570 Phil. 151

SECOND DIVISION

[G.R. No. 162894, February 26, 2008]

RAYTHEON INTERNATIONAL, INC., Petitioner, vs. STOCKTON W. ROUZIE, JR., Respondent.

D E C I S I O N

TINGA, J,:

Before this Court is a petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure which seeks the reversal of the Decision[1] and Resolution[2] of the Court of Appeals in CA-G.R. SP No. 67001 and the dismissal of the civil case filed by respondent against petitioner with the trial court.

As culled from the records of the case, the following antecedents appear:

Sometime in 1990, Brand Marine Services, Inc. (BMSI), a corporation duly organized and existing under the laws of the State of Connecticut, United States of America, and respondent Stockton W. Rouzie, Jr., an American citizen, entered into a contract whereby BMSI hired respondent as its representative to negotiate the sale of services in several government projects in the Philippines for an agreed remuneration of 10% of the gross receipts. On 11 March 1992, respondent secured a service contract with the Republic of the Philippines on behalf of BMSI for the dredging of rivers affected by the Mt. Pinatubo eruption and mudflows.[3]

On 16 July 1994, respondent filed before the Arbitration Branch of the National Labor Relations Commission (NLRC) a suit against BMSI and Rust International, Inc. (RUST), Rodney C. Gilbert and Walter G. Browning for alleged nonpayment of commissions, illegal termination and breach of employment contract.[4] On 28 September 1995, Labor Arbiter Pablo C. Espiritu, Jr. rendered judgment ordering BMSI and RUST to pay respondent's money claims.[5] Upon appeal by BMSI, the NLRC reversed the decision of the Labor Arbiter and dismissed respondent's complaint on the ground of lack of jurisdiction.[6] Respondent elevated the case to this Court but was dismissed in a Resolution dated 26 November 1997. The Resolution became final and executory on 09 November 1998.

On 8 January 1999, respondent, then a resident of La Union, instituted an action for damages before the Regional Trial Court (RTC) of Bauang, La Union. The Complaint,[7] docketed as Civil Case No. 1192-BG, named as defendants herein petitioner Raytheon International, Inc. as well as BMSI and RUST, the two corporations impleaded in the earlier labor case. The complaint essentially reiterated the allegations in the labor case that BMSI verbally employed respondent to negotiate the sale of services in government projects and that respondent was not paid the commissions due him from the Pinatubo dredging project which he secured on behalf of BMSI. The complaint also averred that BMSI and RUST as well as petitioner

itself had combined and functioned as one company.

In its Answer,[8] petitioner alleged that contrary to respondent's claim, it was a foreign corporation duly licensed to do business in the Philippines and denied entering into any arrangement with respondent or paying the latter any sum of money. Petitioner also denied combining with BMSI and RUST for the purpose of assuming the alleged obligation of the said companies.[9] Petitioner also referred to the NLRC decision which disclosed that per the written agreement between respondent and BMSI and RUST, denominated as "Special Sales Representative Agreement," the rights and obligations of the parties shall be governed by the laws of the State of Connecticut.[10] Petitioner sought the dismissal of the complaint on grounds of failure to state a cause of action and *forum non conveniens* and prayed for damages by way of compulsory counterclaim.[11]

On 18 May 1999, petitioner filed an Omnibus Motion for Preliminary Hearing Based on Affirmative Defenses and for Summary Judgment[12] seeking the dismissal of the complaint on grounds of *forum non conveniens* and failure to state a cause of action. Respondent opposed the same. Pending the resolution of the omnibus motion, the deposition of Walter Browning was taken before the Philippine Consulate General in Chicago.[13]

In an Order[14] dated 13 September 2000, the RTC denied petitioner's omnibus motion. The trial court held that the factual allegations in the complaint, assuming the same to be admitted, were sufficient for the trial court to render a valid judgment thereon. It also ruled that the principle of *forum non conveniens* was inapplicable because the trial court could enforce judgment on petitioner, it being a foreign corporation licensed to do business in the Philippines.[15]

