

ATTY. JOAQUIN G. MENDOZA, PLAINTIFF-APPELLEE, VS. MARIO P. NIETO, DEFENDANT-APPELLANT.

Ponente: REYES, JR., J.C., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/0840cf608a27/>

REYES, JR., J.C., J.:

This is an appeal from the Decision dated August 30, 2012 of the Regional Trial Court (RTC) of Binangonan, Rizal, Branch 67, in Civil Case No. 11-036, the dispositive portion of which reads as follows:

“Accordingly, we render judgment in plaintiff's favor and ORDER the defendant to comply with Clause 2(b) of their Agreement dated January 4, 2011 and PAY the plaintiff the amount of P50,000,000.00. We further ORDER defendant to PAY the plaintiff the amount of P50,000.00 as attorney's fees and costs” (Rollo, p. 34).

The case arose from a Complaint for Specific Performance with Damages filed by plaintiff-appellee Atty. Joaquin G. Mendoza (Mendoza) against defendant-appellant Mario P. Nieto (Nieto). It was alleged therein that on January 4, 2011, Mendoza and Nieto executed an Agreement regarding the sale of the personal properties located inside the Bataan Thermal and Gas Turbine Plant/ Bataan Thermal Power Plant. As per the terms of their Agreement, both parties agreed that Nieto would pay Mendoza (a) Php50,000,000.00 in cash upon signing; (b) Php50,000,000.00 within 15 days from signing of the Agreement; (c) and Php184,800,000.00 within 30 days after signing of the contract subject to release of all clearance and permits.

Pursuant to the said Agreement, Nieto paid the initial sum of Php50,000,000.00. By reason also of the parties' agreement, Nieto issued an ESCROW account in favor of Mendoza the aggregate sum of Php234,800,000.00 with Delmont Bank of San Jose del Monte, Bulacan representing the two other amounts supposed to be paid. Nieto failed to pay the latter two amounts, particularly the second Php50,000,000.00. To date, Nieto still fails and refuses to comply with his obligation despite demand made by Mendoza. Allegedly, Nieto is already offering for sale to third parties the subject property he bought from Mendoza.

To protect his interest, Mendoza, on October 24, 2011, was constrained to file the instant Complaint against Nieto, praying for the following: to comply with the terms of the parties' agreement dated January 4, 2011 particularly Clause 2(b), that is, (1) to pay the amount of Php50,000,000.00 payable within fifteen days after signing of the Agreement; (2) to pay the sum of Php100,000.00 as and for attorney's fees; (3) reimburse Mendoza the sum of Php200,000.00 as and for litigation expenses and (4) pay the costs of suit. Plaintiff-appellee paid the amount of P7,765.00 as filing fees for the instant case.

On February 13, 2012, Mendoza filed a Motion to Declare Defendant in Default for failure of Nieto to file an Answer. Resolving the said Motion, the RTC in an Order dated March 19, 2012 (Records, p. 49) ruled as follows:

“x x x It appears that defendant filed numerous Motion for Extension to file an Answer but to date no Answer has been filed before us. Accordingly, the Motion to Declare Defendant in Default is hereby GRANTED. As prayed for, counsel for the plaintiff is hereby directed to present his evidence ex parte on May 11, 2012 at 8:30 in the morning.”

Meanwhile, on March 29, 2012, Nieto filed a Manifestation and Motion to Resolve Correct or Proper Assessment

and Collection of Docket Fees in Accordance with OCA Circular No. 42-2005 (Records, p. 50). Nieto stated therein that he strongly believed that the Complaint has no cause of action for non-payment of the required docket fee. Acting on the said Motion, the RTC issued an Order dated March 30, 2012 (Records, p. 58) and stated that in accordance with the “Consulta” of the Office of the Court Administrator (OCA), docket fees will be assessed on the basis of the cause of action which in this case is one for specific performance, incapable of pecuniary estimation. Thus, the RTC ruled that docket fees in this case have been properly paid.

