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WHEREFORE, the petition is hereby **DENIED.** The assailed Decision dated July 11, 2006 and the Resolution dated October 4, 2006 of the Court of Appeals in CA-G.R. SP No. 00492 are hereby **AFFIRMED.**

SO ORDERED.

Corona, C.J. (Chairperson), Leonardo-de Castro, Bersamin, and *Villarama, Jr., JJ.,* concur.

THIRD DIVISION

[G.R. No. 179488. April 23, 2012]

COSCO PHILIPPINES SHIPPING, INC., *petitioner, vs.* **KEMPER INSURANCE COMPANY,** *respondent.*

SYLLABUS

1. REMEDIAL LAW; PLEADINGS AND PRACTICES; CERTIFICATION AGAINST FORUM SHOPPING; WITH RESPECT TO A CORPORATION, THE CERTIFICATION AGAINST FORUM SHOPPING MAY BE SIGNED FOR AND ON ITS BEHALF, BY A SPECIFICALLY AUTHORIZED LAWYER WHO HAS PERSONAL KNOWLEDGE OF THE FACTS REQUIRED TO BE DISCLOSED IN SUCH DOCUMENT.— We have consistently held that the certification against forum shopping must be signed by the principal parties. If, for any reason, the principal party cannot sign the petition, the one signing on his behalf must have been duly authorized. With respect to a corporation, the certification against forum shopping may be signed for and on its behalf, by a specifically authorized lawyer who has personal knowledge of the facts required to be disclosed in such document. A corporation has no power, except those expressly conferred on it by the Corporation Code and those

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that are implied or incidental to its existence. In turn, a corporation exercises said powers through its board of directors and/or its duly authorized officers and agents. Thus, it has been observed that the power of a corporation to sue and be sued in any court is lodged with the board of directors that exercises its corporate powers. In turn, physical acts of the corporation, like the signing of documents, can be performed only by natural persons duly authorized for the purpose by corporate by-laws or by a specific act of the board of directors.

2. ID.; ID.; ID.; ID.; A CERTIFICATION AGAINST FORUM SHOPPING SIGNED BY A PERSON ON BEHALF OF A CORPORATION WHICH IS UNACCOMPANIED BY PROOF THAT SAID SIGNATORY IS AUTHORIZED TO FILE THE COMPLAINT AND SIGN THE SAID CERTIFICATE ON ITS BEHALF, IS FATALLY DEFECTIVE AND WARRANTS THE DISMISSAL OF THE COMPLAINT.— In *Philippine Airlines, Inc. v. Flight Attendants and Stewards Association of the Philippines (FASAP),* we ruled that only individuals vested with authority by a valid board resolution may sign the certificate of non-forum shopping on behalf of a corporation. We also required proof of such authority to be presented. The petition is subject to dismissal if a certification was submitted unaccompanied by proof of the signatory's authority. In the present case, since respondent is a corporation, the certification must be executed by an officer or member of the board of directors or by one who is duly authorized by a resolution of the board of directors; otherwise, the complaint will have to be dismissed. The lack of certification against forum shopping is generally not curable by mere amendment of the complaint, but shall be a cause for the dismissal of the case without prejudice. The same rule applies to certifications against forum shopping signed by a person on behalf of a corporation which are unaccompanied by proof that said signatory is authorized to file the complaint on behalf of the corporation. There is no proof that respondent, a private corporation, authorized Atty. Lat, through a board resolution, to sign the verification and certification against forum shopping on its behalf. Accordingly, the certification against forum shopping appended to the complaint is fatally defective, and warrants the dismissal of respondent's complaint for Insurance Loss and Damages (Civil Case No. 99-95561) against petitioner.

3. ID.; ID.; ID.; OBEDIENCE TO THE REQUIREMENTS OF PROCEDURAL RULES IS NEEDED IF WE ARE TO EXPECT FAIR RESULTS THEREFROM, AND UTTER DISREGARD OF THE RULES CANNOT JUSTLY BE RATIONALIZED BY HARKING ON THE POLICY OF LIBERAL CONSTRUCTION.— Contrary to the CA's finding, the Court finds that the circumstances of this case do not necessitate the relaxation of the rules. There was no proof of authority submitted, even belatedly, to show subsequent compliance with the requirement of the law. Neither was there a copy of the board resolution or secretary's certificate subsequently submitted to the trial court that would attest to the fact that Atty. Lat was indeed authorized to file said complaint and sign the verification and certification against forum shopping, nor did respondent satisfactorily explain why it failed to comply with the rules. Thus, there exists no cogent reason for the relaxation of the rule on this matter. Obedience to the requirements of procedural rules is needed if we are to expect fair results therefrom, and utter disregard of the rules cannot justly be rationalized by harking on the policy of liberal construction.

