

**SPOUSES ROSALINA S. DE LEON AND ALEJANDRO L. DE LEON,
PETITIONERS, VS. THE COURT OF APPEALS, GLICERIO MA. ELAYDA
II, FEDERICO ELAYDA AND DANILO ELAYDA, RESPONDENTS.**

G.R. No. 104796. March 06, 1998

Ponente: MENDOZA, J.

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MENDOZA, J.:

The question for decision is whether in assessing the docket fees to be paid for the filing of an action for annulment or rescission of a contract of sale, the value of the real property, subject matter of the contract, should be used as basis, or whether the action should be considered as one which is not capable of pecuniary estimation and therefore the fee charged should be a flat rate of P400.00 as provided in Rule 141, §7(b)(1) of the Rules of Court. The trial court held the fees should be based on the value of the property, but the Court of Appeals reversed and held that the flat rate should be charged. Hence this petition for review on certiorari.

The facts are as follows:

On August 8, 1991, private respondents filed in the Regional Trial Court of Quezon City a complaint for annulment or rescission of a contract of sale of two (2) parcels of land against petitioners, praying for the following reliefs:

1. Ordering the nullification or rescission of the Contract of Conditional Sale (Supplementary Agreement) for having violated the rights of plaintiffs (private respondents) guaranteed to them under Article 886 of the Civil Code and/or violation of the terms and conditions of the said contract.
2. Declaring void ab initio the Deed of Absolute Sale for being absolutely simulated; and
3. Ordering defendants (petitioners) to pay plaintiffs (private respondents) attorney's fees in the amount of P100,000.00.

Other reliefs and remedies as are just and equitable in the premises are also prayed for.[1]

Upon the filing of the complaint, the clerk of court required private respondents to pay docket and legal fees in the total amount of P610.00, broken down as follows:

P450.00 - Docket fee for the Judicial Development Fund under Official Receipt No. 1877773

150.00 - Docket fee for the General Fund under Official Receipt No. 6834215

10.00 - for the Legal Research Fund under Official Receipt No. 6834450.[2]

On September 26, 1991, petitioners moved for the dismissal of the complaint on the ground that the trial court did not acquire jurisdiction over the case by reason of private respondents' nonpayment of the correct amount of docket fees. Petitioners contended that in addition to the fees already paid based on the claim for P100,000.00 for attorney's fees, private respondents should have paid docket fees in the amount of P21,640.00, based on the

alleged value of the two (2) parcels of land subject matter of the contract of sale sought to be annulled.[3]

On September 30, 1991, private respondents filed opposition to the motion to dismiss, arguing that outright dismissal of their complaint was not warranted on the basis of the alleged nonpayment of the correct amount of docket fees, considering that the amount paid by them was that assessed by the clerk of court.[4] On October 9, 1991, petitioners filed a reply to which private respondents filed, on October 17, 1991, a rejoinder.

On October 21, 1991, the trial court[5] denied petitioners' motion to dismiss but required private respondents to pay the amount of docket fees based on the estimated value of the parcels of land in litigation as stated in the complaint.

Private respondents filed a motion for reconsideration but their motion was denied by the trial court. They therefore, brought the matter to the Court of Appeals which, on February 26, 1992, rendered a decision[6] annulling the orders of the trial court. The appellate court held that an action for rescission or annulment of contract is not susceptible of pecuniary estimation and, therefore, the docket fees should not be based on the value of the real property, subject matter of the contract sought to be annulled or rescinded. Petitioners moved for reconsideration, but their motion was denied in a resolution dated March 25, 1992 of the appellate court. Hence, this petition for review on certiorari.

Rule 141 of the Rules of Court provides:

SEC. 7. Clerks of Regional Trial Courts. - (a) For filing an action or a permissive counter-claim or money claim against an estate not based on judgment, or for filing with leave of court a third-party, fourth-party, etc. complaint, or a complaint in intervention, and for all clerical services in the same, if the total-sum claimed, exclusive of interest, or the stated value of the property in litigation, is:

1. Not more than P20,000.00 P120.00
2. More than P20,000.00 but less than
P40,000.00 150.00
3. P40,000.00 or more but less than
P60,000.00 200.00
4. P60,000.00 or more but less than
P80,000.00 250.00
5. P80,000.00 or more but less than
P100,000.00 400.00
6. P100,000.00 or more but less than
P150,000.00 600.00
7. For each P1,000.00 in excess of

P150,000.00 5.00

(b) For filing:

1. Actions where the value of the subject matter cannot be estimated P400.00
2. Special civil actions except judicial foreclosure of mortgage which shall be governed by paragraph (a) above 400.00
3. All other actions not involving property..... 400.00

In a real action, the assessed value of the property, or if there is none, the estimated value thereof shall be alleged by the claimant and shall be the basis in computing the fees. (emphasis added)

Petitioners argue that an action for annulment or rescission of a contract of sale of real property is a real action and, therefore, the amount of the docket fees to be paid by private respondent should be based either on the assessed value of the property, subject matter of the action, or its estimated value as alleged in the complaint, pursuant to the last paragraph of §7(b) of Rule 141, as amended by the Resolution of the Court dated September 12, 1990. Since private respondents alleged that the land, in which they claimed an interest as heirs, had been sold for P4,378,000.00 to petitioners, this amount should be considered the estimated value of the land for the purpose of determining the docket fees.