On April 24, 2012, Nieto filed a “Motion to Set Aside Order of Default and to Resolve Pending Motion to Determine the Correct Docket Fee” (Records, pp. 77-81). On May 11, 2012, Nieto filed anew another pleading entitled Motion for Reconsideration (Records, pp. 102-106) praying that the March 30, 2012 Order of the RTC be set aside and an Order be issued requiring Mendoza to pay the correct docket/filing fee. On the same date, Nieto also filed a Motion to Lift Order of Default and to Admit Answer (Records, pp. 97-100). Mendoza filed an Omnibus Comment/Opposition (Records, pp. 217-219) to Nieto's two Motions. Resolving Nieto's Motion for Reconsideration, the RTC, on May 21, 2012, issued an Order denying the said Motion (Records, p. 225).

On August 30, 2012, the RTC issued the now appealed Decision, rendering judgment in favor of plaintiff-appellee Mendoza and ordering Nieto to comply with Clause 2(b) of their Agreement and pay Mendoza the amount of Php50,000,000.00 and Php50,000.00 attorney's fees. The dispositive portion of the said RTC Decision is quoted in the early part of this Decision.

Dissatisfied, defendant-appellant Nieto filed an appeal with this Court, raising the following errors to have been committed by the RTC, to wit:

I.

Whether or not the lower court is correct in ruling that herein defendant-appellant should pay the plaintiff the amount of P50,000.00 by way of compliance with Clause 2(b) of their Agreement.

II.

Whether or not the lower court is correct in disregarding the issue on non-payment of correct docket fees and treating the complaint as for specific performance rather than collection of sum of money.

III.

Whether or not the lower court is correct in not lifting the Order of Default and in not admitting defendant-appellant's Answer

IV.

Whether or not the plaintiff-appellee has the legal capacity/personality to file the case.

V.

Whether or not the lower court is correct in the award of attorney's fees in favor of the plaintiff-appellee (Rollo, p. 25).

The pivot of inquiry in the instant case is whether or not the RTC acquired jurisdiction over the Complaint given the allegation of non-payment of the proper docket fees.

It has been held that it is not the filing of the appropriate initiatory pleading (or a complaint) but the payment of the prescribed docket fees, that vests a trial court with jurisdiction over the subject matter or nature of the action (See: *De Ungria vs. Court of Appeals*, 654 SCRA 314, 325 [2011]). Thus:

“The court acquires jurisdiction over the action if the filing of the initiatory pleading is accompanied by the payment of the requisite fees, or, if the fees are not paid at the time of the filing of the pleading, as of the time

of full payment of the fees within such reasonable time as the court may grant, unless, of course, prescription has set in the meantime” (National Steel Corporation v. Court of Appeals, 302 SCRA 522, 531 [1999]).

The importance of filing fees cannot be gainsaid for these are intended to take care of court expenses in the handling of cases in terms of costs of supplies, use of equipment, salaries and fringe benefits of personnel, and others, computed as to man-hours used in the handling of each case and as such, the non-payment or insufficient payment of docket fees can entail tremendous losses to the government in general and to the judiciary in particular (See: *Lu vs. Lu Ym Sr.*, 563 SCRA 254, 274 [2008]).

Whether or not the proper docket fees were paid, one must look to the main cause of action of the case. And what determines the cause of action is not the caption of the pleading but the allegations set forth therein, thus:

“The cause of action in a complaint is not determined by the designation given to it by the parties. The allegations in the body of the complaint define or describe it. The designation or caption is not controlling more than the allegations in the complaint. It is not even an indispensable part of the complaint” (*Spouses Mansalud vs. National Housing Authority*, 575 SCRA 144, 158 [2008]).

