

### Title:

Elizabeth Sy-Vargas v. The Estate of Rolando Ogsos, Sr. and Rolando Ogsos, Jr.

### Facts:

The dispute originated from a lease contract for five parcels of agricultural land entered into on February 10, 1994, between Ogsos, Sr. and the Heirs of Fermina Pepico, with the lease to run initially until crop year 2000-2001. This term was later extended to 2004 due to improvements made by Ogsos, Sr. The lease rental was modified to a cash payment beginning crop year 1996-1997. Alleging unpaid lease rentals for several years, Elizabeth Sy-Vargas and Kathryn T. Sy filed a case against the respondents in 2000. Subsequently, through a convoluted procedural pathway involving delays and default declarations against the respondents, the case was remanded by the Court of Appeals (CA) for further proceedings. The respondents claimed that they had been unlawfully dispossessed of the leased property by the petitioners, leading to significant losses. Their counterclaim for damages was initially dismissed due to the absence of a Certificate of Non-Forum Shopping, but was later recalibrated for hearing. The Regional Trial Court (RTC) eventually ruled in favor of the respondents, a decision which was essentially affirmed by the CA with modifications relating to the deletion of awards for moral and exemplary damages, and attorney's fees.

### Issues:

1. Whether the CA erred in deeming the petitioner's motion for reconsideration as filed out of time.
2. The nature of respondents' counterclaim as either compulsory or permissive, and the implications for the payment of docket fees.
3. The entitlement of the respondents to their counterclaim for damages.
4. The proper computation of awards related to the counterclaim.

### Court's Decision:

1. The Supreme Court (SC) found that the CA overlooked that the deadline for filing the motion for reconsideration fell on a Saturday, thereby justifying the filing on the next working day, which the petitioners did.
2. The SC determined the respondents' counterclaim to be permissive, not compulsory as previously held. This necessitates the payment of docket fees, which were not initially required due to the lower courts' incorrect classification of the counterclaim.

3. Despite the erroneous classification of the counterclaim, the SC decided not to dismiss it for the failure of docket fee payment, recognizing the respondents acted in good faith. The Court upheld the entitlement of the respondents to their counterclaim for damages but adjusted the award amount after deducting the lease rentals due from them.

**### Doctrine:**

- A counterclaim is compulsory if it arises out of the transaction or occurrence that is the subject matter of the opposing party's claim; otherwise, it is permissive.
- The payment of docket fees for permissive counterclaims is imperative for the court to acquire jurisdiction over the subject matter; however, non-payment can be excused if done in good faith, with the due amount to be a lien on the judgment.
- Filing deadlines that fall on non-working days extend to the next working day.

**### Class Notes:**

- **\*\*Compulsory vs. Permissive Counterclaims:\*\*** The classification depends on the connection with the subject matter of the opposing party's claim and the necessity for the presence of third parties for adjudication.
- **\*\*Docket Fees:\*\*** Essential for court jurisdiction over permissive counterclaims, but can be assessed as a lien on the judgment for claims filed in good faith without initial payment.
- **\*\*Filing Deadlines:\*\*** When a filing deadline falls on a non-working day, the period extends to the next working day.

**### Historical Background:**

This case illustrates procedural complexities and principles of substantive law in Philippine civil litigation, especially in disputes involving lease agreements and ancillary claims for damages. It underscores the importance of correctly classifying counterclaims and adhering to procedural deadlines, offering insights into judicial discretion in handling procedural lapses.