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ACCORDINGLY, for *lack of merit*, the *instant petition* is DISMISSED with *costs against the petitioner*.

SO ORDERED.

Feliciano (Chairman), Bidin, Romero, and *Melo, JJ*., concur.

FIRST DIVISION

[G.R. No. 104175. June 25, 1993]

YOUNG AUTO SUPPLY CO. and NEMESIO GARCIA, *petitioners, vs*. **THE HONORABLE COURT OF APPEALS (THIRTEENTH DIVISION) and GEORGE CHIONG ROXAS,** *respondents*.

SYLLABUS

1. REMEDIAL LAW; CIVIL PROCEDURE; VENUE; PERSONAL ACTIONS; WHERE FILED. — In the Regional Trial Courts, all personal actions are commenced and tried in the province or city where the defendant or any of the defendants resides or may be found, or where the plaintiff or any of the plaintiffs resides, at the election of the plaintiff. There are two plaintiffs in the case at bench: a natural person and a domestic corporation. Both plaintiffs aver in their complaint that they are residents of Cebu City.

2. ID.; ID.; ID.; ID.; WHERE FILED IN CASE OF A CORPORATION. — In *Clavecilla Radio System v. Antillon*, 19 SCRA 379 ([1967]), this Court explained why actions cannot be filed against a corporation in any place where the corporation maintains its branch offices. The Court ruled that to allow an action to be instituted in any place where the corporation has branch offices, would create confusion and work untold inconvenience to said entity. By the same token, a corporation cannot be allowed to file personal actions in a place other

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than its principal place of business unless such a place is also the residence of a co-plaintiff or a defendant.

3. COMMERCIAL LAW; CORPORATION CODE; CORPORATION; RESIDENCE THEREOF IS PLACE WHERE PRINCIPAL OFFICE IS LOCATED. — A corporation has no residence in the same sense in which this term is applied to a natural person. But for practical purposes, a corporation is in a metaphysical sense a resident of the place where its principal office is located as stated in the articles of incorporation. The Corporation Code precisely requires each corporation to specify in its articles of incorporation the "place where the principal office of the corporation is to be located which must be within the Philippines." The purpose of this requirement is to fix the residence of a corporation in a definite place, instead of allowing it to be ambulatory.

APPEARANCES OF COUNSEL

Angara, Abello, Concepcion, Regala & Cruz for petitioners.
Antonio Nuyles for private respondent.

D E C I S I O N

QUIASON, *J.*:

Petitioners seek to set aside the decision of respondent Court of Appeals in CA-G.R. SP No. 25237, which reversed the Order dated February 8, 1991 issued by the Regional Trial Court, Branch 11, Cebu City in Civil Case No. CEB 6967. The order of the trial court denied the motion to dismiss filed by respondent George C. Roxas of the complaint for collection filed by petitioners.

It appears that sometime on October 28, 1987, Young Auto Supply Co. Inc. (YASCO) represented by Nemesio Garcia, its president, Nelson Garcia and Vicente Sy, sold all of their shares of stock in Consolidated Marketing & Development Corporation (CMDC) to Roxas. The purchase price was ₱8,000,000.00 payable as follows: a down payment of ₱4,000,000.00 and the balance of ₱4,000,000.00 in four postdated checks of ₱1,000,000.00 each.

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Immediately after the execution of the agreement, Roxas took full control of the four markets of CMDC. However, the vendors held on to the stock certificates of CMDC as security pending full payment of the balance of the purchase price.

The first check of ₱4,000,000.00, representing the down payment, was honored by the drawee bank but the four other checks representing the balance of ₱4,000,000.00 were dishonored. In the meantime, Roxas sold one of the markets to a third party. Out of the proceeds of the sale, YASCO received ₱600,000.00, leaving a balance of ₱3,400,000.00 (*Rollo*, p. 176).

Subsequently, Nelson Garcia and Vicente Sy assigned all their rights and title to the proceeds of the sale of the CMDC shares to Nemesio Garcia.

On June 10, 1988, petitioners filed a complaint against Roxas in the Regional Trial Court, Branch 11, Cebu City, praying that Roxas be ordered to pay petitioners the sum of ₱3,400,000.00 or that full control of the three markets be turned over to YASCO and Garcia. The complaint also prayed for the forfeiture of the partial payment of ₱4,600,000.00 and the payment of attorney's fees and costs (*Rollo*, p. 290).

Roxas filed two motions for extension of time to submit his answer. But despite said motion, he failed to do so causing petitioners to file a motion to have him declared in default. Roxas then filed, through a new counsel, a third motion for extension of time to submit a responsive pleading.

On August 19, 1988, the trial court declared Roxas in default. The order of default was, however, lifted upon motion of Roxas.

On August 22, 1988, Roxas filed a motion to dismiss on the grounds that:

"1. The complaint did not state a cause of action due to non-joinder of indispensable parties;

2. The claim or demand set forth in the complaint had been waived, abandoned or otherwise extinguished; and

3. The venue was improperly laid" (*Rollo*, p. 299).

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After a hearing, wherein testimonial and documentary evidence were presented by both parties, the trial court in an Order dated February 8, 1991 denied Roxas' motion to dismiss. After receiving said order, Roxas filed another motion for extension of time to submit his answer. He also filed a motion for reconsideration, which the trial court denied in its Order dated April 10, 1991 for being *pro-forma* (*Rollo*, p. 17). Roxas was again declared in default, on the ground that his motion for reconsideration did not toll the running of the period to file his answer.