4. ID.; ID.; ID.; THE AUTHORITY OF THE PARTY TO ACT ON BEHALF OF THE CORPORATION MUST BE EVIDENCED BY A BOARD RESOLUTION OR SECRETARY'S CERTIFICATE. — [T]he SPA dated May 11, 2000, submitted by respondent allegedly authorizing Atty. Lat to appear on behalf of the corporation, in the pre-trial and all stages of the proceedings, signed by Brent Healy, was fatally defective and had no evidentiary value. It failed to establish Healy's authority to act in behalf of respondent, in view of the absence of a resolution from respondent's board of directors or secretary's certificate proving the same. Like any other corporate act, the power of Healy to name, constitute, and appoint Atty. Lat as respondent's attorney-in-fact, with full powers to represent respondent in the proceedings, should have been evidenced by a board resolution or secretary's certificate.

5. ID.; ID.; ID.; WHERE THE PARTY WAS NOT DULY AUTHORIZED BY THE CORPORATION TO FILE THE COMPLAINT AND SIGN THE CERTIFICATION AGAINST FORUM SHOPPING ON ITS BEHALF, THE COMPLAINT IS CONSIDERED NOT FILED AND

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INEFFECTUAL, AND IS DISMISSIBLE DUE TO LACK OF JURISDICTION.— Respondent's allegation that petitioner is estopped by *laches* from raising the defect in respondent's certificate of non-forum shopping does not hold water. In *Tamondong v. Court of Appeals*, we held that if a complaint is filed for and in behalf of the plaintiff who is not authorized to do so, the complaint is not deemed filed. An unauthorized complaint does not produce any legal effect. Hence, the court should dismiss the complaint on the ground that it has no jurisdiction over the complaint and the plaintiff. Accordingly, since Atty. Lat was not duly authorized by respondent to file the complaint and sign the verification and certification against forum shopping, the complaint is considered not filed and ineffectual, and, as a necessary consequence, is dismissable due to lack of jurisdiction.

6. ID.; COURTS; JURISDICTION; COURTS ACQUIRE JURISDICTION OVER THE PLAINTIFFS UPON FILING OF THE COMPLAINT, AND TO BE BOUND BY A DECISION, A PARTY SHOULD FIRST BE SUBJECTED TO THE COURT'S JURISDICTION; ABSENT A VALID COMPLAINT, THE COURT DID NOT ACQUIRE JURISDICTION OVER THE PARTY.— Jurisdiction is the power with which courts are invested for administering justice; that is, for hearing and deciding cases. In order for the court to have authority to dispose of the case on the merits, it must acquire jurisdiction over the subject matter and the parties. Courts acquire jurisdiction over the plaintiffs upon the filing of the complaint, and to be bound by a decision, a party should first be subjected to the court's jurisdiction. Clearly, since no valid complaint was ever filed with the RTC, Branch 8, Manila, the same did not acquire jurisdiction over the person of respondent.

7. ID.; ID.; ID.; THE ISSUE OF JURISDICTION MAY BE RAISED AT ANY STAGE OF THE PROCEEDINGS, EVEN ON APPEAL, AND IS NOT LOST BY WAIVER OR BY ESTOPPEL.— Since the court has no jurisdiction over the complaint and respondent, petitioner is not estopped from challenging the trial court's jurisdiction, even at the pre-trial stage of the proceedings. This is so because the issue of jurisdiction may be raised at any stage of the proceedings, even on appeal, and is not lost by waiver or by *estoppel*.

APPEARANCES OF COUNSEL

Ortega Del Castillo Bacorro Odulio Calma & Carbonell for petitioner.

Rodolfo A. Lat Law Office for respondent.

