

SECOND DIVISION

[G.R. No. 222711, August 23, 2017]

**LEY CONSTRUCTION AND DEVELOPMENT CORPORATION,
REPRESENTED BY ITS PRESIDENT, JANET C. LEY, PETITIONER,
VS. MARVIN MEDEL SEDANO, DOING BUSINESS UNDER THE
NAME AND STYLE "LOLA TABA LOLO PATO PALENGKE AT PALUTO
SA SEASIDE," RESPONDENT.**

**MARVIN MEDEL SEDANO, DOING BUSINESS UNDER THE NAME
AND STYLE "LOLA TABA LOLO PATO PALENGKE AT PALUTO SA
SEASIDE," RESPONDENT (THIRD-PARTY PLAINTIFF), VS.
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION,
RESPONDENT (THIRD-PARTY DEFENDANT).**

D E C I S I O N

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*^[1] are the Orders dated June 15, 2015^[2] and January 27, 2016^[3] of the Regional Trial Court (RTC) of Valenzuela City, Branch 75 (Valenzuela-RTC) in Civil Case No. 40-V-12, which dismissed petitioner Ley Construction and Development Corporation's (as represented by its President, Janet C. Ley; petitioner) complaint for collection of sum of money and damages, without prejudice, on the ground of improper venue.

The Facts

On March 13, 2012, petitioner filed a Complaint for Collection of Sum of Money and Damages^[4] against respondent Marvin Medel Sedano (respondent), doing business under the name and style "*Lola Taba Lolo Pato Palengke at Paluto sa Seaside*," before the Valenzuela-RTC, docketed as Civil Case No. 40-V-12. In its complaint, petitioner alleged that on January 14, 2005, it leased^[5] a 50,000-square meter (sq.m.) parcel of land located at Financial Center Area, Pasay City (now, Lot 5-A Diosdado Macapagal Boulevard, Pasay City) from respondent third-party defendant, the Philippine National Construction Corporation (PNCC).^[6] On September 11, 2006, petitioner subleased^[7] the 14,659.80-sq.m. portion thereof to respondent for a term often (10) years beginning November 15, 2005, for a monthly rent of P1,174,780.00, subject to a ten percent (10%) increase beginning on the third year and every year thereafter (lease contract).^[8] Respondent allegedly failed to pay the rent due for the period August 2011 to December 2011, amounting to a total of P8,828,025.46, and despite demands,^[9] refused to settle his obligations;^[10] hence, the complaint.

In his Answer with Third-Party Complaint,^[11] respondent countered that he

religiously paid rent to petitioner until PNCC demanded^[12] that the rent be paid directly to it, in view of the petitioner's eviction from the subject property by virtue of a court order.^[13] Thus, during the period from August 2011 until December 2011, he remitted the rentals to PNCC.^[14] Should he be found liable to petitioner, respondent maintained that the RTC should hold PNCC liable to reimburse to him the amounts he paid as rentals; hence, the third-party complaint.^[15]

Respondent likewise pointed out that the venue was improperly laid since Section 21^[16] of the lease contract provides that "[a]ll actions or case[s] filed in connection with this case shall be filed with the Regional Trial Court of Pasay City, exclusive of all others."^[17] Hence, the complaint should be dismissed on the ground of improper venue.

Finally, respondent argued that he paid petitioner the amounts of P3,518,352.00 as deposit and advance rentals under the lease contract, and that he made a P400,000.00 overpayment, all of which amounts were not liquidated or credited to respondent during the subsistence of the lease contract. Thus, respondent interposed a counterclaim, seeking petitioner to reimburse the said amounts to him, and to pay him moral and exemplary damages, including litigation expenses, in view of petitioner's filing of such baseless suit.^[18]

