

SECOND DIVISION

[G.R. NO. 140288, October 23, 2006]

**ST. AVIATION SERVICES CO., PTE., LTD., PETITIONER, VS.
GRAND INTERNATIONAL AIRWAYS, INC., RESPONDENT.**

DECISION

SANDOVAL-GUTIERREZ, J.:

Challenged in the instant Petition for Review on Certiorari are the Decision of the Court of Appeals dated July 30, 1999 and its Resolution dated September 29, 1999 in CA-G.R. SP No. 51134 setting aside the Orders dated October 30, 1998 and December 16, 1998 of the Regional Trial Court (RTC), Branch 117, Pasay City in Civil Case No. 98-1389.

St. Aviation Services Co., Pte., Ltd., petitioner, is a foreign corporation based in Singapore. It is engaged in the manufacture, repair, and maintenance of airplanes and aircrafts. Grand International Airways, Inc., respondent, is a domestic corporation engaged in airline operations.

Sometime in January 1996, petitioner and respondent executed an "Agreement for the Maintenance and Modification of Airbus A 300 B4-103 Aircraft Registration No. RP-C8882" (First Agreement). Under this stipulation, petitioner agreed to undertake maintenance and modification works on respondent's aircraft. The parties agreed on the mode and manner of payment by respondent of the contract price, including interest in case of default. They also agreed that the "construction, validity and performance thereof" shall be governed by the laws of Singapore. They further agreed to submit any suit arising from their agreement to the non-exclusive jurisdiction of the Singapore courts.

At about the same time, or on January 12, 1996, the parties verbally agreed that petitioner will repair and undertake maintenance works on respondent's other aircraft, Aircraft No. RP-C8881; and that the works shall be based on a General Terms of Agreement (GTA). The GTA terms are similar to those of their First Agreement.

Petitioner undertook the contracted works and thereafter promptly delivered the aircrafts to respondent. During the period from March 1996 to October 1997, petitioner billed respondent in the total amount of US\$303,731.67 or S\$452,560.18. But despite petitioner's repeated demands, respondent failed to pay, in violation of the terms agreed upon.

On December 12, 1997, petitioner filed with the High Court of the Republic of Singapore an action for the sum of S\$452,560.18, including interest and costs, against respondent, docketed as Suit No. 2101. Upon petitioner's motion, the court issued a Writ of Summons to be served extraterritorially or outside Singapore upon

respondent. The court sought the assistance of the sheriff of Pasay City to effect service of the summons upon respondent. However, despite receipt of summons, respondent failed to answer the claim.

On February 17, 1998, on motion of petitioner, the Singapore High Court rendered a judgment by default against respondent.

On August 4, 1998, petitioner filed with the RTC, Branch 117, Pasay City, a Petition for Enforcement of Judgment, docketed as Civil Case No. 98-1389.

Respondent filed a Motion to Dismiss the Petition on two grounds: (1) the Singapore High Court did not acquire jurisdiction over its person; and (2) the foreign judgment sought to be enforced is void for having been rendered in violation of its right to due process.

On October 30, 1998, the RTC denied respondent's motion to dismiss, holding that "neither one of the two grounds (of Grand) is among the grounds for a motion to dismiss under Rule 16 of the 1997 Rules of Civil Procedure."

Respondent filed a motion for reconsideration but was denied by the RTC in its Order dated December 16, 1998.

On February 15, 1999, respondent filed with the Court of Appeals a Petition for Certiorari assailing the RTC Order denying its motion to dismiss. Respondent alleged that the extraterritorial service of summons on its office in the Philippines is defective and that the Singapore court did not acquire jurisdiction over its person. Thus, its judgment sought to be enforced is void. Petitioner, in its comment, moved to dismiss the petition for being unmeritorious.

On July 30, 1999, the Court of Appeals issued its Decision granting the petition and setting aside the Orders dated October 30, 1998 and December 16, 1998 of the RTC "without prejudice to the right of private respondent to initiate another proceeding before the proper court to enforce its claim." It found:

In the case at bar, the complaint does not involve the personal status of plaintiff, nor any property in which the defendant has a claim or interest, or which the private respondent has attached but purely an action for collection of debt. It is a personal action as well as an action *in personam*, not an action *in rem* or *quasi in rem*. As a personal action, the service of summons should be personal or substituted, not extraterritorial, in order to confer jurisdiction on the court.

Petitioner seasonably filed a motion for reconsideration but it was denied on September 29, 1999.

Hence, the instant Petition for Review on Certiorari.

The issues to be resolved are: (1) whether the Singapore High Court has acquired jurisdiction over the person of respondent by the service of summons upon its office in the Philippines; and (2) whether the judgment by default in Suit No. 2101 by the Singapore High Court is enforceable in the Philippines.