Indeed, to determine the docket fees, it is necessary to determine the true nature of the action by examining the allegations of the complaint (See: *Philippine First Insurance Co., Inc. vs. Pyramid Logistics and Trucking Corporation*, 557 SCRA 411 [2008]). In the case at bar, plaintiff-appellee's Complaint was captioned Specific Performance with Damages. However, a closer reading of the Complaint would show that the specific performance sought by plaintiff-appellee was for defendant-appellant to comply with his obligation under their Agreement dated January 4, 2011, particularly Clause 2(b) – that is, to pay the amount of Php50,000,000.00 (Records, p. 6). Clearly, what was prayed for in the Complaint, that constitutes the so-called “Specific Performance”, is the payment itself of a sum of money arising from their Agreement. Contrary to the RTC's finding, the claim in the complaint is not incapable of pecuniary estimation because the subject matter of the case can be estimated and ascertained in terms of money. And thus, we are compelled to consider that the main thrust of plaintiff-appellee's Complaint is one for sum of money.

Under the Rules of Court, docket or filing fees are assessed on the basis of the "sum claimed", on the one hand, or the "value of the property in litigation or the value of the estate", on the other (*Philippine First Insurance Co., Inc. vs. Pyramid Logistics and Trucking Corporation*, 557 SCRA 411, 421 [2008], cited case omitted). Where the action is purely for the recovery of money or damages, the docket fees are assessed on the basis of the aggregate amount claimed, exclusive only of interests and costs (*ibid*). And according to SC Circular No. 7, the complaint or similar pleading should, specify the amount of damages being prayed for not only in the body of the pleading but also in the prayer, and said damages shall be considered in the assessment of filing fees in any case. Since in this case, the amount of the claim can be inferred from the allegations in the Complaint, then the determination of what should be charged could be made and the clerk of court or his duly authorized deputy has the responsibility of making a deficiency assessment, and the plaintiff will be required to pay the deficiency (*Fedman Development Corporation vs. Agcaoili*, 656 SCRA 354 [2011]). If after trial, there is still a finding of deficiency, the same shall be considered as lien on the judgment that may be entered (See: *De Ungria vs. Court of Appeals*, 654 SCRA 314 [2011]). Thus, Section 2 of Rule 141 of the 1997 Rules of Civil Procedure provides:

“SEC. 2. Fees in lien. — Where the court in its final judgment awards a claim not alleged, or a relief different from, or more than that claimed in the pleading, the party concerned shall pay the additional fees which shall constitute a lien on the judgment in satisfaction of said lien. The clerk of court shall assess and collect the corresponding fee”.

Defendant-appellant Nieto argues that the RTC did not acquire jurisdiction over the case for failure of plaintiff-appellee to pay the correct docket fee. It bears to stress that, while the payment of prescribed docket fee

is a jurisdictional requirement, even its non-payment at the time of filing does not automatically cause the dismissal of the case, as long as the fee is paid within the applicable prescriptive or reglementary period, more so when the party involved demonstrates a willingness to abide by the rules prescribing such payment (*Metropolitan Bank and Trust Co vs. Perez*, 611 SCRA 740, 744 [2010]; cited case omitted). Thus:

“The prevailing rule is that if the correct amount of docket fees are not paid at the time of filing, the trial court still acquires jurisdiction upon full payment of the fees within a reasonable time as the court may grant, barring prescription. The "prescriptive period" that bars the payment of the docket fees refers to the period in which a specific action must be filed, so that in every case the docket fees must be paid before the lapse of the prescriptive period, as provided in the applicable laws, particularly Chapter 3, Title V, Book III, of the Civil Code, the principal law on prescription of actions.

In *Rivera v. Del Rosario* (419 SCRA 626, 634-635 [2004]), the Court, resolving the issue of the failure to pay the correct amount of docket fees due to the inadequate assessment by the clerk of court, ruled that jurisdiction over the complaint was still validly acquired upon the full payment of the docket fees assessed by the Clerk of Court. ” Relying on *Sun Insurance Office, Ltd., (SIOL) v. Asuncion* 170 SCRA 274 (1989), the Court opined that the filing of the complaint or appropriate initiatory pleading and the payment of the prescribed docket fees vested a trial court with jurisdiction over the claim, and although the docket fees paid were insufficient in relation to the amount of the claim, the clerk of court or his duly authorized deputy retained the responsibility of making a deficiency assessment, and the party filing the action could be required to pay the deficiency, without jurisdiction being automatically lost” (*Fedman Development Corporation vs. Agcaoli*, 656 SCRA 354, 363 [2011]).

