

Republic of the Philippines Supreme Court Manila

THIRD DIVISION

CALTEX (PHILIPPINES), INC., CALTEX PHILIPPINES PETROLEUM, CO., INC., CALTEX SERVICES (PHILIPPINES), INC., CALTEX OCEANIC LIMITED, CALTEX INVESTMENT AND TRADING LIMITED, CALTEX PETROLEUM CORPORATION, **CALTRAPORT (FAR EAST)** COMPANY, CALTEX TRADING AND TRANSPORT CORPORATION, CALTEX SERVICES CORPORATION, AMERICAN OVERSEAS PETROLEUM LIMITED, P.T. CALTEX PACIFIC INDONESIA, CALTEX PETROLEUM INC., CALTEX ASIA, LIMITED, CALIFORNIA TEXAS OIL CORPORATION, CALTEX INTERNATIONAL SERVICES LIMITED, CALTEX OIL CORPORATION, CALTEX OIL CORPORATION (DELAWARE), **CALTEX OIL CORPORATION** (NEW YORK), CALTEX OIL PRODUCT COMPANY, CALTEX (OVERSEAS) LIMITED, CALTEX INTERNATIONAL LIMITED, CALTEX OIL CORP.,

G.R. Nos. 170746-47

Present:

SERENO,* C.J., VELASCO, JR., J., Chairperson, PEREZ, REYES, and JARDELEZA, JJ.

Petitioners,

MA. FLOR A. SINGZON AGUIRRE, ERNEST SINGZON, CESAR SINGZON AND ALL THE OTHER PLAINTIFFS- INTERVENORS IN CIVIL CASES NOS. 91-59592, 91-59658, AND 92-61026 PENDING BEFORE THE REGIONAL TRIAL COURT OF MANILA, BRANCH 39,

Promulgated:

Respondents.

March 9, 2016

DECISION

REYES, J.:

Facts

Dubbed as the Asia's Titanic,¹ the M/V Doña Paz was an inter-island passenger vessel owned and operated by Sulpicio Lines, Inc. (Sulpicio) traversing its Leyte to Manila route on the night of December 20, 1987, when it collided with M/T Vector, a commercial tanker owned and operated by Vector Shipping Corporation, Inc., (Vector Shipping). On that particular voyage, M/T Vector was chartered by Caltex (Philippines) Inc., et al.² (petitioners) to transport petroleum products. The collision brought forth an inferno at sea with an estimate of about 4,000 casualties, and was described as the "world's worst peace time maritime disaster." It precipitated the filing of numerous lawsuits, the instant case included.

In December 1988, the heirs of the victims of the tragedy (respondents), instituted a class action with the Civil District Court for the Parish of Orleans, State of Louisiana, United States of America (Louisiana Court), docketed as Civil Case No. 88-24481 entitled "Sivirino Carreon, et al. v. Caltex (Philippines), Inc., et al." On November 30, 2000, the Louisiana Court entered a conditional judgment dismissing the said case on

http://natgeoty.com/asia/asias-titanic/about (visited October 9, 2015).

Chevron Philippines, Inc. is formerly Caltex (Philippines) Inc., rollo, pp. 204, 215; PT Chevron Pacific Indonesia is formerly PT Caltex Pacific Indonesia, rollo, p. 165; Chevron Overseas Limited is formerly Caltex (Overseas) Limited, rollo, p. 171; Chevron Oil Corporation is formerly Caltex Oil Corporation, rollo, p. 177; Chevron Holdings Inc., is formerly Caltex (Asia) Limited, rollo, p. 180; Chevron Global Energy Inc. is formerly Caltex Petroleum Corporation and Caltex Texas Oil Corporation, rollo, pp. 186, 189; Caltex International Limited withdrew as petitioner, rollo, p. 189; Traders Insurance Limited is formerly Caltex Investment and Trading Limited, rollo, p. 189.

Supra note 1. *Rollo*, pp. 514-516.