In its Comment/Opposition^[19] to respondent's affirmative defense of improper venue, petitioner argued that Section 21 of the lease contract is not a stipulation as to venue, but a stipulation on jurisdiction which is void.^[20] This is because such stipulation deprives other courts, *i.e.*, the Municipal Trial Courts, of jurisdiction over cases which, under the law, are within its exclusive original jurisdiction, such as an action for unlawful detainer.^[21] Petitioner further posited that respondent had already submitted himself to the jurisdiction of the Valenzuela-RTC and had waived any objections on venue, since he sought affirmative reliefs from the said court when he asked several times for additional time to file his responsive pleading, set-up counterclaims against petitioner, and impleaded PNCC as a third-party defendant.^[22]

Meanwhile, in its Answer to Third Party Complaint with Counterclaim,^[23] PNCC contended that respondent has no cause of action against it, since he acknowledged PNCC's right to receive rent, as evidenced by his direct payment thereof to PNCC.^[24] Respondent also entered into a contract of lease with PNCC after learning that petitioner had been evicted from the premises by virtue of a court ruling.^[25]

The Valenzuela-RTC Ruling

In an Order^[26] dated June 15, 2015, the Valenzuela-RTC granted respondent's motion and dismissed the complaint on the ground of improper venue. It held that Section 21 of the lease contract between petitioner and respondent is void insofar as it limits the filing of cases with the RTC of Pasay City, even when the subject matter jurisdiction over the case is with the Metropolitan Trial Courts.^[27] However, with respect to the filing of cases cognizable by the RTCs, the stipulation validly limits the venue to the RTC of Pasay City.^[28] Since petitioner's complaint is one for collection of sum of money in an amount that is within the jurisdiction of the RTC, petitioner

should have filed the case with the RTC of Pasay City.^[29]

The Valenzuela-RTC also found no merit in petitioner's claim that respondent waived his right to question the venue when he filed several motions for extension of time to file his answer. It pointed out that improper venue was among the defenses raised in respondent's Answer. As such, it was timely raised and, therefore, not waived.^[30]

Aggrieved, petitioner moved for reconsideration^[31] which was, however, denied by the Valenzuela-RTC in its Order^[32] dated January 27, 2016; hence, the present petition.

The Issue Before the Court

The sole issue for the Court's resolution is whether or not the Valenzuela-RTC erred in ruling that venue was improperly laid.

The Court's Ruling

The petition has no merit.

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.

Section 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.**

Section 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.

Section 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.** (Emphases supplied)

Based on these provisions, the venue for personal actions shall - as a general rule - lie with the court which has jurisdiction where the plaintiff or the defendant resides, at the election of the plaintiff.^[33] As an exception, parties may, through a written instrument, restrict the filing of said actions in a certain exclusive venue.^[34] In *Briones v. Court of Appeals*,^[35] the Court explained:

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.^[36]

In *Pilipino Telephone Corporation v. Tecson*,^[37] the Court held that an exclusive venue stipulation is valid and binding, provided that: (a) the stipulation on the chosen venue is exclusive in *nature or in intent*; (b) it is expressed in writing by the parties thereto; and (c) it is entered into before the filing of the suit.^[38]

After a thorough study of the case, the Court is convinced that all these elements are present and that the questioned stipulation in the lease contract, *i.e.*, Section 21 thereof, is a valid venue stipulation that limits the venue of the cases to the courts of Pasay City. It states:

21. **Should any of the party (sic) renege or violate any terms and conditions of this lease contract, it shall be liable for damages. All actions or case[s] filed in connection with this lease shall be filed with the Regional Trial Court of Pasay City, exclusive of all others.**^[39] (Emphases and underscoring supplied)

The above provision clearly shows the parties' intention to limit the place where **actions or cases arising from a violation of the terms and conditions of the contract of lease** may be instituted. This is evident from the use of the phrase "exclusive of all others" and the specification of the locality of Pasay City as the place where such cases may be filed.

Notably, the fact that this stipulation generalizes that all actions or cases of the aforementioned kind shall be filed with the RTC of Pasay City, to the exclusion of all