D E C I S I O N

PERALTA, *J.*:

This is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking to reverse and set aside the Decision[1] and Resolution[2] of the Court of Appeals (CA), in CA-G.R. CV No. 75895, entitled *Kemper Insurance Company v. Cosco Philippines Shipping, Inc.* The CA Decision reversed and set aside the Order dated March 22, 2002 of the Regional Trial Court (RTC), Branch 8, Manila, which granted the Motion to Dismiss filed by petitioner Cosco Philippines Shipping, Inc., and ordered that the case be remanded to the trial court for further proceedings.

The antecedents are as follows:

Respondent Kemper Insurance Company is a foreign insurance company based in Illinois, United States of America (USA) with no license to engage in business in the Philippines, as it is not doing business in the Philippines, except in isolated transactions; while petitioner is a domestic shipping company organized in accordance with Philippine laws.

In 1998, respondent insured the shipment of imported frozen boneless beef (owned by Genosi, Inc.), which was loaded at a port in Brisbane, Australia, for shipment to Genosi, Inc. (the importer-consignee) in the Philippines. However, upon arrival at the Manila port, a portion of the shipment was rejected by

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[1] Penned by Associate Justice Japar B. Dimaampao, with Associate Justices Conrado M. Vasquez, Jr. and Mario L. Guariña III, concurring; *rollo*, pp. 31-38.

[2] *Id.* at 40-41.

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Genosi, Inc. by reason of spoilage arising from the alleged temperature fluctuations of petitioner's reefer containers.

Thus, Genosi, Inc. filed a claim against both petitioner shipping company and respondent Kemper Insurance Company. The claim was referred to McLarens Chartered for investigation, evaluation, and adjustment of the claim. After processing the claim documents, McLarens Chartered recommended a settlement of the claim in the amount of $64,492.58, which Genosi, Inc. (the consignee-insured) accepted.

Thereafter, respondent paid the claim of Genosi, Inc. (the insured) in the amount of $64,492.58. Consequently, Genosi, Inc., through its General Manager, Avelino S. Mangahas, Jr., executed a Loss and Subrogation Receipt[3] dated September 22, 1999, stating that Genosi, Inc. received from respondent the amount of $64,492.58 as the full and final satisfaction compromise, and discharges respondent of all claims for losses and expenses sustained by the property insured, under various policy numbers, due to spoilage brought about by machinery breakdown which occurred on October 25, November 7 and 10, and December 5, 14, and 18, 1998; and, in consideration thereof, subrogates respondent to the claims of Genosi, Inc. to the extent of the said amount. Respondent then made demands upon petitioner, but the latter failed and refused to pay the said amount.

Hence, on October 28, 1999, respondent filed a Complaint for Insurance Loss and Damages[4] against petitioner before the trial court, docketed as Civil Case No. 99-95561, entitled *Kemper Insurance Company v. Cosco Philippines Shipping, Inc.* Respondent alleged that despite repeated demands to pay and settle the total amount of US$64,492.58, representing the value of the loss, petitioner failed and refused to pay the same, thereby causing damage and prejudice to respondent in the amount of US$64,492.58; that the loss and damage it sustained was due

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[3] Records, p. 10.

[4] *Id.* at 1-4.

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to the fault and negligence of petitioner, specifically, the fluctuations in the temperature of the reefer container beyond the required setting which was caused by the breakdown in the electronics controller assembly; that due to the unjustified failure and refusal to pay its just and valid claims, petitioner should be held liable to pay interest thereon at the legal rate from the date of demand; and that due to the unjustified refusal of the petitioner to pay the said amount, it was compelled to engage the services of a counsel whom it agreed to pay 25% of the whole amount due as attorney's fees. Respondent prayed that after due hearing, judgment be rendered in its favor and that petitioner be ordered to pay the amount of US$64,492.58, or its equivalent in Philippine currency at the prevailing foreign exchange rate, or a total of ₱2,594,513.00, with interest thereon at the legal rate from date of demand, 25% of the whole amount due as attorney's fees, and costs.

In its Answer[5] dated November 29, 1999, petitioner insisted, among others, that respondent had no capacity to sue since it was doing business in the Philippines without the required license; that the complaint has prescribed and/or is barred by *laches*; that no timely claim was filed; that the loss or damage sustained by the shipments, if any, was due to causes beyond the carrier's control and was due to the inherent nature or insufficient packing of the shipments and/or fault of the consignee or the hired stevedores or arrastre operator or the fault of persons whose acts or omissions cannot be the basis of liability of the carrier; and that the subject shipment was discharged under required temperature and was complete, sealed, and in good order condition.

