

Title:

Tokio Marine Malayan Insurance Company, Inc. et al. vs. Jorge Valdez, G.R. No. CA-G.R. SP No. 52914, CA-G.R. SP No. 56579, 566 Phil. 443

Facts:

On October 15, 1998, Jorge Valdez filed a complaint for damages against Tokio Marine Malayan Insurance Company, Inc. and its officers in the Regional Trial Court (RTC), Branch 35 in Manila (Civil Case No. 98-91356). Valdez alleged non-compliance with the Unit Management Contract, claiming unpaid commissions and bonuses. He sought actual damages of ₱71,866,205.67, moral damages of ₱10,000,000.00, exemplary damages of ₱10,000,000.00, attorney's fees corresponding to 30% of the said amounts, and litigation costs.

Valdez also filed an "Urgent Ex Parte Motion For Authority To Litigate As Indigent Plaintiff," which the court granted on October 28, 1998, exempting him from paying the ₱615,672.83 docket fee upfront.

The defendants filed separate motions to dismiss the complaint on December 11, 1998, which the court denied on January 20, 1999. After their motions for reconsideration were also denied, the petitioners filed a petition for certiorari with the Court of Appeals (CA), seeking to challenge the trial court's denial of their dismissal motions (docketed as CA-G.R. SP No. 52914). The CA issued a writ of preliminary injunction on October 15, 1999, halting trial court proceedings.

Upon receiving the respondent's urgent notice of deposition on December 7, 1999, the petitioners filed a contempt petition against Valdez (docketed as CA-G.R. SP No. 56579), arguing that taking a deposition despite the injunction constituted indirect contempt.

The CA consolidated both cases and subsequently ruled on September 13, 2001, dismissing the petitions and lifting the writ of preliminary injunction. The petitioners then brought the case before the Supreme Court.

Issues:

1. ****Jurisdiction Based on Docket Fees****: Did the trial court err in accepting the complaint and allowing Valdez to litigate as an indigent without prepayment of the docket fees?

2. **Forum Shopping**: Did Valdez engage in forum shopping by not reporting the criminal cases he filed against the petitioners to the trial court?
3. **Contempt of Court**: Did taking Valdez's deposition despite the preliminary injunction constitute indirect contempt?

Court's Decision:

Jurisdiction Based on Docket Fees:

The Supreme Court held that under Section 21, Rule 3 of the 1997 Rules of Civil Procedure, and Section 19, Rule 141 of the Revised Rules of Court, the trial court properly allowed respondent Valdez to litigate as an indigent upon his ex parte motion and supporting evidence. The Court held that only the litigant, not his entire family, needs to execute the affidavit of indigency. Therefore, the trial court properly acquired jurisdiction.

Forum Shopping:

The Supreme Court found no forum shopping as the certification against forum shopping was substantially complied with by disclosing other criminal cases filed against the petitioners. Moreover, the criminal cases described different causes of action and did not amount to forum shopping as prohibited under Section 5, Rule 7 of the 1997 Rules of Civil Procedure.

Contempt of Court:

The Court ruled that the deposition of Valdez was not a violation of the preliminary injunction as it was conducted in good faith to clarify previous depositions taken before the injunction was issued. The taking of Valdez's deposition was seen as an action outside the trial court proceedings of Civil Case No. 98-91356 and hence, did not constitute indirect contempt.

Doctrine:

1. **Indigent Litigants**: Litigants may be exempted from paying docket fees if they can substantiate their claim of indigency to the court's satisfaction (Sec. 21, Rule 3, and Sec. 19, Rule 141, Revised Rules of Court).
2. **Forum Shopping**: The filing of multiple suits involving the same parties and causes of action constitutes forum shopping and is prohibited (Sec. 5, Rule 7, 1997 Rules of Civil Procedure).

3. **Indirect Contempt**: Actions violating a court's injunction outside its immediate proceedings may still be deemed indirect contempt, provided there is a written charge and opportunity for the respondent to be heard (Sec. 3, Rule 71, 1997 Rules of Civil Procedure).

Class Notes:

- **Indigent Litigants (Sec. 19, Rule 141)**: Indigency must be proven via an affidavit.
- **Forum Shopping (Sec. 5, Rule 7)**: Certification against forum shopping must disclose any similar ongoing cases.

Historical Background:

This case highlights procedural safeguards in the Philippines against forum shopping and the guidelines for litigating in forma pauperis (as an indigent). The context of the case illustrates the evolution of judicial guidelines to prevent abuse of court processes and ensure equal access to justice regardless of financial capability.