Louisiana Court entered a conditional judgment dismissing the said case on the ground of *forum non-conveniens*.⁵ This led the respondents, composed of 1,689 claimants, to file on March 6, 2001 a civil action for damages for breach of contract of carriage and *quasi-delict* with the Regional Trial Court (RTC) of Catbalogan, Samar, Branch 28 (RTC of Catbalogan), against the herein petitioners, Sulpicio, Vector Shipping, and Steamship Mutual Underwriting Association, Bermuda Limited (Steamship). This was docketed as Civil Case No. 7277 entitled "*Ma. Flor Singzon-Aguirre, et al.*". *v. Sulpicio Lines, Inc., et al.*"

In its Order⁷ dated March 28, 2001, the RTC of Catbalogan, *motu proprio* dismissed the complaint pursuant to Section 1, Rule 9 of the 1997 Rules of Civil Procedure as the respondents' cause of action had already prescribed. In an unusual turn of events however, the petitioners as defendants therein, who were not served with summons, filed a motion for reconsideration, alleging that they are waiving their defense of prescription, among others. The RTC of Catbalogan, however, merely noted the petitioners' motion.⁸

The dismissal of the complaint prompted the respondents to have the case reinstated with the Louisiana Court. The petitioners, as defendants, however argued against it and contended that the Philippines offered a more convenient forum for the parties, specifically the RTC of Manila, Branch 39 (RTC of Manila), where three consolidated cases⁹ concerning the M/V Doña Paz collision were pending.¹⁰

In its Judgment¹¹ dated March 27, 2002, the Louisiana Court once again conditionally dismissed the respondents' action, ordering the latter to bring their claims to the RTC of Manila by intervening in the consolidated cases filed before the latter court. It was also stated in the judgment that the Louisiana Court will allow the reinstatement of the case if the Philippine court "is unable to assume jurisdiction over the parties or does not recognize such cause of action or any cause of action arising out of the same transaction or occurrence."¹²

⁵ Id. at 516.

⁶ Id. at 41.

Rendered by Judge Sibanah E. Usman; id. at 102-103.

⁸ Id. at 106-107.

⁹ Civil Case No. 91-59592 entitled "Victorino Ondrada, et al. v. Sulpicio Lines, Inc., et. al."; Civil Case No. 91-59659 entitled "Paulita Artugue, et. al. v. Sulpicio Lines, Inc., et. al."; and Civil Case No. 92-61026 entitled "Winefredo Acol, et al. v. Sulpicio Lines, Inc., et al." Allegedly, Case No. 92-61026 was filed beyond its prescriptive period but the herein petitioners waived the defense of prescription, which the RTC of Manila allowed, id. at 39-40.

Id. at 536.

¹¹ Id. at 470-471.

¹² Id. at 470.

Following the Louisiana Court's order, the respondents filed a motion for intervention on May 6, 2002, and a complaint in intervention on May 13, 2002 with the pending consolidated cases before the RTC of Manila. Also, co-defendants in the consolidated cases, Sulpicio and Steamship were furnished with a copy of the respondents' motion to intervene.

In their Manifestation¹³ dated April 24, 2002, the petitioners unconditionally waived the defense of prescription of the respondents' cause of action. The petitioners also reiterated a similar position in their Comment/Consent to Intervention¹⁴ dated May 16, 2002. Likewise, Sulpicio and Steamship filed their Manifestation of No Objection dated May 30, 2002 and Manifestation dated June 20, 2002 with the RTC of Manila, expressing concurrence with the petitioners.¹⁵

On July 2, 2002, the RTC of Manila issued its Order¹⁶ denying the respondents' motion to intervene for lack of merit. The RTC of Manila ruled that the RTC of Catbalogan had already dismissed the case with finality; that a final and executory prior judgment is a bar to the filing of the complaint in intervention of the respondents; and that the waivers of the defense of prescription made by the petitioners, Sulpicio and Steamship are of no moment.¹⁷ The motion for reconsideration filed by the petitioners, Sulpicio and Steamship was denied as well on August 30, 2002.¹⁸

On September 25, 2002, the petitioners instituted a petition for *certiorari* before the Court of Appeals (CA) docketed as CA-G.R. SP No. 72994. On November 12, 2002, Sulpicio and Steamship also filed a separate petition docketed as CA-G.R. SP No. 73793. These petitions were consolidated in an order of the CA dated March 31, 2004.¹⁹

On April 27, 2005, the CA dismissed²⁰ the consolidated petitions in this wise:

WHEREFORE, premises considered, the consolidated petitions under consideration are hereby DISMISSED. Accordingly, the assailed orders of the [RTC of Manila] dated July 2, 2002 and August 30, 2002 are AFFIRMED. No pronouncement as to costs.