During the pre-trial proceedings, respondent's counsel proffered and marked its exhibits, while petitioner's counsel manifested that he would mark his client's exhibits on the next scheduled pre-trial. However, on November 8, 2001, petitioner filed a Motion to Dismiss,[6] contending that the same was filed

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[5] *Id.* at 13-19.

[6] *Id.* at 119-122.

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by one Atty. Rodolfo A. Lat, who failed to show his authority to sue and sign the corresponding certification against forum shopping. It argued that Atty. Lat's act of signing the certification against forum shopping was a clear violation of Section 5, Rule 7 of the 1997 Rules of Court.

In its Order[7] dated March 22, 2002, the trial court granted petitioner's Motion to Dismiss and dismissed the case without prejudice, ruling that it is mandatory that the certification must be executed by the petitioner himself, and not by counsel. Since respondent's counsel did not have a Special Power of Attorney (SPA) to act on its behalf, hence, the certification against forum shopping executed by said counsel was fatally defective and constituted a valid cause for dismissal of the complaint.

Respondent's Motion for Reconsideration[8] was denied by the trial court in an Order[9] dated July 9, 2002.

On appeal by respondent, the CA, in its Decision[10] dated March 23, 2007, reversed and set aside the trial court's order. The CA ruled that the required certificate of non-forum shopping is mandatory and that the same must be signed by the plaintiff or principal party concerned and not by counsel; and in case of corporations, the physical act of signing may be performed in behalf of the corporate entity by specifically authorized individuals. However, the CA pointed out that the factual circumstances of the case warranted the liberal application of the rules and, as such, ordered the remand of the case to the trial court for further proceedings.

Petitioner's Motion for Reconsideration[11] was later denied by the CA in the Resolution[12] dated September 3, 2007.

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[7] *Id.* at 141-142.

[8] *Id.* at 145-147.

[9] *Id.* at 171-172.

[10] CA *rollo*, pp. 74-81.

[11] *Id.* at 86-95.

[12] *Id.* at 105-106.

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Hence, petitioner elevated the case to this Court *via* Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, with the following issues:

THE COURT OF APPEALS SERIOUSLY ERRED IN RULING THAT ATTY. RODOLFO LAT WAS PROPERLY AUTHORIZED BY THE RESPONDENT TO SIGN THE CERTIFICATE AGAINST FORUM SHOPPING DESPITE THE UNDISPUTED FACTS THAT:

A) THE PERSON WHO EXECUTED THE SPECIAL POWER OF ATTORNEY (SPA) APPOINTING ATTY. LAT AS RESPONDENT'S ATTORNEY-IN-FACT WAS MERELY AN UNDERWRITER OF THE RESPONDENT WHO HAS NOT SHOWN PROOF THAT HE WAS AUTHORIZED BY THE BOARD OF DIRECTORS OF RESPONDENT TO DO SO.

B) THE POWERS GRANTED TO ATTY. LAT REFER TO [THE AUTHORITY TO REPRESENT DURING THE] PRE-TRIAL [STAGE] AND DO NOT COVER THE SPECIFIC POWER TO SIGN THE CERTIFICATE.[13]

Petitioner alleged that respondent failed to submit any board resolution or secretary's certificate authorizing Atty. Lat to institute the complaint and sign the certificate of non-forum shopping on its behalf. Petitioner submits that since respondent is a juridical entity, the signatory in the complaint must show proof of his or her authority to sign on behalf of the corporation. Further, the SPA[14] dated May 11, 2000, submitted by Atty. Lat, which was notarized before the Consulate General of Chicago, Illinois, USA, allegedly authorizing him to represent respondent in the pre-trial and other stages of the proceedings was signed by one Brent Healy (respondent's underwriter), who lacks authorization from its board of directors.

In its Comment, respondent admitted that it failed to attach in the complaint a concrete proof of Atty. Lat's authority to execute the certificate of non-forum shopping on its behalf. However, there was subsequent compliance as respondent

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[13] *Rollo*, p. 15.

[14] Records, pp. 148-149.

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submitted an authenticated SPA empowering Atty. Lat to represent it in the pre-trial and all stages of the proceedings. Further, it averred that petitioner is barred by *laches* from questioning the purported defect in respondent's certificate of non-forum shopping.

