

Republic of the Philippines Supreme Court Manila

FIRST DIVISION

ALLEN A. MACASAET, NICOLAS V. QUIJANO, JR., ISAIAS ALBANO, LILY REYES, JANET BAY, JESUS R. GALANG, AND RANDY HAGOS,

Petitioners,

-versus-

G.R. No. 156759

Present:

SERENO, C.J.,

LEONARDO-DE CASTRO,

BERSAMIN,

VILLARAMA, JR, and

REYES, JJ.

Promulgated:

FRANCISCO R. CO, JR.,

Respondent.

JUN 0 5 2013

DECISION

BERSAMIN, J.:

To warrant the substituted service of the summons and copy of the complaint, the serving officer must first attempt to effect the same upon the defendant in person. Only after the attempt at personal service has become futile or impossible within a reasonable time may the officer resort to substituted service.

The Case

Petitioners – defendants in a suit for libel brought by respondent – appeal the decision promulgated on March 8, 2002¹ and the resolution promulgated on January 13, 2003,² whereby the Court of Appeals (CA) respectively dismissed their petition for *certiorari*, prohibition and *mandamus* and denied their motion for reconsideration. Thereby, the CA upheld the order the Regional Trial Court (RTC), Branch 51, in Manila had issued on March 12, 2001 denying their motion to dismiss because the

Id. at 61-62.

¹ Rollo, pp. 53-59; penned by Associate Justice Eugenio S. Labitoria (retired), with Associate Justice Teodoro P. Regino (retired) and Associate Justice Rebecca De Guia-Salvador concurring.

substituted service of the summons and copies of the complaint on each of them had been valid and effective.³

Antecedents

On July 3, 2000, respondent, a retired police officer assigned at the Western Police District in Manila, suedAbanteTonite, a daily tabloid of general circulation; its Publisher Allen A. Macasaet;its Managing Director Nicolas V. Quijano;its Circulation Manager Isaias Albano;its Editors Janet Bay, Jesus R. Galang and Randy Hagos; and its Columnist/Reporter Lily Reyes (petitioners), claiming damages because of an allegedly libelous article petitionerspublished in the June 6, 2000 issue of AbanteTonite. The suit,docketed as Civil Case No. 00-97907, was raffled to Branch 51 of the RTC, which in due course issued summons to be served oneach defendant, includingAbanteTonite, at their business address at Monica Publishing Corporation, 301-305 3rd Floor, BF Condominium Building, Solana Street corner A. Soriano Street, Intramuros, Manila.⁴

In the morning of September 18, 2000, RTC Sheriff Raul Medina proceeded to the stated address to effect the personal service of the summons onthe defendants. But his efforts to personally serve each defendant in the address were futilebecause the defendants were then out of the office and unavailable. He returned in the afternoon of that day to make a second attempt at serving the summons, but he was informed that petitioners were still out of the office. He decided to resort to substituted service of the summons, and explained why in his sheriff's returndated September 22, 2000, 5 to wit:

SHERIFF'S RETURN

This is to certify that on September 18, 2000, I caused the service of summons together with copies of complaint and its annexes attached thereto, upon the following:

1. Defendant Allen A. Macasaet, President/Publisher of defendant AbanteTonite, at Monica Publishing Corporation, Rooms 301-305 3rd Floor, BF Condominium Building, Solana corner A. Soriano Streets, Intramuros, Manila, thru his secretary Lu-Ann Quijano, a person of sufficient age and discretion working therein, who signed to acknowledge receipt thereof. That effort (sic) to serve the said summons personally upon said defendant were made, but the same were ineffectual and unavailing on the ground that per information of Ms. Quijano said defendant is always out and not available, thus, substituted service was applied;

³Id. at 134-136.

⁴Id. at 108.

⁵Id. at 109.

