

Title:

Manchester Development Corporation et al. vs. Court of Appeals et al.: A Landmark Case on Legal Fees and Court Jurisdiction in the Philippines

Facts:

The case originated from an action for torts and damages and specific performance, with a prayer for a temporary restraining order, filed by Manchester Development Corporation against Cityland Development Corporation, Stephen Roxas, Andrew Luison, Grace Luison, and Jose de Maisip. The core of the dispute involved the alleged illegal forfeiture of P3 Million paid by Manchester for a property deal with Cityland and others. The initial complaint, filed in court, alleged damages amounting to over P78 Million but only paid a docket fee of P410, based on the erroneous assumption that the case was primarily for specific performance, which is not subject to a fixed docket fee.

Following an investigation ordered by the Supreme Court on under-assessed filing fees, including this case, Manchester, through new counsel, filed an amended complaint, this time omitting the amount of damages claimed. This led the trial court, following the Supreme Court's direction, to order Manchester to rectify this omission, which resulted in specifying damages of P10,000,000.00 in the body of the amended complaint but still not in the prayer portion.

The procedural history involves Manchester's motion for reconsideration of the Second Division's decision and a motion to refer the case to the Court En Banc, which was granted, but the motion for oral argument was denied.

Issues:

1. Whether the filing fee must be assessed based on the original or the amended complaint.
2. The jurisdiction of the trial court over the case considering the payment of docket fees.
3. The ethical implications and sanction for parties attempting to evade the correct payment of filing fees through omission of specified amounts in a pleading.

Court's Decision:

The Supreme Court held that:

1. The filing fee should be assessed based on the allegations of damages indicated in the original complaint rather than the amended complaint. It noted that any amendments to the

complaint not detailing the damages specified in the original complaint could not serve to determine the requisite filing fees.

2. The trial court did not acquire jurisdiction over the case by the mere payment of P410.00 as the docket fee. Jurisdiction lies upon the payment of the prescribed docket fee based on the amount of damages claimed in the body of the complaint.

3. The practice of omitting the specification of the amount of damages in pleadings to evade correct filing fees is unethical. As a correctional measure, all complaints, petitions, answers, and similar pleadings must now specify the amount of damages being prayed for in both the body and the prayer of the pleading. Failure to comply will result in the non-acceptance or expunging of the pleading from the record.

Doctrine:

This case establishes the doctrine that the jurisdiction of the court is acquired upon the payment of the prescribed docket fee, which should be computed based on the amount of damages claimed in the original complaint. Additionally, it mandates that all pleadings specifying damages should indicate the amount both in the body and the prayer to prevent under-assessment of filing fees.

Class Notes:

- Jurisdiction is acquired upon payment of the prescribed docket fee based on damages claimed in the original complaint.
- Pleadings must specify the amount of damages in both body and prayer.
- Ethical implications of evading correct filing fee payments lead to the non-acceptance or expunging of the involved pleadings from the record.

Historical Background:

The Manchester Development Corporation case stands as a significant turning in Philippine legal practice regarding the assessment of filing fees and court jurisdiction. Before this resolution, there was ambiguity and inconsistency in how courts determined filing fees, especially in cases where the damage amounts were not clearly stipulated in the prayers of the pleadings. This case underscores the Supreme Court's commitment to ensuring that the judiciary is funded adequately through proper docket fees and curtailing abuse of the legal system through underpayment of fees.