The main issue in this case is whether Atty. Lat was properly authorized by respondent to sign the certification against forum shopping on its behalf.

The petition is meritorious.

We have consistently held that the certification against forum shopping must be signed by the principal parties.[15] If, for any reason, the principal party cannot sign the petition, the one signing on his behalf must have been duly authorized.[16] With respect to a corporation, the certification against forum shopping may be signed for and on its behalf, by a specifically authorized lawyer who has personal knowledge of the facts required to be disclosed in such document.[17] A corporation has no power, except those expressly conferred on it by the Corporation Code and those that are implied or incidental to its existence. In turn, a corporation exercises said powers through its board of directors and/or its duly authorized officers and agents. Thus, it has been observed that the power of a corporation to sue and be sued in any court is lodged with the board of directors that exercises its corporate powers. In turn, physical acts of the corporation, like the signing of documents, can be performed only by natural persons duly authorized for the purpose by corporate by-laws or by a specific act of the board of directors.[18]

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[15] *Athena Computers, Inc. v. Reyes,* G.R. No. 156905, September 5, 2007, 532 SCRA 343, 351; *Development Bank of the Philippines v. Court of Appeals,* G.R. No. 147217, October 7, 2004, 440 SCRA 200, 205.

[16] *Eagle Ridge Golf & Country Club v. Court of Appeals,* G.R. No. 178989, March 18, 2010, 616 SCRA 116, 132.

[17] *Athena Computers, Inc. v. Reyes,* G.R. No. 156905, September 5, 2007, 532 SCRA 343, 351.

[18] *Republic v. Coalbrine International Philippines, Inc.,* G.R. No. 161838, April 7, 2010, 617 SCRA 491, 498.

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In *Philippine Airlines, Inc. v. Flight Attendants and Stewards Association of the Philippines (FASAP),*[19] we ruled that only individuals vested with authority by a valid board resolution may sign the certificate of non-forum shopping on behalf of a corporation. We also required proof of such authority to be presented. The petition is subject to dismissal if a certification was submitted unaccompanied by proof of the signatory's authority.

In the present case, since respondent is a corporation, the certification must be executed by an officer or member of the board of directors or by one who is duly authorized by a resolution of the board of directors; otherwise, the complaint will have to be dismissed.[20] The lack of certification against forum shopping is generally not curable by mere amendment of the complaint, but shall be a cause for the dismissal of the case without prejudice.[21] The same rule applies to certifications against forum

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[19] G.R. No. 143088, January 24, 2006, 479 SCRA 605, 608.

[20] *Tamondong v. Court of Appeals*, G.R. No. 158397, November 26, 2004, 444 SCRA 509, 520-521.

[21] Section 5 of Rule 7 of the 1997 Rules of Civil Procedure provides:

SEC. 5. *Certification against forum shopping*. — The plaintiff or principal party shall certify under oath in the complaint or other initiatory pleading asserting a claim for relief, or in a sworn certification annexed thereto and simultaneously filed therewith: (a) that he has not theretofore commenced any action or filed any claim involving the same issues in any court, tribunal or quasi-judicial agency and, to the best of his knowledge, no such other action or claim is pending therein; (b) if there is such other pending action or claim, a complete statement of the present status thereof; and (c) if he should thereafter learn that the same or similar action or claim has been filed or is pending, he shall report that fact within five (5) days therefrom to the court wherein his aforesaid complaint or initiatory pleading has been filed.

Failure to comply with the foregoing requirements shall not be curable by mere amendment of the complaint or other initiatory pleading but shall be cause for the dismissal of the case without prejudice, unless otherwise provided, upon motion and after hearing. The submission of a false certification or non-compliance with any of the undertakings therein shall constitute indirect contempt of court, without prejudice to the corresponding administrative and criminal actions. If the acts of the party

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shopping signed by a person on behalf of a corporation which are unaccompanied by proof that said signatory is authorized to file the complaint on behalf of the corporation.[22]

There is no proof that respondent, a private corporation, authorized Atty. Lat, through a board resolution, to sign the verification and certification against forum shopping on its behalf. Accordingly, the certification against forum shopping appended to the complaint is fatally defective, and warrants the dismissal of respondent's complaint for Insurance Loss and Damages (Civil Case No. 99-95561) against petitioner.

