



Republic of the Philippines
Supreme Court
Manila

SPECIAL THIRD DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Third Division, issued a Resolution dated **January 18, 2023**, which reads as follows:*

“**G.R. No. 210284 (JAV Corporation, *Petitioner* vs. Paula Foods Corporation, *Respondent*)**. — Considering the allegations, issues, and arguments adduced in the Motion for Reconsideration,¹ the Court resolves to deny it with finality as the issues raised therein were duly considered and passed upon by the Court in the assailed Decision² dated July 7, 2021. The Court (1) granted the Petition for Review on *Certiorari*³ of petitioner JAV Corporation (JAV); (2) reversed and set aside the Decision⁴ dated January 31, 2013 and the Resolution⁵ dated November 21, 2013 of the Court of Appeals (CA) in CA-G.R. SP No. 102675; and (3) reinstated the Decision⁶ dated April 23, 2001 of the Regional Trial Court (RTC) of Las Piñas City in Civil Case No. 95-039. The Court ruled that the CA erred in granting the Petition for Annulment of Judgment filed by Steve F. Serranilla (Serranilla), the president of respondent Paula Foods Corporation (PFC).

Serranilla was already precluded from filing his Petition for Annulment of Judgment.

The remedy of a petition for annulment of judgment may no longer be resorted to where a party has availed himself of the remedy of appeal or other appropriate remedy.⁷

In the case, the RTC Decision⁸ dated April 23, 2001 in Civil Case No. 95-039 ruled in favor of JAV and against Serranilla. On this score,

¹ *Rollo*, pp. 259-269.

² *Id.* at 201-220. Penned by Associate Justice Henri Jean Paul B. Inting as concurred in by Associate Justices Marvic M.V.F. Leonen, Ramon Paul L. Hernando, Ricardo R. Rosario, and Jhosep Y. Lopez.

³ *Id.* at 7-38.

⁴ *Id.* at 39-68. Penned by Associate Justice Elihu A. Ybañez and concurred in by Associates Justices Celia C. Librea-Leagogo and Ramon M. Bato, Jr.

⁵ *Id.* at 69-70.

⁶ *CA rollo*, pp. 74-84. Penned by Judge Florentino M. Alumbres.

⁷ See *Delfino v. Millan*, G.R. No. 235707 (Notice), October 16, 2019.

⁸ *CA rollo*, pp. 74-84.

Serranilla availed himself of every remedy under the rules to challenge the RTC Decision.⁹ *First*, Serranilla filed a Motion for Reconsideration of the RTC Decision¹⁰ dated April 23, 2001, but the RTC denied it. *Second*, with the denial of his Motion for Reconsideration, Serranilla appealed to the CA *via* a petition for *certiorari* docketed as CA-G.R. CV No. 73056. The CA dismissed it in the Decision¹¹ dated August 28, 2006. The CA likewise dismissed his Motion for Reconsideration in a Resolution¹² dated December 22, 2006. *Third*, subsequent to the dismissal of his petition for *certiorari* before the CA, Serranilla filed a petition for review on *certiorari* docketed as G.R. No. 175899 with the Court. In a Resolution¹³ dated June 18, 2007, the Court dismissed his petition for review on *certiorari*. The Court likewise denied his motion for reconsideration in a Resolution dated October 15, 2007.

Later on, Serranilla filed a motion for leave to file attached second motion for reconsideration raising the issue that the Decision of the RTC dated April 23, 2001 is void for lack of jurisdiction over PFC. To reiterate, in the Resolution¹⁴ dated January 21, 2008, the Court already denied Serranilla's motion for leave to file attached second motion for reconsideration on the ground that such a motion is a prohibited pleading.

In challenging the RTC Decision¹⁵ dated April 23, 2001 through his motion for reconsideration before the RTC, his petition for *certiorari* before the CA, and up until the case reached the Court through a petition for review on *certiorari*, *Serranilla did not fail to include in his arguments the RTC's alleged improper denial of his motion to be substituted by PFC, a stranger to the case.*

To be clear, despite the finality of the denial of his motion for substitution in G.R. No. 147291, Serranilla again raised the issue of PFC's non-substitution in his motion for reconsideration before the CA in CA-G.R. CV No. 73056, questioning the RTC Decision dated April 23, 2001 in the main case, and in his Petition for Review on *Certiorari* before the Court in G.R. No. 175899. Still, his contentions were similarly brushed aside, respectively, by the CA and the Court. *Ultimately, the Court in G.R. No. 175899 issued an Entry of Judgment decreeing the finality of the RTC Decision dated April 23, 2001.*

Serranilla and PFC had already exhausted every remedy to assail the denial of the motion for substitution and had taken every step to challenge the RTC Decision dated April 23, 2001 in the main case. Such being the case, Serranilla is already precluded to file his petition for

⁹ Id.

¹⁰ Id.

¹¹ Id. at Vol. I, pp. 476-492. Penned by Associate Justice Normandie B. Pizzaro as concurred in by Associate Justices Eliezer R. Delos Santos and Aurora Santiago-Lagman.

¹² Id. at 494-496

¹³ Id. at 497-498.

¹⁴ Id. at Vol. I, p. 501.

¹⁵ Id. at 74-84.

annulment of judgment. On this score alone, the CA should have denied Serranilla's petition.

More importantly, the grounds to annul a judgment under Section 2, Rule 47 of the Rules of Court are absent here.

The grounds for annulment of judgment under Section 2, Rule 47 of the Rules of Court are as follows:

SEC. 2. Grounds for annulment. — The annulment may be based only on the grounds of extrinsic fraud and lack of jurisdiction.

Extrinsic fraud shall not be a valid ground if it was availed of, or could have been availed of, in a motion for new trial or petition for relief.