¹³ Id. at 108-110.

Id. at 111-114.

¹⁵ Id. at 11.

Rendered by Pairing Judge Placido C. Marquez; id. at 115-120.

¹⁷ Id. at 119.

¹⁸ Id. at 121-129.

¹⁹ Id. at 44.

Penned by Associate Justice Amelita G. Tolentino, with Associate Justices Roberto A. Barrios and Vicente S.E. Veloso concurring; id. at 37-73.

SO ORDERED.²¹

The CA concurred with the RTC of Manila that the finality of the Order dated March 28, 2001 issued by the RTC of Catbalogan has the effect of *res judicata*, which barred the respondents' motion to intervene and complaint-in-intervention with the RTC of Manila.²² The CA also considered the filing of motion for reconsideration by the petitioners before the RTC of Catbalogan as tantamount to voluntary submission to the jurisdiction of the said court over their person.²³ The CA rationalized that "[i]t is basic that as long as the party is given the opportunity to defend his interests in due course, he would have no reason to complain, for it is this opportunity to be heard that makes up the essence of due process."²⁴

The motions for reconsideration having been denied by the CA in its Order²⁵ dated December 8, 2005, only the petitioners elevated the matter before this Court by way of petition for review on *certiorari*²⁶ under Rule 45.

The Parties' Arguments

The petitioners contended that not all the elements of *res judicata* are present in this case which would warrant its application as the RTC of Catbalogan did not acquire jurisdiction over their persons and that the judgment therein is not one on the merits.²⁷ It was also adduced that only the respondents were heard in the RTC of Catbalogan because when the petitioners filed their motion for reconsideration, the order of dismissal was already final and executory.²⁸ The petitioners also bewailed that other complaints were accepted by the RTC of Manila in the consolidated cases despite prescription of the cause of action²⁹ and that the real issue of merit is whether the defense of prescription that has matured can be waived.³⁰ They explained that they were not able to file for the annulment of judgment or order of the RTC of Catbalogan since the respondents precluded them from seeking such remedy by filing a motion for intervention in the consolidated cases before the RTC of Manila.³¹

²¹ Id. at 72.

²² Id. at 55.

²³ Id. at 59. Id. at 60.

²⁵ Id. at 96-99.

²⁶ Id. at 90-99.

Id. at 3-35.
Id. at 14.

²⁸ Id. at 21.

²⁹ Id. at 23.

³⁰ Id. at 19.

³¹ Id. at 26.

On the other side, the respondents maintained that the waiver on prescription is not the issue but bar by prior judgment is, because when they filed their motion for intervention, the dismissal meted out by the RTC of Catbalogan was already final.³² According to the respondents, if the petitioners intended to have the dismissal reversed, the latter should have appealed from the order of the RTC of Catbalogan or filed a petition for certiorari against the said order or an action to nullify the same.³³ The respondents also elucidated that they could not have precluded the petitioners from assailing the RTC of Catbalogan's orders because it was not until May 6, 2002 when the respondents filed a motion for intervention with the consolidated cases before the RTC of Manila³⁴ and only in deference to the 2nd order of dismissal of the Louisiana Finally, for the respondents, the CA correctly held that the petitioners cannot collaterally attack the final order of the RTC of Catbalogan, the reason being that a situation wherein there could be two conflicting rulings between two co-equal courts must be avoided.³⁶

Essentially, the issues can be summed up as follows:

- I. WHETHER THE CA ERRED IN RULING THAT THE ORDERS OF THE RTC OF CATBALOGAN BARRED THE FILING OF THE MOTION AND COMPLAINT FOR INTERVENTION BEFORE THE RTC OF MANILA; and
- II. WHETHER THE CA ERRED IN AFFIRMING THE RTC OF MANILA'S DISREGARD OF THE PETITIONERS' WAIVER OF PRESCRIPTION ON THE GROUND OF BAR BY PRIOR JUDGMENT.³⁷

Ruling of the Court

The petition lacks merit.

