

### Title: Calibre Traders, Inc., et al. vs. Bayer Philippines, Inc.

#### Facts:

Calibre Traders, Inc. (“Calibre”) had a distributorship agreement with Bayer Philippines Inc. (“Bayerphil”) for the distribution of agricultural chemicals in Pangasinan and Tarlac, effective from June 1989 to June 1991. Bayerphil ceased deliveries to Calibre on July 31, 1989, due to Calibre’s unpaid accounts amounting to P1,751,064.56. Disagreements arose regarding entitlements and computation of discounts and rebates. Despite requests for reconciliation, Bayerphil’s response and subsequent communications did not satisfy Calibre, leading to withheld payments. Following a series of letters and failed settlement attempts, Calibre demanded payment for damages from Bayerphil, asserting a breach of the distributorship agreement and other claims. Bayerphil, countering, demanded payment for the outstanding balance. Calibre subsequently filed a suit for damages against Bayerphil, which responded with a counterclaim for the collection of the unpaid account, also aiming to implead Calibre’s general manager and his wife as co-defendants.

#### Procedural Posture:

The Regional Trial Court (“RTC”) favored Calibre, dismissing Bayerphil’s counterclaim for non-payment of docket fees and awarding Calibre damages. Bayerphil appealed, and the Court of Appeals (“CA”) reversed the RTC’s decision, denying Calibre’s claims and granting Bayerphil’s counterclaim for the unpaid account. Calibre then filed for certiorari with the Supreme Court.

#### Issues:

1. Whether Calibre is entitled to an award of damages.
2. The propriety of granting relief to Bayerphil’s counterclaim.

#### Court’s Decision:

The Supreme Court affirmed the CA’s decision, clarifying that Calibre failed to prove its entitlement to damages and validating Bayerphil’s counterclaim for the unpaid account. The Court held that Bayerphil’s counterclaim was permissive, not compulsory, but noted the trial court’s error in dismissing it for non-payment of docket fees without allowing Bayerphil the opportunity to pay. The claims and counterclaims arose from the same distributorship agreement, yet the Court found distinct causes of action without sufficient logical relation to deem the counterclaim compulsory. Bayerphil was ordered to pay the docket fees for its permissive counterclaim.

#### Doctrine:

The determination of whether a counterclaim is compulsory or permissive depends on the logical relation and potential duplication of evidence between the primary claim and the counterclaim. Also, rules on the payment of docket fees are designed to afford parties ample opportunity for the just resolution of their causes, free from the constraints of technicalities.

### Class Notes:

- A **permissive counterclaim** does not arise out of the same transaction or occurrence as the plaintiff's claim and requires separate docket fees.
- A **compulsory counterclaim** arises from the same transaction or occurrence, necessitating its filing in the same action lest it be barred for future litigation.
- **Doctrine of Estoppel** as applied to jurisdiction: A party may be estopped from asserting the court's lack of jurisdiction if they have actively participated in the proceedings and caused the opposing party to incur expenses or undergo the inconvenience of trial.
- Non-payment of prescribed docket fees within the reglementary period can result in the dismissal of the action or claim unless justifiable grounds are presented to merit the court's leniency.

#### Historical Background:

This case underscores the procedural intricacies involved in civil litigation, particularly in determining the nature of counterclaims and the effect of non-payment of docket fees on case outcomes. The resolution also highlights the Supreme Court's commitment to ensuring that technicalities do not unduly hinder the substantive resolution of disputes.