

Title: Sps. Raymundo & Marilyn Calo v. Spouses Reynaldo & Lydia Tan and The Development Bank of the Philippines (Butuan Branch)

Facts:

On September 9, 1986, Lydia Tan entered into a Joint Venture Agreement with Raymundo Calo and others about a mining business. Tan was to be the financier, while Calo was to manage the venture. In December 1986, Calo applied for a loan with DBP, using the mining equipment as collateral, without Tan's knowledge. Calo defaulted, the chattel mortgage was foreclosed, and DBP won the equipment at the auction.

On November 9, 1987, the Tans filed a complaint for replevin and damages against the Calos and DBP in RTC Cagayan de Oro City (Civil Case No. 11185). The Calos and DBP filed a Joint Motion to Dismiss, claiming *litis pendentia* due to a parallel case for injunction (Special Civil Case No. 521) before the RTC of Agusan del Norte, to prevent the equipment's foreclosure auctions. The injunction case was dismissed under Presidential Decree No. 385.

The RTC later denied the Joint Motion to Dismiss without prejudice considering factual matters presented only during trial. During the trial, Tan testified they contributed P700,000.00 towards the venture. The Tans moved to amend the complaint to conform with the testimony. During the amendment process, DBP leased the properties to Alfredo C. Roxas, who was later included in the Amended Complaint but was unlocatable.

There were continuous delays in presenting evidence for the Calos. Then, based on *Manchester* (512 Phil. 786), The Calos and DBP filed a motion to dismiss for failure to pay additional docket fees which was denied. Due to the Calos' absence at a hearing, trial court found a waiver to present evidence and, thus, ruled in favor of the Tans, ordering DBP to deliver ownership of properties to the Tans and requiring Calo to reimburse DBP.

The Calos appealed to the Court of Appeals, which affirmed the trial court's decision. They filed a petition for review on certiorari, challenging the appellate court's decision.

Issues:

1. Whether the right to due process for the petitioners was violated when the trial court deemed a waiver of their right to present evidence.
2. Applicability of *Sun Insurance Office, Ltd. v. Asuncion* and *Manchester Development Corporation v. Court of Appeals* concerning the payment of docket fees.
3. The contention that respondent spouses' cause of action had prescribed when additional docket fees were paid.

4. Whether the complaint for replevin and damages should have been dismissed due to forum-shopping, *litis pendentia*, and splitting a single cause of action.

Court's Decision:

The petition was denied. The Supreme Court found no deprivation of due process for the Calos, recognizing that deliberate absence constituted a waiver. On the payment of docket fees, the Court deemed the Sun Insurance doctrine applicable, rejecting the argument that Manchester should apply retroactively. It also found that the cause of action had not prescribed. Although, there could be forum-shopping based on the same facts underlying both complaints, the Court dismissed this contention, given that the earlier injunction case had been dismissed, and disallowing the replevin case would leave the Tans without a remedy. In essence, the Court favored substantial justice over a literal interpretation of procedural rules.

Doctrine:

- No vested right attaches to procedural laws and rules, which may have retroactive application to pending actions.
- Absence of a party at trial, due to their own fault, constitutes a waiver of their right to present evidence.
- Payment of the correct docket fees secures the jurisdiction of the court regardless of when it was done, as long as it is within the prescriptive period.

Class Notes:

- Jurisdiction over an action is vested in a court upon the payment of the prescribed docket fees.
- Deliberate absence from a hearing without valid cause constitutes waiver of the right to present evidence.
- Forum-shopping is prohibited, and multiple suits based on the same essential facts and circumstances may be dismissed to prevent this practice.
- *Manchester Development Corporation v. Court of Appeals* (512 Phil. 786): Payment of full docket fees at the time of filing is crucial, but the subsequent payment may not impact jurisdiction if within the prescriptive period.
- *Sun Insurance Office, Ltd. v. Asuncion*: Subsequent payment of proper docket fees is permissible provided the prescription has not set in.
- Procedural laws may be applied retroactively to actions pending at the time of their enactment.

Historical Background:

The case reflects a period when the Philippine judiciary grappled with the implications of procedural rules on jurisdiction, particularly regarding docket fees (as seen in the Manchester and Sun Insurance cases). It also demonstrates the judiciary's approach to balancing procedural requirements with substantive justice, especially concerning preserving parties' ability to seek relief despite procedural missteps.