The petitioners cannot be permitted to assert their right to waive the defense of prescription when they had foregone the same through their own omission, as will be discussed below.

³³ Id. at 539-540.

³² Id. at 539.

³⁴ Id. at 543.

³⁵ Id. at 544.

³⁶ Id. at 547-548.

³⁷ Id. at 13.

The Court shall first discuss the prescription of the respondents' cause of action against the petitioners. Article 1106 of the Civil Code provides that "[b]y prescription, one acquires ownership and other real rights through the lapse of time in the manner and under the conditions laid down by law. In the same way, rights and conditions are lost by prescription." The first sentence refers to acquisitive prescription, which is a mode of "acquisition of ownership and other real rights through the lapse of time in the manner and under the conditions provided by law." The second sentence pertains to extinctive prescription "whereby rights and actions are lost by the lapse of time." It is also called limitation of action. 39

This case involves the latter type of prescription, the purpose of which is to protect the diligent and vigilant, not the person who sleeps on his rights, forgetting them and taking no trouble of exercising them one way or another to show that he truly has such rights.⁴⁰ The rationale behind the prescription of actions is to suppress fraudulent and stale claims from springing up at great distances of time when all the proper vouchers and evidence are lost or the facts have become obscure from the lapse of time or defective memory or death or removal of witnesses.⁴¹

There is no dispute that the respondents' cause of action against the petitioners has prescribed under the Civil Code.⁴² In fact, the same is evident on the complaint itself. The respondents brought their claim before a Philippine court only on March 6, 2001, more than 13 years after the collision occurred.⁴³ Article 1139 of the Civil Code states that actions prescribe by the mere lapse of time fixed by law. Accordingly, the RTC of Catbalogan cannot be faulted for the *motu proprio* dismissal of the complaint filed before it. It is settled that prescription may be considered by the courts *motu proprio* if the facts supporting the ground are apparent from the pleadings or the evidence on record.⁴⁴

De Morales v. Court of First Instance of Misamis Occidental, Branch II, Ozamis City, 186 Phil. 596, 598 (1980).

⁴⁰ Tagarao v. Garcia, 61 Phil. 5, 20 (1934).

⁴¹ Antonio Jr. v. Engr. Morales, 541 Phil. 306, 310 (2007).

Article 1145. The following actions must be commenced within six years:

Article 1146. The following actions must be instituted within four years:

³⁹ Id.

Article 1144. The following actions must be brought within ten years from the time the right of action accrues:

⁽¹⁾ Upon a written contract;

⁽²⁾ Upon an obligation created by law; and

⁽³⁾ Upon a judgment.

⁽¹⁾ Upon an oral contract; and

⁽²⁾ Upon a quasi-contract.

⁽¹⁾ Upon an injury to the rights of the plaintiff; and

⁽²⁾ Upon a quasi-delict[.]

⁴³ *Rollo*, pp. 445-462.

Cua (Cua Hian Tek) v. Wallem Philippines Shipping, Inc., et al., 690 Phil. 491, 499 (2012).

The peculiarity in this case is that the petitioners, who were the defendants in the antecedent cases before the RTCs of Catbalogan and Manila, are most adamant in invoking their waiver of the defense of prescription while the respondents, to whom the cause of action belong, have acceded to the dismissal of their complaint. The petitioners posit that there is a conflict between a substantive law and procedural law in as much as waiver of prescription is allowed under Article 1112 of the Civil Code, a substantive law even though the *motu proprio* dismissal of a claim that has prescribed is mandated under Section 1, Rule 9 of the Rules of Court.⁴⁵

The Court has previously held that the right to prescription may be waived or renounced pursuant to Article 1112 of the Civil Code:⁴⁶

Art. 1112. Persons with capacity to alienate property may renounce prescription already obtained, but not the right to prescribe in the future.

Prescription is deemed to have been tacitly renounced when the renunciation results from acts which imply the abandonment of the right acquired.

In the instant case, not only once did the petitioners expressly renounce their defense of prescription. Nonetheless, the Court cannot consider such waiver as basis in order to reverse the rulings of the courts below as the dismissal of the complaint had become final and binding on both the petitioners and the respondents.