Hence, in this case, even if plaintiff-appellee failed to pay the proper docket fees, this does not automatically mean the dismissal of his case and the RTC continues to take cognizance of the complaint. In such a case, the RTC may allow the plaintiff in an action to pay the same within a reasonable time before the expiration of the applicable prescriptive or reglementary period (*National Steel Corporation vs. Court of Appeals*, 302 SCRA 522, 531 [1999]).

Defendant-appellant Nieto was caught in the mistaken belief that the RTC did not acquire jurisdiction over the complaint. Thus, relying on the case of *Gregare vs. Court of Appeals* (297 SCRA 587 [1998]), where the Supreme Court stated that there is no need to file an Answer until the prescribed docket fee has been paid as jurisdiction over the case has yet to be attached, defendant-appellant opted not to file an Answer to the Complaint and thus, he was declared in default. After declaring in default, that was the time defendant-appellant Nieto filed a motion and raised the issue of jurisdiction and the non-payment of the docket fees. When the RTC denied the motion, defendant-appellant moved to reconsider the same and to admit his Answer. Judging from the good faith of defendant-appellant, this Court finds acceptable the reason he offered and thus, We are constrained to give him another chance to gain his standing in court. Thus, in the interest of substantial justice and considering that both parties were at fault for failure to strictly comply with what is incumbent upon them, the plaintiff – to pay the proper docket fee and the defendant – to timely file his Answer, We deemed it best to grant defendant-appellant's appeal in so far as the payment of the proper docket fee and the lifting of the default order are concerned.

In numerous cases, the Supreme Court has afforded party-litigants the amplest opportunity to enable them to have their cases justly determined, free from the constraints of technicalities (*Go vs. Tan*, 412 SCRA 123, 128 [2003]). Suits should as much as possible be decided on the merits and not on technicalities and thus, in this regard, courts have been often admonished to be liberal in setting aside orders of default as default judgments are frowned upon and looked with disfavor for they may amount to a positive and considerable injustice to the defendant (*Aberca vs. Ver*, 668 SCRA 173 [2012], cited case omitted). By conducting a full-blown trial, both parties will be able to present their evidence, thus affording them the opportunity to enforce and protect their respective rights. In one

case, the Supreme Court had the occasion to set aside an order of default, unmindful of the fact that during the pendency of the instant petition, the trial court has already rendered judgment against petitioners (See: *Samartino vs. Raon*, 383 SCRA 678, 672 [2002]). Then again, it is a far better and more prudent course of action for a court to excuse a technical lapse and afford the parties a review of the case on the merits to attain the ends of justice rather than dispose of the case on technicality and cause a grave injustice to the parties, giving a false impression of speedy disposal of cases while actually resulting in more delay, if not a miscarriage of justice (*Go vs. Tan*, 412 SCRA 123, 129 [2003]).

WHEREFORE, in view of the foregoing, the appealed Decision dated August 30, 2012 issued by the Regional Trial Court of Binangonan, Rizal, Branch 67, in Civil Case No. 11-036, is SET ASIDE. The Clerk of Court or his duly authorized deputy is DIRECTED to assess and collect the appropriate docket/filing fees from plaintiff-appellee in accordance with the prevailing rule. Let the records of this case be REMANDED to the RTC to continue with the proceedings of this case, admit defendant-appellant's answer to the complaint and to dispose of the case with dispatch based on the merits.

SO ORDERED.

Lopez, M.V., and Inting, S.B., JJ., concur.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.