Petitioner filed a Motion for Reconsideration[16] of the order, which motion was opposed by respondent.[17] In an Order dated 31 July 2001,[18] the trial court denied petitioner's motion. Thus, it filed a Rule 65 Petition[19] with the Court of Appeals praying for the issuance of a writ of certiorari and a writ of injunction to set aside the twin orders of the trial court dated 13 September 2000 and 31 July 2001 and to enjoin the trial court from conducting further proceedings.[20]

On 28 August 2003, the Court of Appeals rendered the assailed Decision[21] denying the petition for certiorari for lack of merit. It also denied petitioner's motion for reconsideration in the assailed Resolution issued on 10 March 2004.[22]

The appellate court held that although the trial court should not have confined itself to the allegations in the complaint and should have also considered evidence *aliunde* in resolving petitioner's omnibus motion, it found the evidence presented by petitioner, that is, the deposition of Walter Browning, insufficient for purposes of determining whether the complaint failed to state a cause of action. The appellate court also stated that it could not rule one way or the other on the issue of whether the corporations, including petitioner, named as defendants in the case had indeed merged together based solely on the evidence presented by respondent. Thus, it held that the issue should be threshed out during trial.[23] Moreover, the appellate court deferred to the discretion of the trial court when the latter decided not to

desist from assuming jurisdiction on the ground of the inapplicability of the principle of *forum non conveniens*.

Hence, this petition raising the following issues:

> WHETHER OR NOT THE COURT OF APPEALS ERRED IN REFUSING TO DISMISS THE COMPLAINT FOR FAILURE TO STATE A CAUSE OF ACTION AGAINST RAYTHEON INTERNATIONAL, INC.
>
> WHETHER OR NOT THE COURT OF APPEALS ERRED IN REFUSING TO DISMISS THE COMPLAINT ON THE GROUND OF *FORUM NON CONVENIENS*.[24]

Incidentally, respondent failed to file a comment despite repeated notices. The Ceferino Padua Law Office, counsel on record for respondent, manifested that the lawyer handling the case, Atty. Rogelio Karagdag, had severed relations with the law firm even before the filing of the instant petition and that it could no longer find the whereabouts of Atty. Karagdag or of respondent despite diligent efforts. In a Resolution[25] dated 20 November 2006, the Court resolved to dispense with the filing of a comment.

The instant petition lacks merit.

Petitioner mainly asserts that the written contract between respondent and BMSI included a valid choice of law clause, that is, that the contract shall be governed by the laws of the State of Connecticut. It also mentions the presence of foreign elements in the dispute – namely, the parties and witnesses involved are American corporations and citizens and the evidence to be presented is located outside the Philippines – that renders our local courts inconvenient forums. Petitioner theorizes that the foreign elements of the dispute necessitate the immediate application of the doctrine of *forum non conveniens*.

Recently in *Hasegawa v. Kitamura*,[26] the Court outlined three consecutive phases involved in judicial resolution of conflicts-of-laws problems, namely: jurisdiction, choice of law, and recognition and enforcement of judgments. Thus, in the instances[27] where the Court held that the local judicial machinery was adequate to resolve controversies with a foreign element, the following requisites had to be proved: (1) that the Philippine Court is one to which the parties may conveniently resort; (2) that the Philippine Court is in a position to make an intelligent decision as to the law and the facts; and (3) that the Philippine Court has or is likely to have the power to enforce its decision.[28]

On the matter of jurisdiction over a conflicts-of-laws problem where the case is filed in a Philippine court and where the court has jurisdiction over the subject matter, the parties and the *res*, it may or can proceed to try the case even if the rules of conflict-of-laws or the convenience of the parties point to a foreign forum. This is an exercise of sovereign prerogative of the country where the case is filed.[29]

Jurisdiction over the nature and subject matter of an action is conferred by the Constitution and the law[30] and by the material allegations in the complaint, irrespective of whether or not the plaintiff is entitled to recover all or some of the