- 2. Defendant Nicolas V. Quijano, at the same address, thru his wife Lu-Ann Quijano, who signed to acknowledge receipt thereof. That effort (sic) to serve the said summons personally upon said defendant were made, but the same were ineffectual and unavailing on the ground that per information of (sic) his wife said defendant is always out and not available, thus, substituted service was applied;
- 3. Defendants Isaias Albano, Janet Bay, Jesus R. Galang, Randy Hagos and Lily Reyes, at the same address, thru Rene Esleta, Editorial Assistant of defendant AbanteTonite, a person of sufficient age and discretion working therein who signed to acknowledge receipt thereof. That effort (sic) to serve the said summons personally upon said defendants were made, but the same were ineffectual and unavailing on the ground that per information of (sic) Mr. Esleta said defendants is (sic) always roving outside and gathering news, thus, substituted service was applied.

Original copy of summons is therefore, respectfully returned duly served.

Manila, September 22, 2000.

On October 3, 2000, petitioners moved for the dismissal of the complaint throughcounsel's special appearance in their behalf, alleging lack of jurisdiction over their persons because of the invalid and ineffectual substituted service of summons. They contended that the sheriff had made no prior attempt to serve the summons personally on each of them in accordance with Section 6 and Section 7, Rule 14 of the *Rules of Court*. Theyfurther moved to drop AbanteToniteas a defendant by virtue of its being neither a natural nor a juridical person that could be impleaded as a party in a civil action.

At the hearing ofpetitioners' motion to dismiss, Medina testified that he had gone to the office address of petitioners in the morning of September 18, 2000 to personally serve the summonson each defendant; that petitioners were out of the office at the time; that he had returned in the afternoon of the same day to again attempt to serve on each defendant personally but his attempt had still proved futile because all of petitioners were still out of the office; that somecompetent persons working in petitioners' office had informed him that Macasaet and Quijano were always out and unavailable, and that Albano, Bay, Galang, Hagos and Reyes were always out roving to gather news; and that he had then resorted to substituted service upon realizing the impossibility of his finding petitioners in person within a reasonable time.

On March 12, 2001, the RTC denied the motion to dismiss, and directed petitioners to file their answers to the complaint within the remaining period allowed by the *Rules of Court*, ⁶ relevantly stating:

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⁶Id. at 134-136.

Records show that the summonses were served upon Allen A. Macasaet, President/Publisher of defendant AbanteTonite, through Lu-Ann Quijano; upon defendants Isaias Albano, Janet Bay, Jesus R. Galang, Randy Hagos and Lily Reyes, through Rene Esleta, Editorial Assistant of defendant AbanteTonite (p. 12, records). It is apparent in the Sheriff's Return that on several occasions, efforts to served (sic) the summons personally upon all the defendants were ineffectual as they were always out and unavailable, so the Sheriff served the summons by substituted service.

Considering that summonses cannot be served within a reasonable time to the persons of all the defendants, hence substituted service of summonses was validly applied. Secretary of the President who is duly authorized to receive such document, the wife of the defendant and the Editorial Assistant of the defendant, were considered competent persons with sufficient discretion to realize the importance of the legal papers served upon them and to relay the same to the defendants named therein (Sec. 7, Rule 14, 1997 Rules of Civil Procedure).

WHEREFORE, in view of the foregoing, the Motion to Dismiss is hereby DENIED for lack of merit..

Accordingly, defendants are directed to file their Answers to the complaint within the period still open to them, pursuant to the rules.

SO ORDERED.

Petitioners filed a motion for reconsideration, asserting that the sheriff had immediately resorted to substituted service of the summonsupon being informed that they were not around to personally receive the summons, and that AbanteTonite, being neither a natural nor a juridical person, could not be made a party in the action.

On June 29, 2001, the RTC denied petitioners' motion for reconsideration. It stated in respect of the service of summons, as follows:

The allegations of the defendants that the Sheriff immediately resorted to substituted service of summons upon them when he was informed that they were not around to personally receive the same is untenable. During the hearing of the herein motion, Sheriff Raul Medina of this Branch of the Court testified that on September 18, 2000 in the morning, he went to the office address of the defendants to personally serve summons upon them but they were out. So he went back to serve said summons upon the defendants in the afternoon of the same day, but then again he was informed that the defendants were out and unavailable, and that they were always out because they were roving around to gather news. Because of that information and because of the nature of the work of the defendants that they are always on field, so the sheriff resorted to substituted service of summons. There was substantial compliance with the rules, considering the difficulty to serve the summons personally to

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⁷Id. at 149-150.

them because of the nature of their job which compels them to be always out and unavailable. Additional matters regarding the service of summons upon defendants were sufficiently discussed in the Order of this Court dated March 12, 2001.