In *Republic v. Coalbrine International Philippines, Inc.*,[23] the Court cited instances wherein the lack of authority of the person making the certification of non-forum shopping was remedied through subsequent compliance by the parties therein. Thus,

> [w]hile there were instances where we have allowed the filing of a certification against non-forum shopping by someone on behalf of a corporation without the accompanying proof of authority at the time of its filing, we did so on the basis of a special circumstance or compelling reason. Moreover, there was a subsequent compliance by the submission of the proof of authority attesting to the fact that the person who signed the certification was duly authorized.

In *China Banking Corporation v. Mondragon International Philippines, Inc.*, the CA dismissed the petition filed by China Bank, since the latter failed to show that its bank manager who signed the certification against non-forum shopping was authorized to do so. We reversed the CA and said that the case be decided on the merits despite the failure to attach the required proof of authority, since the board resolution which was subsequently attached recognized the pre-existing status of the bank manager as an authorized signatory.

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or his counsel clearly constitute willful and deliberate forum shopping, the same shall be ground for summary dismissal with prejudice and shall constitute direct contempt, as well as a cause for administrative sanctions. (Emphasis supplied.)

[22] *Republic v. Coalbrine International Philippines, Inc.*, *supra* note 18, at 499.

[23] *Supra* note 18.

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In *Abaya Investments Corporation v. Merit Philippines*, where the complaint before the Metropolitan Trial Court of Manila was instituted by petitioner's Chairman and President, Ofelia Abaya, who signed the verification and certification against non-forum shopping without proof of authority to sign for the corporation, we also relaxed the rule. We did so taking into consideration the merits of the case and to avoid a re-litigation of the issues and further delay the administration of justice, since the case had already been decided by the lower courts on the merits. Moreover, Abaya's authority to sign the certification was ratified by the Board.[24]

Contrary to the CA's finding, the Court finds that the circumstances of this case do not necessitate the relaxation of the rules. There was no proof of authority submitted, even belatedly, to show subsequent compliance with the requirement of the law. Neither was there a copy of the board resolution or secretary's certificate subsequently submitted to the trial court that would attest to the fact that Atty. Lat was indeed authorized to file said complaint and sign the verification and certification against forum shopping, nor did respondent satisfactorily explain why it failed to comply with the rules. Thus, there exists no cogent reason for the relaxation of the rule on this matter. Obedience to the requirements of procedural rules is needed if we are to expect fair results therefrom, and utter disregard of the rules cannot justly be rationalized by harking on the policy of liberal construction.[25]

Moreover, the SPA dated May 11, 2000, submitted by respondent allegedly authorizing Atty. Lat to appear on behalf of the corporation, in the pre-trial and all stages of the proceedings, signed by Brent Healy, was fatally defective and had no evidentiary value. It failed to establish Healy's authority to act in behalf of respondent, in view of the absence of a resolution from respondent's board of directors or secretary's certificate proving the same. Like any other corporate act, the

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[24] *Id.* at 500-501. (Citations omitted.)

[25] *Clavecilla v. Quitain*, G.R. No. 147989, February 20, 2006, 482 SCRA 623, 631.

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power of Healy to name, constitute, and appoint Atty. Lat as respondent's attorney-in-fact, with full powers to represent respondent in the proceedings, should have been evidenced by a board resolution or secretary's certificate.

Respondent's allegation that petitioner is estopped by *laches* from raising the defect in respondent's certificate of non-forum shopping does not hold water.

In *Tamondong v. Court of Appeals*,[26] we held that if a complaint is filed for and in behalf of the plaintiff who is not authorized to do so, the complaint is not deemed filed. An unauthorized complaint does not produce any legal effect. Hence, the court should dismiss the complaint on the ground that it has no jurisdiction over the complaint and the plaintiff.[27] Accordingly, since Atty. Lat was not duly authorized by respondent to file the complaint and sign the verification and certification against forum shopping, the complaint is considered not filed and ineffectual, and, as a necessary consequence, is dismissable due to lack of jurisdiction.

Jurisdiction is the power with which courts are invested for administering justice; that is, for hearing and deciding cases. In order for the court to have authority to dispose of the case on the merits, it must acquire jurisdiction over the subject matter and the parties. Courts acquire jurisdiction over the plaintiffs upon the filing of the complaint, and to be bound by a decision, a party should first be subjected to the court's jurisdiction.[28] Clearly, since no valid complaint was ever filed with the RTC, Branch 8, Manila, the same did not acquire jurisdiction over the person of respondent.