There is extrinsic fraud when the unsuccessful party had been prevented from exhibiting fully his or her case, by means of fraud or deception practiced on him or her by his or her opponent, as by keeping him or her away from court, or where the defendant never had knowledge of the suit, being kept in ignorance by the acts of the plaintiff.¹⁶

On the other hand, lack of jurisdiction on the part of the trial court in rendering the judgment or final order is either lack of jurisdiction over the subject matter or nature of the action, or lack of jurisdiction over the person of the petitioner.¹⁷ The former is a matter of substantive law because statutory law defines the jurisdiction of the courts over the subject matter or nature of the action; the latter is a matter of procedural law, for it involves the service of summons or other processes on the petitioner.¹⁸

Indubitably, JAV committed no extrinsic fraud against Serranilla and PFC as they were not prevented from fully exhibiting their case. As earlier discussed, they had exhausted every remedy to assail the denial of the Motion for Substitution and had taken every step to challenge the RTC Decision dated April 23, 2001 in the main case. There is also no question that the RTC had jurisdiction over JAV's complaint for rescission of contract, it being an action incapable of pecuniary estimation.

As regards the RTC's jurisdiction over the person of Serranilla as the party defendant in the main case, the Court has consistently held that jurisdiction over a defendant is acquired upon a valid service of summons or through the defendant's voluntary appearance in court.

¹⁶ *Heirs of the Late Sps. Palaganas v. Registry of Deeds-Tarlac City*, 561 Phil. 579, 586 (2007), citing *Republic of the Phils. v. Heirs of Sancho Magdato*, 394 Phil. 423, 429 (2000).

¹⁷ *Duremdes v. Jorilla*, G.R. No. 234491, February 26, 2020.

¹⁸ *Id.*, citing *Yuk Ling Ong v. Co.*, 755 Phil. 158, 165 (2015), further citing *Pinausukan Seafood House, Roxas Blvd., Inc. v. Far East Bank & Trust Co.*, 725 Phil. 19 (2014).

In the present case, Serranilla did not raise any issue on the validity of the service of summons made upon him. Besides, he voluntarily appeared, and thus, the RTC acquired jurisdiction over his person. Considering the absence of all the grounds to annul a judgment of the court, the CA erred in granting Serranilla's petition for annulment of judgment.

The non-joinder of PFC is not a ground to annul the judgment because PFC is a stranger in Civil Case No. 95-039.

In arguing that PFC was an indispensable party in Civil Case No. 95-039, Serranilla relies on the agreement dated August 2, 1995, wherein JAV agreed that Serranilla will eventually be substituted by PFC upon its incorporation. However, let it be underscored that *at the time JAV and Serranilla entered the Agreement, PFC was not yet in existence. Verily, PFC has no juridical personality to speak of yet.* As such, Serranilla could not have represented PFC at that time, and thus, he entered into the Agreement in his own capacity. To be sure, PFC was not a party in the Agreement dated August 2, 1995.

It bears stressing that in the Decision¹⁹ dated April 23, 2001 in Civil Case No. 95-039, the RTC rescinded and declared as null and void the agreement and held Serranilla personally liable to JAV. Ultimately, the Court in G.R. No. 175899 issued an Entry of Judgment decreeing the finality of the RTC Decision.²⁰ *Inasmuch as PFC never became a party to the Agreement dated August 2, 1995 between JAV and Serranilla, and considering that the Agreement was rescinded and decreed as null and void by the final and executory RTC Decision²¹ dated April 23, 2021, the CA committed a reversible error in concluding that PFC was an indispensable party in the case.* Basically, there is no indispensable party to speak of on the part of PFC, the latter being a stranger to the case.

Besides, in the Order²² dated April 19, 2000, the RTC disallowed Serranilla's motion to be substituted by PFC. Eventually, Serranilla and PFC elevated the case to the Court *via* a Petition for Review on *Certiorari* in G.R. No. 147291. However, in a Resolution dated April 4, 2001, "the Court Resolved to DENY the petition for failure of petitioners to show that a reversible error had been committed by the appellate court." Consequently, the Court issued an Entry of Judgment dated June 11, 2001.

Considering that the denial of Serranilla's motion to be substituted by PFC had already attained its finality, PFC cannot be considered as an

¹⁹ CA rollo, pp. 74-84.

²⁰ Id.

²¹ Id.

²² CA rollo, pp. 405-406.

indispensable party in the case. To be sure, PFC remains a stranger to the case. As a stranger to a case, PFC could have filed a motion for intervention. To elucidate, intervention is a remedy by which a stranger to a case may become a party for purposes of protecting his or her interest.²³ PFC failed to avail itself of this proper remedy.

In view of the foregoing, the Court finds that the CA committed a reversible error in annulling the RTC Decision²⁴ dated April 23, 2001 on the ground of lack of jurisdiction over PFC whom the CA found to be an indispensable party.

All told, the non-joinder of PFC is *not* a valid ground to annul the judgment of the RTC. Perforce, the CA indubitably erred when it ruled that because PFC was not made a party-defendant to the case, the RTC Decision dated April 23, 2001 may be annulled on the ground of lack of jurisdiction over an indispensable party.

WHEREFORE, the Court resolves to **DENY WITH FINALITY** the instant Motion for Reconsideration.

No further pleading will be entertained in the case. Let an entry of judgment be issued immediately.

SO ORDERED.”

By authority of the Court:

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²³ See *Office of the Ombudsman v. Toledo*, G.R. No. 234854 (Notice), March 3, 2021.

²⁴ CA rollo, pp. 74-84.

The Presiding Judge
REGIONAL TRIAL COURT
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(Civ. Case No. 95-039)

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