Regarding the impleading of AbanteTonite as defendant, the RTC held, viz:

"AbanteTonite" is a daily tabloid of general circulation. People all over the country could buy a copy of "AbanteTonite" and read it, hence, it is for public consumption. The persons who organized said publication obviously derived profit from it. The information written on the said newspaper will affect the person, natural as well as juridical, who was stated or implicated in the news. All of these facts imply that "AbanteTonite" falls within the provision of Art. 44 (2 or 3), New Civil Code. Assuming arguendo that "AbanteTonite" is not registered with the Securities and Exchange Commission, it is deemed a corporation by estoppels considering that it possesses attributes of a juridical person, otherwise it cannot be held liable for damages and injuries it may inflict to other persons.

Undaunted, petitioners brought a petition for *certiorari*, prohibition, *mandamus*in the CA to nullify the orders of the RTC dated March 12, 2001 and June 29, 2001.

Ruling of the CA

On March 8, 2002, the CApromulgated its questioned decision,⁸ dismissing the petition for *certiorari*, prohibition, *mandamus*, to wit:

We find petitioners' argument without merit. The rule is that certiorari will prosper only if there is a showing of grave abuse of discretion or an act without or in excess of jurisdiction committed by the respondent Judge. A judicious reading of the questioned orders of respondent Judge would show that the same were not issued in a capricious or whimsical exercise of judgment. There are factual bases and legal justification for the assailed orders. From the Return, the sheriff certified that "effort to serve the summons personally x xx were made, but the same were ineffectual and unavailing xxx.

and upholding the trial court's finding that there was asubstantial compliance with the rules that allowed the substituted service.

Furthermore, the CA ruled:

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⁸Supra note 1, at 56.

Anent the issue raised by petitioners that "AbanteTonite is neither a natural or juridical person who may be a party in a civil case," and therefore the case against it must be dismissed and/or dropped, is untenable.

The respondent Judge, in denying petitioners' motion for reconsideration, held that:

X XXX

AbanteTonite's newspapers are circulated nationwide, showing ostensibly its being a corporate entity, thus the doctrine of corporation by estoppel may appropriately apply.

An unincorporated association, which represents itself to be a corporation, will be estopped from denying its corporate capacity in a suit against it by a third person who relies in good faith on such representation.

There being no grave abuse of discretion committed by the respondent Judge in the exercise of his jurisdiction, the relief of prohibition is also unavailable.

WHEREFORE, the instant petition is **DENIED**. The assailed Orders of respondent Judge are **AFFIRMED**.

SO ORDERED.9

On January 13, 2003, the CA denied petitioners' motion for reconsideration.¹⁰

Issues

Petitioners hereby submit that:

- 1. THE COURT OF APPEALS COMMITTED AN ERROR OF LAW IN HOLDING THAT THE TRIAL COURT ACQUIRED JURISDICTION OVER HEREIN PETITIONERS.
- 2. THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR BY SUSTAINING THE INCLUSION OF ABANTE TONITE AS PARTY IN THE INSTANT CASE.¹¹

Ruling

The petition for review lacks merit.

Supra note 2.

⁹ Id. at 57-58.

¹¹ *Rollo*, p. 33.

Jurisdiction over the person, or jurisdiction *in personam*—the power of the court to render a personal judgment or to subject the parties in a particular action to the judgment and other rulings rendered in the action—is an element of due process that is essential in all actions, civil as well as criminal, except in actions *in rem* or *quasi in rem*. Jurisdiction over the defendantin an action *in rem* or *quasi in rem* is not required, and the court acquires jurisdiction over an actionas long as it acquires jurisdiction over the *res*that is the subject matter of the action. The purpose of summons in such action is not the acquisition of jurisdiction over the defendant but mainly to satisfy the constitutional requirement of due process.¹²

The distinctions that need to be perceived between an action *in personam*, on the one hand, and an action *inrem* or *quasi in rem*, on the other hand, are aptly delineated in *Domagas v. Jensen*, ¹³ thusly:

The settled rule is that the aim and object of an action determine its character. Whether a proceeding is in rem, or in personam, or quasi in rem for that matter, is determined by its nature and purpose, and by these only. A proceeding in *personam* is a proceeding to enforce personal rights and obligations brought against the person and is based on the jurisdiction of the person, although it may involve his right to, or the exercise of ownership of, specific property, or seek to compel him to control or dispose of it in accordance with the mandate of the court. The purpose of a proceeding in personam is to impose, through the judgment of a court, some responsibility or liability directly upon the person of the defendant. Of this character are suits to compel a defendant to specifically perform some act or actions to fasten a pecuniary liability on him. An action in personam is said to be one which has for its object a judgment against the person, as distinguished from a judgment against the prop[er]ty to determine its state. It has been held that an action in personam is a proceeding to enforce personal rights or obligations; such action is brought against the person. As far as suits for injunctive relief are concerned, it is well-settled that it is an injunctive act in personam. In Combs v. Combs, the appellate court held that proceedings to enforce personal rights and obligations and in which personal judgments are rendered adjusting the and obligations between the affected parties personam. Actions for recovery of real property are in personam.

On the other hand, a proceeding *quasi in rem* is one brought against persons seeking to subject the property of such persons to the discharge of the claims assailed. In an action *quasi in rem*, an individual is named as defendant and the purpose of the proceeding is to subject his interests therein to the obligation or loan burdening the property. Actions *quasi in rem* deal with the status, ownership or liability of a particular property but which are intended to operate on these questions only as between the particular parties to the proceedings and not to ascertain or cut off the rights or interests of all possible claimants. The judgments therein are binding only upon the parties who joined in the action.

¹³ G.R. No. 158407, January 17, 2005, 448 SCRA 663, 673-674.

Gomez v. Court of Appeals, G.R. No. 127692, March 10, 2004,425 SCRA 98, 104.

As a rule, Philippine courts cannot try any case against a defendant who does not reside and is not found in the Philippines because of the impossibility of acquiring jurisdiction over his person unless he voluntarily appears in court; but when the case is an action in rem or quasi in rem enumerated in Section 15, Rule 14 of the *Rules of Court*, Philippine courts have jurisdiction to hear and decide the case because they have jurisdiction over the res, and jurisdiction over the person of the non-resident defendant is not essential. In the latter instance, extraterritorial service of summons can be made upon the defendant, and such extraterritorial service of summons is not for the purpose of vesting the court with jurisdiction, but for the purpose of complying with the requirements of fair play or due process, so that the defendant will be informed of the pendency of the action against him and the possibility that property in the Philippines belonging to him or in which he has an interest may be subjected to a judgment in favor of the plaintiff, and he can thereby take steps to protect his interest if he is so minded. On the other hand, when the defendant in an action in personamdoes not reside and is not found in the Philippines, our courts cannot try the case against him because of the impossibility of acquiring jurisdiction over his person unless he voluntarily appears in court.¹⁴

As the initiating party, the plaintiff in a civil action voluntarily submits himself to the jurisdiction of the court by the act of filing the initiatory pleading. As to the defendant, the court acquires jurisdiction over his person either by the proper service of the summons, or by a voluntary appearance in the action. ¹⁵

Upon the filing of the complaint and the payment of the requisite legal fees, the clerk of court forthwith issues the corresponding summons to the defendant. The summons is directed to the defendant and signed by the clerk of court under seal. It contains the name of the court and the names of the parties to the action; a direction that the defendant answers within the time fixed by the *Rules of Court*; and a notice that unless the defendant so answers, the plaintiff will take judgment by default and may be granted the relief applied for. To be attached to the original copy of the summons and all copies thereof is a copy of the complaint (and its attachments, if any) and the order, if any, for the appointment of a guardian *ad litem*.

Perkin Elmer Singapore Pte Ltd. v. Dakila Trading Corporation, G.R. No. 172242, August 14, 2007,
 SCRA 170, 187-188; Romualdez-Licaros v. Licaros, G.R. No. 150656, April 29, 2003, 401 SCRA 762,
 769-770; Valmonte v. Court of Appeals, G.R. No. 108538, January 22, 1996, 252 SCRA 92.