Since the court has no jurisdiction over the complaint and respondent, petitioner is not estopped from challenging the trial

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[26] *Supra* note 20, cited in *Negros Merchant's Enterprises, Inc. v. China Banking Corporation,* G.R. No. 150918, August 17, 2007, 530 SCRA 478, 487.

[27] *Id.* at 519.

[28] *Perkin Elmer Singapore Pte. Ltd. v. Dakila Trading Corporation,* G.R. No. 172242, August 14, 2007, 530 SCRA 170, 186.

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court's jurisdiction, even at the pre-trial stage of the proceedings. This is so because the issue of jurisdiction may be raised at any stage of the proceedings, even on appeal, and is not lost by waiver or by *estoppel*.[29]

In *Regalado v. Go*,[30] the Court held that *laches* should be clearly present for the *Sibonghanoy*[31] doctrine to apply, thus:

> *Laches* is defined as the "failure or neglect for an unreasonable and unexplained length of time, to do that which, by exercising due diligence, could or should have been done earlier, it is negligence or omission to assert a right within a reasonable length of time, warranting a presumption that the party entitled to assert it either has abandoned it or declined to assert it."
>
> The ruling in *People v. Regalario* that was based on the landmark doctrine enunciated in *Tijam v. Sibonghanoy* on the matter of jurisdiction by estoppel is the exception rather than the rule. *Estoppel by laches may be invoked to bar the issue of lack of jurisdiction only in cases in which the factual milieu is analogous to that in the cited case*. In such controversies, *laches* should have been clearly present; that is, lack of jurisdiction must have been raised so belatedly as to warrant the presumption that the party entitled to assert it had abandoned or declined to assert it.
>
> In *Sibonghanoy*, the defense of lack of jurisdiction was raised for the first time in a motion to dismiss filed by the Surety almost 15 years after the questioned ruling had been rendered. At several stages of the proceedings, in the court *a quo* as well as in the Court of Appeals, the Surety invoked the jurisdiction of the said courts to obtain affirmative relief and submitted its case for final adjudication on the merits. It was only when the adverse decision was rendered by the Court of Appeals that it finally woke up to raise the question of jurisdiction.[32]

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[29] *Figueroa v. People*, G.R. No. 147406, July 14, 2008, 558 SCRA 63, 81.

[30] G.R. No. 167988, February 6, 2007, 514 SCRA 616.

[31] In *Tijam v. Sibonghanoy*, 131 Phil. 556 (1968), the Court held that a party may be barred by laches from invoking lack of jurisdiction at a late hour for the purpose of annulling everything done in the case with the active participation of said party invoking the plea of lack of jurisdiction.

[32] *Id.* at 635-636.

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The factual setting attendant in *Sibonghanoy* is not similar to that of the present case so as to make it fall under the doctrine of *estoppel* by *laches*. Here, the trial court's jurisdiction was questioned by the petitioner during the pre-trial stage of the proceedings, and it cannot be said that considerable length of time had elapsed for *laches* to attach.

WHEREFORE, the petition is **GRANTED.** The Decision and the Resolution of the Court of Appeals, dated March 23, 2007 and September 3, 2007, respectively, in CA-G.R. CV No. 75895 are **REVERSED and SET ASIDE.** The Orders of the Regional Trial Court, dated March 22, 2002 and July 9, 2002, respectively, in Civil Case No. 99-95561, are **REINSTATED.**

SO ORDERED.

Velasco, Jr. (Chairperson), Abad, Mendoza, and *Perlas-Bernabe, JJ.,* concur.

EN BANC

[A.C. No. 7481. April 24, 2012]

LORENZO D. BRENNISEN, *complainant, vs.* **ATTY. RAMON U. CONTAWI,** *respondent.*

SYLLABUS

1. LEGAL ETHICS; ATTORNEYS; DISBARMENT; THE LAWYER'S UNAUTHORIZED MORTGAGE AND SALE OF CLIENT'S PROPERTY FOR HIS PERSONAL BENEFIT THROUGH THE USE OF A FALSIFIED DOCUMENT CONSTITUTES A VIOLATION OF THE LAWYER'S OATH AND THE CANONS OF PROFESSIONAL RESPONSIBILITY; DISBARMENT, PROPER PENALTY.— After a punctilious examination of