



Republic of the Philippines  
Supreme Court  
Manila

FIRST DIVISION

VIRGILIO C. BRIONES,  
Petitioner,

G.R. No. 204444

Present:

- versus -

COURT OF APPEALS and  
CASH ASIA CREDIT  
CORPORATION,  
Respondents.

SERENO, C.J., Chairperson,  
LEONARDO-DE CASTRO,  
BERSAMIN,  
PEREZ, and  
PERLAS-BERNABE, JJ.

Promulgated:

JAN 14 2015

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DECISION

PERLAS-BERNABE, J.:

Assailed in this petition for *certiorari*<sup>1</sup> are the Decision<sup>2</sup> dated March 5, 2012 and the Resolution<sup>3</sup> 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<sup>4</sup> and October 22, 2010<sup>5</sup> 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.

<sup>1</sup> Rollo, pp. 3-19.

<sup>2</sup> Id. at 23-30. Penned by Associate Justice Edwin D. Sorongon with Associate Justices Noel G. Tijam and Elihu A. Ybañez, concurring.

<sup>3</sup> Id. at 39-40.

<sup>4</sup> Id. at 86. Penned by Judge Armando A. Yanga.

<sup>5</sup> Id. at 88.

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### The Facts

The instant case arose from a Complaint<sup>6</sup> 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.<sup>7</sup> 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.<sup>8</sup> Upon investigation, Briones discovered that: (a) on December 6, 2007, he purportedly executed a promissory note,<sup>9</sup> loan agreement,<sup>10</sup> and deed of real estate mortgage<sup>11</sup> covering the subject property (subject contracts) in favor of Cash Asia in order to obtain a loan in the amount of ₱3,500,000.00 from the latter;<sup>12</sup> and (b) since the said loan was left unpaid, Cash Asia proceeded to foreclose his property.<sup>13</sup> 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.<sup>14</sup>

For its part, Cash Asia filed a Motion to Dismiss<sup>15</sup> dated August 25, 2010, praying for the outright dismissal of Briones's complaint on the ground of improper venue.<sup>16</sup> 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."<sup>17</sup> 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.<sup>18</sup>

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<sup>6</sup> Id. at 51-54.

<sup>7</sup> Id. at 51-53.

<sup>8</sup> Id. at 51-52.

<sup>9</sup> Id. at 59-60.

<sup>10</sup> Id. at 61-62.

<sup>11</sup> Id. at 63-66.

<sup>12</sup> Id. at 52.

<sup>13</sup> Id. at 51-52.

<sup>14</sup> Id. at 52.

<sup>15</sup> Id. at 81-84.

<sup>16</sup> Id. at 83.

<sup>17</sup> Id. at 81.

<sup>18</sup> Id. at 82-83.

In response, Briones filed an opposition,<sup>19</sup> 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.<sup>20</sup>

### **The RTC Ruling**

In an Order<sup>21</sup> 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.<sup>22</sup>

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

### **The CA Ruling**

In a Decision<sup>26</sup> 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.<sup>27</sup> 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.<sup>28</sup> As such, the CA concluded that Briones's complaint should have been dismissed outright on the ground of improper venue,<sup>29</sup> this, notwithstanding Briones's claim of forgery.

Dissatisfied, Briones moved for reconsideration,<sup>30</sup> which was, however, denied in a Resolution<sup>31</sup> dated October 4, 2012, hence, this petition.

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<sup>19</sup> See Opposition/Comment to the Motion to Dismiss dated September 7, 2010; *id.* at 169-171.

<sup>20</sup> *Id.* at 169.

<sup>21</sup> *Id.* at 86.

<sup>22</sup> *Id.*

<sup>23</sup> Not attached to the records of the case. *Id.* at 88.

<sup>24</sup> *Id.* at 88.

<sup>25</sup> Not attached to the records of the case. *Id.* at 23-24.

<sup>26</sup> *Id.* at 23-30.

<sup>27</sup> *Id.* at 30.

<sup>28</sup> See *id.* at 25-29.