Pursuant to Section 20, Rule 14 of the *Rules of Court*, the defendant's voluntary appearance in the action is equivalent to the service of summons; see also *Davao Light and Power Co., Inc. v. Court of Appeals*, G.R. No. 93262, November 29, 1991, 204 SCRA 343, 347; *Munar v. Court of Appeals*, 238 SCRA 372, 379; *Minucher v. Court of Appeals*, G.R. No. 97765, September 24, 1992, 214 SCRA 242, 250.

Section 1, Rule 14, Rules of Court.

¹⁷ Section2, Rule 14, Rules of Court.

¹⁸ Id

The significance of the proper service of the summons on the defendant in an action in personamcannot be overemphasized. The service of the summons fulfills two fundamental objectives, namely: (a) to vest in the court jurisdiction over the person of the defendant; and(b) to afford to the defendant the opportunity to be heard on the claim brought against him. 19 As to the former, when jurisdiction in personam is not acquired in a civil action through the proper service of the summons or upon a valid waiver of such proper service, the ensuing trial and judgment are void. 20 If the defendant knowingly does an act inconsistent with the right to object to the lack of personal jurisdiction as to him, like voluntarily appearing in the action, he is deemed to have submitted himself to the jurisdiction of the court.²¹As to the latter, the essence of due process lies in the reasonable opportunity to be heard and to submit any evidence the defendant may have in support of his defense. With the proper service of the summons being intended to afford to him the opportunity to be heard on the claim against him, he may also waive the process.²²In other words, compliance with the rules regarding the service of the summons is as much an issue of due process as it is of jurisdiction.²³

Under the *Rules of Court*, the service of the summons should firstly be effected on the defendant himselfwhenever practicable. Such personal service consists either in handing a copy of the summons to the defendant in person, or, if the defendant refuses to receive and sign for it, in tendering it to him.²⁴The rule on personal service is to be rigidly enforced in order to ensure the realization of the two fundamental objectivesearlier mentioned. If, for justifiable reasons, the defendant cannot be served in person within a reasonable time, the service of the summons may then be effected either (a) by leaving a copy of the summons at his residence with some person of suitable age and discretion then residing therein, or (b) by leaving the copy at his office or regular place of business with some competent person in charge thereof.²⁵The latter mode of service is known as substituted service because the service of the summonson the defendant is made through his substitute.

It is no longer debatable that the statutory requirements of substituted service must be followed strictly, faithfully and fully, and any substituted

¹⁹ *Umandap vs. Sabio, Jr.*, G.R. No. 140244, August 29, 2000, 339 SCRA 243, 247.

Vda. de Macoy v. Court of Appeals, G.R. No. 95871, February 13, 1992, 206 SCRA 244, 251; Venturanza v. Court of Appeals, No.L-7776, December 11, 1987, 156 SCRA 305, 311-312; Filmerco Commercial Co., Inc. v. Intermediate Appellate Court, No. L-70661, April 9, 1987, 149 SCRA 193, 198-199; Consolidated Plywood Industries, Inc. v. Breva, No. L-82811, October 18, 1988, 166 SCRA 589, 593-594; Philippine National Construction Corp. v. Ferrer-Calleja, No.L-80485, November 11, 1988, 167 SCRA 294, 301.

²¹ La Naval Drug Corporation v. Court of Appeals, G.R. No. 103200, August 31, 1994, 236 SCRA 78, 86.

²² Keister v. Navarro, No. L-29067, May 31, 1977, 77 SCRA 209, 214-215; Vda. de Macoy v. Court of Appeals, supra note 20.

Samartino v. Raon, G.R. No. 131482, July 3, 2002, 383 SCRA 664, 670.

Section 6, Rule 14, *Rules of Court*.