On May 3, 1991, Roxas filed an unverified Motion to Lift the Order of Default which was not accompanied with the required affidavit of merit. But without waiting for the resolution of the motion, he filed a petition for *certiorari* with the Court of Appeals.

The Court of Appeals sustained the findings of the trial court with regard to the first two grounds raised in the motion to dismiss but ordered the dismissal of the complaint on the ground of improper venue (*Rollo*, p. 49).

A subsequent motion for reconsideration by petitioner was to no avail.

Petitioners now come before us, alleging that the Court of Appeals erred in:

"1. holding that venue should be in Pasay City, and not in Cebu City (where both petitioners/plaintiffs are residents;

2. not finding that Roxas is estopped from questioning the choice of venue" (*Rollo*, p. 19).

The petition is meritorious.

In holding that the venue was improperly laid in Cebu City, the Court of Appeals relied on the address of YASCO, as appearing in the Deed of Sale dated October 28, 1987, which is "No. 1708 Dominga Street, Pasay City." This was the same address written on YASCO's letters and several commercial documents in the possession of Roxas (Decision, p. 12; *Rollo*, p. 48).

In the case of Garcia, the Court of Appeals said that he gave Pasay City as his address in three letters which he sent to Roxas'

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brothers and sisters (Decision, p. 12; *Rollo*, p. 47). The appellate court held that Roxas was led by petitioners to believe that their residence is in Pasay City and that he had relied upon those representations (Decision, p. 12; *Rollo*, p. 47).

The Court of Appeals erred in holding that the venue was improperly laid in Cebu City.

In the Regional Trial Courts, all personal actions are commenced and tried in the province or city where the defendant or any of the defendants resides or may be found, or where the plaintiff or any of the plaintiffs resides, at the election of the plaintiff [Sec. 2(b) Rule 4, Revised Rules of Court].

There are two plaintiffs in the case at bench: a natural person and a domestic corporation. Both plaintiffs aver in their complaint that they are residents of Cebu City, thus:

"1.1 Plaintiff Young Auto Supply Co., Inc. ("YASCO") is a domestic corporation duly organized and existing under Philippine laws with principal place of business at M.J. Cuenco Avenue, Cebu City. It also has a branch office at 1708 Dominga Street, Pasay City, Metro Manila.

"Plaintiff Nemesio Garcia is of legal age, married, Filipino citizen and with business address at Young Auto Supply Co., Inc., M.J. Cuenco Avenue, Cebu City. x x x" (Complaint, p. 1; *Rollo*, p. 81).

The Article of Incorporation of YASCO (SEC Reg. No. 22083) states:

"THIRD. That the place where the principal office of the corporation is to be established or located is at Cebu City, Philippines (as amended on December 20, 1980 and further amended on December 20, 1984)" (*Rollo*, p. 273).

A corporation has no residence in the same sense in which this term is applied to a natural person. But for practical purposes, a corporation is in a metaphysical sense a resident of the place where its principal office is located as stated in the articles of incorporation (*Cohen v. Benquet Commercial Co., Ltd.*, 34 Phil. 526 [1916]; *Clavecilla Radio System v. Antillon*, 19 SCRA 379 [1967]). The Corporation Code precisely requires each

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corporation to specify in its articles of incorporation the "place where the principal office of the corporation is to be located which must be within the Philippines" (Sec. 14 [3]). The purpose of this requirement is to fix the residence of a corporation in a definite place, instead of allowing it to be ambulatory.

In *Clavecilla Radio System v. Antillon*, 19 SCRA 379 ([1967]), this Court explained why actions cannot be filed against a corporation in any place where the corporation maintains its branch offices. The Court ruled that to allow an action to be instituted in any place where the corporation has branch offices, would create confusion and work untold inconvenience to said entity. By the same token, a corporation cannot be allowed to file personal actions in a place other than its principal place of business unless such a place is also the residence of a co-plaintiff or a defendant.

If it was Roxas who sued YASCO in Pasay City and the latter questioned the venue on the ground that its principal place of business was in Cebu City, Roxas could argue that YASCO was in estoppel because it misled Roxas to believe that Pasay City was its principal place of business. But this is not the case before us.

With the finding that the residence of YASCO for purposes of venue is in Cebu City, where its principal place of business is located, it becomes unnecessary to decide whether Garcia is also a resident of Cebu City and whether Roxas was in estoppel from questioning the choice of Cebu City as the venue.

WHEREFORE, the petition is *GRANTED*. The decision of the Court of Appeals appealed from is *SET ASIDE* and the Order dated February 8, 1991 of the Regional Trial Court is *REINSTATED*.

SO ORDERED.

Cruz (Chairman), Griño-Aquino, and *Bellosillo, JJ.*, concur.