<sup>29</sup> *Id.* at 29-30.

<sup>30</sup> See Motion for Reconsideration dated March 16, 2012; *id.* at 31-37.

<sup>31</sup> *Id.* at 39-40.

### **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."<sup>32</sup>

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,

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<sup>32</sup> See *Omni Hauling Services, Inc. v. Bon*, G.R. No. 199388, September 3, 2014, citing *Ramos v. BPI Family Savings Bank, Inc.*, G.R. No. 203186, December 4, 2013.

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.*<sup>33</sup> 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 actions in a certain exclusive venue, *viz.*:

The parties, however, are not precluded from agreeing in writing on an exclusive venue, as qualified by Section 4 of the same rule. **Written stipulations as to venue may be restrictive in the sense that the suit may be filed only in the place agreed upon, or merely permissive in that the parties may file their suit not only in the place agreed upon but also in the places fixed by law.** As in any other agreement, what is essential is the ascertainment of the intention of the parties respecting the matter.

**As regards restrictive stipulations on venue, jurisprudence instructs that it must be shown that such stipulation is exclusive. In the absence of qualifying or restrictive words,** such as “exclusively,” “waiving for this purpose any other venue,” “shall only” preceding the designation of venue, “to the exclusion of the other courts,” or words of similar import, **the stipulation should be deemed as merely an agreement on an additional forum, not as limiting venue to the specified place.**<sup>34</sup> (Emphases and underscoring supplied)

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<sup>33</sup> 581 Phil. 381 (2008).

<sup>34</sup> Id. at 386; citations omitted.


In this relation, case law likewise provides that in cases where the complaint assails only the terms, conditions, and/or coverage of a written instrument and not its validity, the exclusive venue stipulation contained therein shall still be binding on the parties, and thus, the complaint may be properly dismissed on the ground of improper venue.<sup>35</sup> Conversely, therefore, a complaint directly assailing the validity of the written instrument itself should not be bound by the exclusive venue stipulation contained therein and should be filed in accordance with the general rules on venue. To be sure, it would be inherently consistent for a complaint of this nature to recognize the exclusive venue stipulation when it, in fact, precisely assails the validity of the instrument in which such stipulation is contained.

In this case, the venue stipulation found in the subject contracts is indeed restrictive in nature, considering that it effectively limits the venue of the actions arising therefrom to the courts of Makati City. However, it must be emphasized that Briones's complaint directly assails the validity of the subject contracts, claiming forgery in their execution. Given this circumstance, Briones cannot be expected to comply with the aforesaid venue stipulation, as his compliance therewith would mean an implicit recognition of their validity. Hence, pursuant to the general rules on venue, Briones properly filed his complaint before a court in the City of Manila where the subject property is located.

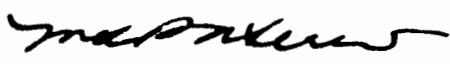
In conclusion, the CA patently erred and hence committed grave abuse of discretion in dismissing Briones's complaint on the ground of improper venue.

**WHEREFORE**, the petition is **GRANTED**. Accordingly, the Decision dated March 5, 2012 and the Resolution dated October 4, 2012 of the Court of Appeals in CA-G.R. SP No. 117474 are hereby **ANNULLED** and **SET ASIDE**. The Orders dated September 20, 2010 and October 22, 2010 of the Regional Trial Court of Manila, Branch 173 in Civil Case No. 10-124040 are **REINSTATED**.

**SO ORDERED.**


  
**ESTELA M. BERLAS-BERNABE**  
Associate Justice

**WE CONCUR:**

  
**MARIA LOURDES P. A. SERENO**  
Chief Justice  
Chairperson

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<sup>35</sup> See *Spouses Lantin v. Judge Lantion*, 531 Phil. 318, 323-324 (2006).

  
**TERESITA J. LEONARDO-DE CASTRO**  
Associate Justice

  
**LUCAS P. BERSAMIN**  
Associate Justice

  
**JOSE PORTUGAL PEREZ**  
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