

Title:

Ruby Shelter Builders and Realty Development Corporation v. Hon. Pablo C. Formaran III, et al.

Facts:

Ruby Shelter Builders and Realty Development Corporation (Petitioner) obtained a loan of PHP 95,700,620.00 from Romeo Y. Tan and Roberto L. Obiedo (Respondents), secured by real estate mortgages over five parcels of land in Triangulo, Naga City. Unable to repay the loan upon maturity, the parties entered into a Memorandum of Agreement on March 17, 2005, granting an extension until December 31, 2005, and condoning accrued interests, penalties, and surcharges amounting to PHP 74,678,647.00. The agreement required the execution of Deeds of Absolute Sale in favor of the respondents as dacion en pago, to be dated January 2, 2006.

Petitioner's President, Ruben Sia, executed separate Deeds of Absolute Sale on January 3, 2006, for each parcel of land. However, the petitioner failed to settle the indebtedness by the agreed deadline, leading the respondents to secure the titles in their names by presenting the Deeds of Absolute Sale to the Register of Deeds on March 8, 2006.

On March 16, 2006, the petitioner filed a Complaint in the RTC against the respondents for the declaration of nullity of deeds of sales and damages, asserting that the deeds were executed merely as security and constituted pactum commissorium, thus null and void. It also detailed the forceful possession of the parcels of land by the respondents.

Respondent Tan contested, stating the acts were within their rights, owing to the failure of redemption by the petitioner. Tan also motioned for the correct computation of docket fees, arguing it involved real property and therefore falls under Section 7(a) of Rule 141 of the Rules of Court.

After the RTC ordered the petitioner to pay additional filing fees as per Section 7(a) and denied subsequent reconsideration, the petitioner appealed to the Court of Appeals, which affirmed the RTC's orders. Petitioner then sought the Supreme Court's review.

Issues:

1. Whether Civil Case No. 2006-0030 involves real property, necessitating computation of docket fees under Section 7(a) of Rule 141 of the Rules of Court, as amended.
2. Whether the Court of Appeals erred in affirming the RTC's orders for the petitioner to pay additional docket fees.

Court's Decision:

The Supreme Court denied the Petition for Review, affirming the decision of the Court of Appeals and the RTC's orders. The Court determined that Civil Case No. 2006-0030 effectively sought the recovery of title to and possession of real property, making it a real action. Consequently, the docket fees must be calculated based on Section 7(a) of Rule 141 of the Rules of Court, as amended. The petitioner's refusal to pay the assessed additional docket fees was unjustified, even considering their financial capacity to enter into substantial transactions underlying the case.

Doctrine:

The true nature of an action, whether it is a real action involving recovery of title to or possession of real property, dictates the computation of the requisite docket fees under Rule 141 of the Rules of Court, as amended. The determination of an action's nature requires examination beyond its title or heading, involving allegations and prayers within the complaint, as well as significant facts and circumstances surrounding the case.

Class Notes:

- In categorizing cases for the computation of docket fees, courts will assess the principal action or remedy sought, not merely the title of the case.
- In actions involving real property, the fair market value of the property, as stated in the current tax declaration or current zonal valuation of the Bureau of Internal Revenue, whichever is higher, or, if there is none, the stated value of the property in litigation, will be the basis for the computation of the docket fees.
- The obligation to pay the correct amount of docket fees is not only mandatory but also jurisdictional.

Historical Background:

This case delves deeply into the jurisdictional and procedural aspects of Philippine court proceedings concerning docket fees, particularly in actions involving real property. It underscores the importance of accurately assessing and complying with docket fee requirements to ensure the proper functioning of the judicial system in the resolution of disputes involving real property.