

****Title:** Subic Bay Metropolitan Authority vs. Subic Bay Marine Exploratorium, Inc. ******

****Facts:****

1. The Subic Bay Metropolitan Authority (SBMA) manages the Subic Bay Freeport Zone (SBFZ) to develop it as a self-sustaining industrial and commercial hub.
2. SBMA funded its operations, including essential municipal services (security, fire protection, street cleaning, and lighting), consuming a significant part of its revenue (P388,000,000.00 annually).
3. To recover these costs, SBMA imposed a Common User Service Area (CUSA) Fee on direct tenants.
4. On April 13, 2012, the SBMA Board approved the CUSA policy via Board Resolution No. 12-04-4348.
5. SBMA informed tenants on May 9, 2012, conducted four public hearings, amended the policy via Board Resolution No. 12-08-4505 on August 3, 2012, and published the policy amendments.
6. On October 1, 2012, Administrative Order No. 31 from the Office of the President authorized SBMA to rationalize fees, fortifying SBMA's imposition of the CUSA fee.
7. Subic Bay Marine Exploratorium, Inc. (SBMEI), an SBMA tenant, sued to nullify the Board Resolutions and the CUSA fee on December 18, 2012.
8. SBMA responded, asserting SBMEI's failure to exhaust administrative remedies and defending the CUSA fee's legality and necessity.
9. The RTC decided on January 5, 2015, in favor of SBMEI, annulling the CUSA fee and permanently enjoining SBMA from collecting it from SBMEI.
10. SBMA's Motion for Reconsideration was denied on August 26, 2015.
11. SBMA's notice of appeal was filed one day late on September 18, 2015, and was thus denied by the RTC.
12. Appeals and motions for reconsideration were filed with the RTC and CA, both denying SBMA's requests.
13. Finally, SBMA filed a petition for review on certiorari with the Supreme Court.

****Issues:****

1. Whether SBMA's appeal should be given due course despite being filed one day late.
2. Whether the CUSA fee policy was legally imposed and should be enforced against SBMEI.

****Court's Decision:****

The Supreme Court ruled in favor of SBMA, emphasizing the importance of substantial justice over technical procedural rules.

1. **Evaluation of Timeliness of the Appeal:**

- The Court emphasized the principle that procedural rules should serve substantial justice.
- The Supreme Court noted that while the right to appeal is not inherent, it is crucial for ensuring justice.
- The Supreme Court found that the delay was due to an honest mistake by a newly hired clerk and not gross negligence.
- Courts should be cautious in dismissing appeals, especially when substantial rights and public interests are at stake.
- Thus, the Court directed the lower court to give due course to SBMA's notice of appeal.

2. **Legality of the CUSA Fee:**

- Given the nature of the appeal and the significant public interest involved, the Supreme Court found it fit to revisit and evaluate the merits of SBMA's authority to impose the CUSA fee.
- It highlighted the substantial governmental interest and financial implications, noting that an outright denial based on procedural errors would result in considerable injustice.
- The Court noticed the precedent where the CUSA fee was upheld.

Doctrine:

- The relaxation of procedural rules may be warranted to serve the ends of justice and equity.
- The right to appeal must be preserved when compelling reasons exist, even if minor procedural infractions occur.
- Technicalities should not override substantive rights, especially where significant public interests are involved.

Class Notes:

- **Equity Jurisdiction:** Courts can relax procedural rules to avoid injustice.
- **Appeal Rights:** While not inherent, procedural appeal mechanisms must be flexible to ensure fair justice.
- **Public Interest:** Cases involving substantial government interest and public funds may warrant more leniency in procedural adherence.

Historical Background:

This case emphasizes the balance between procedural strictness and substantial justice, especially in administratively significant zones like SBFZ. It reflects the judiciary's continually evolving approach to ensure that the essence of justice is not lost amidst

A.M. No. RTJ-03-1753 (Formerly OCA IPI No. 03-1652-RTJ). February 05, 2004 (Case Brief / Digest)
procedural technicalities. The imposition and legality of fees in special economic zones have often been contentious, reflecting broader concerns about governance, development, and administrative remedies in the Philippines.