THE RULES OF COURT ON NON-FORUM SHOPPING.

Robert Rhyz Chua, as Our petitioner, alleges that the RTC erred when it held that he had impliedly recognized the jurisdiction of the MeTC by the series of pleadings that he filed before it. He also postulates that the secretary's certificate issued to Erick Joseph Lingan was not sufficient authorization for him to sign the Certificate of Non-Forum Shopping in behalf of AMA Bank.

AMA Rural Bank of Mandaluyong, Inc., as the private respondent, failed to file a Comment to the Petition notwithstanding notice to do so.<sup>[13]</sup>

### **OUR RULING**

We **AFFIRM** the RTC Decision in the main and **DISMISS** this Petition for Review for lack of merit.

The two focal issues in this case are whether the MeTC had jurisdiction over the subject matter of the case, and on procedural grounds, whether the rule on certification of non-forum shopping under Sec. 5, Rule 7 of the Rules of Court was complied with.

As to jurisdiction over the subject matter of the case, We hold that the MeTC did acquire jurisdiction over it because the amount of the demand or the obligation due to private respondent falls under the MeTC's jurisdiction. Sec. 33 of Batas Pambansa Blg. 129 (Judiciary Reorganization Act of 1980) is apropos, to wit:

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*"Sec. 33. Jurisdiction of Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts in Cities. – Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts shall exercise:*

(1) Exclusive original jurisdiction over civil actions and probate proceedings, testate and intestate, including the grant of provisional