It is not contested that the petitioners were not served with summons by the RTC of Catbalogan prior to the *motu proprio* dismissal of the respondents' complaint. It is basic that courts acquire jurisdiction over the persons of defendants or respondents, by a valid service of summons or through their voluntary submission.⁴⁷ Not having been served with summons, the petitioners were not initially considered as under the jurisdiction of the court. However, the petitioners voluntarily submitted themselves under the jurisdiction of the RTC of Catbalogan by filing their motion for reconsideration.

Section 20, Rule 14 of the 1997 Rules of Court states:

⁴⁵ *Rollo*, p. 328

Development Bank of the Philippines (DBP) v. The Honorable Midpaintao L. Adil, Judge of the Second Branch of the Court of First Instance of Iloilo and Spouses Patricio Confesor and Jovita Villafuerte, G.R. No. L-48889, May 11, 1989.

Aurora N. De Pedro v. Romasan Development Corporation, G.R. No. 194751, November 26, 2014.

Sec. 20. *Voluntary appearance*. – The defendant's voluntary appearance in the action shall be equivalent to service of summons. The inclusion in a motion to dismiss of other grounds aside from lack of jurisdiction over the person of the defendant shall not be deemed a voluntary appearance.

In *Philippine Commercial International Bank* v. *Spouses Dy Hong Pi, et al.*, ⁴⁸ the Court explained the following:

- (1) Special appearance operates as an exception to the general rule on voluntary appearance;
- (2) Accordingly, objections to the jurisdiction of the court over the person of the defendant must be explicitly made, *i.e.*, set forth in an unequivocal manner; and
- (3) Failure to do so constitutes voluntary submission to the jurisdiction of the court, especially in instances where a pleading or motion seeking affirmative relief is filed and submitted to the court for resolution.⁴⁹

Previous to the petitioners' filing of their motion for reconsideration, the RTC of Catbalogan issued an Entry of Final Judgment⁵⁰ stating that its Order dated March 28, 2001 became final and executory on April 13, 2001. The petitioners claimed that for this reason, they could not have submitted themselves to the jurisdiction of the RTC of Catbalogan by filing such a belated motion.⁵¹

But the petitioners cannot capitalize on the supposed finality of the Order dated March 28, 2001 to repudiate their submission to the jurisdiction of the RTC of Catbalogan. It must be emphasized that before the filing of their motion for reconsideration, the petitioners were not under the RTC of Catbalogan's jurisdiction. Thus, although the order was already final and executory with regard to the respondents; it was not yet, on the part of the petitioners. As opposed to the conclusion reached by the CA, the Order dated March 28, 2001 cannot be considered as final and executory with respect to the petitioners. It was only on July 2, 2001, when the petitioners filed a motion for reconsideration seeking to overturn the aforementioned order, that they voluntarily submitted themselves to the jurisdiction of the court. On September 4, 2001, the RTC of Catbalogan noted the petitioners' motion for reconsideration on the flawed impression that the defense of prescription cannot be waived. ⁵²

⁴⁸ 606 Phil. 615 (2009).

⁴⁹ Id. at 634.

⁵⁰ *Rollo*, p. 130.

Id. at 16-17.

⁵² Id. at 107.

Consequently, it was only after the petitioners' failure to appeal or seek any other legal remedy to challenge the subsequent Order dated September 4, 2001, that the dismissal became final on their part. It was from the date of the petitioners' receipt of this particular order that the reglementary period under the Rules of Court to assail it commenced to run for the petitioners. But neither the petitioners nor the respondents resorted to any action to overturn the orders of the RTC of Catbalogan, which ultimately led to their finality. While the RTC of Catbalogan merely noted the motion for reconsideration in its Order dated September 4, 2001, the effect is the same as a denial thereof, for the intended purpose of the motion, which is to have the complaint reinstated, was not realized. This should have prompted the petitioners to explore and pursue other legal measures to have the dismissal reversed. Instead, nothing more was heard from the parties until a motion for intervention was filed by the respondents before the RTC of Manila, in conformity with the order of the Louisiana Court. As the CA espoused in its decision:

