

****Title:****

Edgardo Pinga vs. The Heirs of German Santiago, G.R. No. 526 Phil. 868

****Facts:****

- ****May 28, 1998:**** The Heirs of German Santiago, represented by Fernando Santiago, filed a complaint for injunction against Edgardo Pinga and Vicente Saavedra with the RTC, Branch 29, San Miguel, Zamboanga del Sur, alleging the respondents unlawfully entered their property, cut wood, and harvested coconuts.
- ****Defendants' Response:**** Pinga and Saavedra filed an Amended Answer with Counterclaim, contesting the Santiago heirs' ownership and claiming entitlement based on Edmundo Pinga's (Edgardo's father) possession since the 1930s. They alleged prior disputes were ruled in their favor, including a rejection of respondents' application for free patent by the Office of the President in 1971.
- ****Defendants' Counterclaim:**** They sought various damages totaling P2,100,000 due to the supposed forcible re-entry and irresponsible filing of the case by respondents.
- ****October 25, 2004:**** The RTC initially dismissed the complaint after respondents' counsel sought a postponement.
- ****June 9, 2005:**** The RTC reversed its previous order, reconsidering the dismissal based on the assurance of respondents' counsel to prioritize the case.
- ****July 27, 2005:**** Respondents' counsel failed to appear, leading to another request for postponement. Defendants opposed and sought dismissal.
- ****RTC Dismissal:**** The trial court dismissed the complaint for respondents' failure to prosecute and allowed defendants to present their counterclaim ex-parte.
- ****Respondents' Motion for Reconsideration:**** They didn't request reinstatement of their complaint but sought to dismiss the entire action, including the counterclaim.
- ****August 9, 2005:**** The RTC dismissed the counterclaim based on the lack of opposition to the motion for reconsideration.
- ****Petitioner's Motion for Reconsideration:**** This was denied on October 10, 2005, henceforth appealing to the Supreme Court.

****Issues:****

1. Whether the dismissal of the complaint due to the fault of the plaintiff also necessitates dismissal of the compulsory counterclaim under Section 3, Rule 17 of the 1997 Rules of Civil Procedure.
2. Whether the trial court erred in dismissing the counterclaim based on the non-opposition to the motion for reconsideration.

Court's Decision:

- **Issue 1:** The Supreme Court determined that under Section 3, Rule 17 of the 1997 Rules of Civil Procedure, the dismissal of the complaint due to the plaintiff's fault does not inherently result in the dismissal of the counterclaim. The provision allows the defendant to prosecute the counterclaim in the same or separate action. The promulgation of the 1997 Rules included specific amendments to ensure the dismissal of a complaint (for failure to prosecute) does not preclude the survival and adjudication of a counterclaim.
- **Issue 2:** The RTC erred in dismissing the counterclaim solely based on no opposition to the motion for reconsideration. The lack of opposition is not a legally sufficient ground for the dismissal of a counterclaim. The trial court must evaluate counterclaims on their merits and the rules clearly dictate that dismissal of the complaint should be without prejudice to the defendant's right to prosecute the counterclaim.

Doctrine - Cited Doctrines:

- **Section 3, Rule 17 of the 1997 Rules of Civil Procedure:** Provides that the dismissal of the complaint due to the fault of the plaintiff does not affect the counterclaim, which the defendant can prosecute in the same or in a separate action.
- **Rejection of BA Finance Doctrine:** The principle that compulsory counterclaims are dismissed with the complaint has been overturned by the 1997 Rules of Civil Procedure revisions.

Class Notes:

- **Rule 17, Section 3:** The dismissal of the complaint for plaintiff's failure to prosecute does not dismiss the defendant's counterclaims.
- **Compulsory Counterclaims:** These are intertwined with the plaintiff's claims but can be prosecuted independently if the main complaint is dismissed.
- **Procedural Revisions:** Recognize the right to continue with counterclaims, whether permissive or compulsory, despite the main complaint's dismissal.

Historical Background:

- **Pre-1997 Rule:** Jurisprudence under the 1964 Rules of Court maintained a vague stance often leading to compulsory counterclaims' dismissal with the main action due to jurisdictional dependency.
- **1997 Amendment Rationale:** Specifically addressed ambiguities, aiming to ensure fairness by treating counterclaims independently of the main complaint's procedural fate, thus avoiding unjust dismissals purely based on plaintiffs' procedural failures.