Section 7, Rule 14, Rules of Court.

service other than that authorized by statute is considered ineffective.²⁶This is because substituted service, being in derogation of the usual method of service, is extraordinary in character and may be used only as prescribed and in the circumstances authorized by statute.²⁷Only when the defendant cannot be served personally within a reasonable time may substituted service be resorted to. Hence, the impossibility of prompt personal service should be shown by stating the efforts made to find the defendant himself and the fact that such efforts failed, which statement should be found in the proof of service or sheriff's return.²⁸Nonetheless, the requisite showing of the impossibility of prompt personal service as basis for resorting to substituted service may be waived by the defendant either expressly or impliedly.²⁹

There is no question that SheriffMedina twice attempted to serve the summons upon each of petitionersin person at their office address, the first in the morning of September 18, 2000 and the second in the afternoon of the same date. Each attempt failed because Macasaet and Quijano were "always" out and not available" and the other petitioners were "always roving outside and gathering news." After Medina learned from those present in the office address on his second attempt that there was no likelihood of any of petitionersgoing to the office during the business hours of that or any other day, he concluded that further attempts to serve them in person within a reasonable time wouldbe futile. The circumstancesfully warrantedhis conclusion. He was not expected or required as the serving officer to effect personal service by all means and at all times, considering that he was expressly authorized to resort to substituted service should he be unable to effect the personal service within a reasonable time. In that regard, what was a reasonable time was dependent on the circumstances obtaining. While we are strict in insisting on personal service on the defendant, we do not cling to such strictness should the circumstances already justify substituted serviceinstead. It is the spiritof the procedural rules, not theirletter, that governs.³⁰

In reality, petitioners' insistence on personal service by the serving officer was demonstrably superfluous. They had actually received the summonses served through their substitutes, as borne out by their filing of several pleadings in the RTC, including an answer with compulsory counterclaim *ad cautelam* and a pre-trial brief *ad cautelam*. They had also

²⁶ Keisterv. Navarro, supranote 22, at 215.

²⁷ Ang Ping v. Court of Appeals, G.R. No. 126947, July 15, 1999, 310 SCRA 343, 350.

Keisterv. Navarro, supra, note 22; see also Wong v. Factor-Koyama, G.R. No. 183802, September 17, 2009, 600 SCRA 256, 268; Jose v. Boyon, G.R. No. 147369, October 23, 2003, 414 SCRA 216, 222; Casimina v. Legaspi, G.R. No. 147530. June 29, 2005, 462 SCRA 171, 177-178; Oaminal v. Castillo, G.R. No. 152776, October 8, 2003, 413 SCRA 189, 196-197; Laus v. Court of Appeals, G.R. No. 101256, March 8, 1993, 219 SCRA 688, 699.

²⁹ E.g., in Orosa v. Court of Appeals, G.R. No. 118696, September 3, 1996, 261 SCRA 376, 379, where the substituted service was sustained notwithstanding that the requirement for the showing of impossibility of personal service of summons was not complied with by the sheriff before resorting to substituted service, because the defendants subsequently filed a motion for additional time to file answer, which was deemed a waiver of objection to the personal jurisdiction of the trial court.

Robinson v. Miralles, G.R. No. 163584, December 12, 2006, 510 SCRA 678, 684.

availed themselves of the modes of discovery available under the Rules of Court. Such acts evinced their voluntary appearance in the action.

Nor can we sustain petitioners' contention that Abante Tonite could not be sued as a defendant due to its not being either a natural or a juridical person. In rejecting their contention, the CA categorized Abante Tonite as a corporation by estoppel as the result of its having represented itself to the reading public as a corporation despite its not being incorporated. Thereby, the CA concluded that the RTC did not gravely abuse its discretion in holding that the non-incorporation of Abante Tonite with the Securities and Exchange Commission was of no consequence, for, otherwise, whoever of the public who would suffer any damage from the publication of articles in the pages of its tabloids would be left without recourse. We cannot disagree with the CA, considering that the editorial box of the daily tabloid disclosed that although Monica Publishing Corporation had published the tabloid on a daily basis, nothing in the box indicated that Monica Publishing Corporation had owned Abante Tonite.

WHEREFORE, the Court AFFIRMS the decision promulgated on March 8, 2002; and **ORDERS** petitioners to pay the costs of suit.

SO ORDERED.

WE CONCUR:

MARIA LOURDES P. A. SERENO

Chief Justice

FERESITA J. LEONARDO-DE CASTRO ∠MARTIN S. VILLARAMA Associate Justice

Lemerto de Castro

Associate Justice

Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARIA LOURDES P. A. SERENO

Chief Justice