We concur with the observation of the [RTC of Manila] that the petitioners' predicament was of their own making. The petitioners should have exhausted the other available legal remedies under the law after the [RTC of Catbalogan] denied their motion for reconsideration. Section 9, Rule 37 of the [Rules of Court], the remedy against an order denying a motion for reconsideration is not to appeal the said order of denial but to appeal from the judgment or final order of the court. Moreover, the petitioners could have availed of an action for annulment of judgment for the very purpose of having the final and executory judgment be set aside so that there will be a renewal of litigation. An action for annulment of judgment is grounded only on two justifications: (1) extrinsic fraud; and (2) lack of jurisdiction or denial of due process. All that herein petitioners have to prove was that the trial court had no jurisdiction; that they were prevented from having a trial or presenting their case to the trial court by some act or conduct of the private respondents; or that they have been denied due process of law. Seasonably, the petitioners could have also interposed a petition for certiorari under Rule 65 of the Rules [of Court] imputing grave abuse of discretion on the part of the trial court judge in issuing the said order of dismissal. For reasons undisclosed in the records, the petitioners did not bother to mull over and consider the said legal avenues, which they could have readily availed of during that time.⁵³

The RTC of Manila denied the respondents' motion for intervention on the ground of the finality of the order of the RTC of Catbalogan, there being no appeal or any other legal remedy perfected in due time by either the petitioners or the respondents. Since the dismissal of the complaint was already final and executory, the RTC of Manila can no longer entertain a similar action from the same parties. The bone of contention is not

Id. at 60-61.

regarding the petitioners' execution of waivers of the defense of prescription, but the effect of *finality of an order or judgment* on both parties.

"Settled is the rule that a party is barred from assailing the correctness of a judgment not appealed from by him" because the "presumption [is] that a party who did not interject an appeal is satisfied with the adjudication made by the lower court." ⁵⁴ Whether the dismissal was based on the merits or technicality is beside the point. "[A] dismissal on a technicality is no different in effect and consequences from a dismissal on the merits." ⁵⁵

The petitioners attempted to justify their failure to file an action to have the orders of the RTC of Catbalogan annulled by ratiocinating that the respondents precluded them from doing so when the latter filed their complaint anew with the RTC of Manila. This is untenable, as it is clear that the respondents filed the said complaint-in-intervention with the RTC of Manila more than a year after the case was ordered dismissed by the RTC of Catbalogan. Aside from this, the petitioners offered no other acceptable excuse on why they did not raise their oppositions against the orders of the RTC of Catbalogan when they had the opportunity to do so. Thus, the only logical conclusion is that the petitioners abandoned their right to waive the defense of prescription.

Lastly, the Court takes judicial notice of its ruling in *Vector Shipping Corporation*, et al. v. Macasa, et al.⁵⁷ and Caltex (Philippines) Inc., v. Sulpicio Lines, Inc.⁵⁸ wherein the petitioners, as a mere voyage charterer, were exonerated from third party liability in the M/V Doña Paz collision. Should this Court allow the reinstatement of the complaint against the petitioners, let the trial proceedings take its course, and decide the same on the merits in favor of the respondents, then it would have led to the promulgation of conflicting decisions. On the other hand, if this Court were to decide this matter on the merits in favor of the petitioners, then the same result would be obtained as with a dismissal now.

WHEREFORE, the petition is denied for lack of merit.

⁵⁴ George Pidlip P. Palileo and Jose De la Cruz v. Planters Development Bank, G.R. No. 193650, October 8, 2014.

General Offset Press, Inc. v. Anatalio, et al., 124 Phil. 80, 83 (1966).

⁵⁶ *Rollo*, pp. 472-489.

⁵⁷ 581 Phil. 88 (2008).

⁵⁸ 374 Phil. 325 (1999).

SO ORDERED.

BIENVENIDO L. REYES
Associate Justice

WE CONCUR:

MARIA LOURDES P. A. SERENO

Chief Justice

PRESBITERO/J. VELASCO, JR.

Associate Justice Chairperson JOSE PORTUGAL PEREZ

Associate Justice

FRANCIS H JARDELEZA

Associate Justice

ATTESTATION

I attest 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.

PRESBITERO J. VELASCO, JR.

Associate Justice Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, 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