On the other hand, private respondents counter that an action for annulment or rescission of a contract of sale of real property is incapable of pecuniary estimation and, so, the docket fees should be the fixed amount of P400.00 in Rule 141, §7(b)(1). In support of their argument, they cite the cases of *Lapitan v. Scandia, Inc.*[7] and *Bautista v. Lim*. [8] In *Lapitan* this Court, in an opinion by Justice J.B.L. Reyes, held:

A review of the jurisprudence of this Court indicates that in determining whether an action is one the subject matter of which is not capable of pecuniary estimation, this Court has adopted the criterion of first ascertaining the nature of the principal action or remedy sought. If it is primarily for the recovery of a sum of money, the claim is considered capable of pecuniary estimation, and whether jurisdiction is in the municipal courts or in the courts of first instance would depend on the amount of the claim. However, where the basic issue is something other than the right to recover a sum of money, or where the money claim is purely incidental to, or a consequence of, the principal relief sought, like in suits to have the defendant perform his part of the contract (specific performance) and in actions for support, or for annulment of a judgment or to foreclose a mortgage, this Court has considered such actions as cases where the subject of the litigation may not be estimated in terms of money, and are cognizable exclusively by courts of first instance. The rationale of the rule is plainly that the second class cases, besides the determination of damages, demand an inquiry into other factors which the law has deemed to be more within the competence of courts of first instance, which were the lowest courts of record at the time that the first organic laws of the Judiciary were enacted allocating jurisdiction (Act 136 of the Philippine Commission of June 11, 1901).

Actions for specific performance of contracts have been expressly pronounced to be exclusively cognizable by courts of first instance: *De Jesus vs. Judge Garcia*, L-26816, February 28, 1967; *Manufacturer's Distributors, Inc. vs. Yu Siu Liong*, L-21285, April 29, 1966. And no cogent reason appears, and none is here advanced by the parties, why an action for rescission (or resolution) should be differently treated, a "rescission" being a counterpart, so to speak, of "specific performance". In both cases, the court would certainly have to undertake

an investigation into facts that would justify one act or the other. No award for damages may be had in an action for rescission without first conducting an inquiry into matters which would justify the setting aside of a contract, in the same manner that courts of first instance would have to make findings of fact and law in actions not capable of pecuniary estimation expressly held to be so by this Court, arising from issues like those raised in *Arroz v. Alojado, et al.*, L-22153, March 31, 1967 (the legality or illegality of the conveyance sought for and the determination of the validity of the money deposit made); *De Ursua v. Pelayo*, L-13285, April 18, 1950 (validity of a judgment); *Bunayog v. Tunas*, L-12707, December 23, 1959 (validity of a mortgage); *Baito v. Sarmiento*, L-13105, August 25, 1960 (the relations of the parties, the right to support created by the relation, etc., in actions for support); *De Rivera, et al. v. Halili*, L-15159, September 30, 1963 (the validity or nullity of documents upon which claims are predicated). Issues of the same nature may be raised by a party against whom an action for rescission has been brought, or by the plaintiff himself. It is, therefore, difficult to see why a prayer for damages in an action for rescission should be taken as the basis for concluding such action as one capable of pecuniary estimation $\frac{3}{4}$ a prayer which must be included in the main action if plaintiff is to be compensated for what he may have suffered as a result of the breach committed by defendant, and not later on precluded from recovering damages by the rule against splitting a cause of action and discouraging multiplicity of suits.

Conformably with this discussion of actions “where the value of the case cannot be estimated,” the Court in *Bautista v. Lim*, held that an action for rescission of contract is one which cannot be estimated and therefore the docket fee for its filing should be the flat amount of P200.00 as then fixed in the former Rule 141, §5(10). Said this Court:

We hold that Judge Dalisay did not err in considering Civil Case No. V-144 as basically one for rescission or annulment of contract which is not susceptible of pecuniary estimation (1 Moran’s Comments on the Rules of Court, 1970 Ed, p. 55; *Lapitan vs. Scandia, Inc.*, L-24668, July 31, 1968, 24 SCRA 479, 481-483).

Consequently, the fee for docketing it is P200, an amount already paid by plaintiff, now respondent Matilda Lim. (She should pay also the two pesos legal research fund fee, if she has not paid it, as required in Section 4 of Republic Act No. 3870, the charter of the U.P. Law Center).

Thus, although eventually the result may be the recovery of land, it is the nature of the action as one for rescission of contract which is controlling. The Court of Appeals correctly applied these cases to the present one. As it said:

We would like to add the observations that since the action of petitioners [private respondents] against private respondents [petitioners] is solely for annulment or rescission which is not susceptible of pecuniary estimation, the action should not be confused and equated with the “value of the property” subject of the transaction; that by the very nature of the case, the allegations, and specific prayer in the complaint, sans any prayer for recovery of money and/or value of the transaction, or for actual or compensatory damages, the assessment and collection of the legal fees should not be intertwined with the merits of the case and/or what may be its end result; and that to sustain private respondents’ [petitioners’] position on what the respondent court may decide after all, then the assessment should be deferred and finally assessed only after the court had finally decided the case, which cannot be done because the rules require that filing fees should be based on what is alleged and prayed for in the face of the complaint and paid upon the filing of the complaint.

WHEREFORE, the decision of the Court of Appeals is AFFIRMED.

SO ORDERED.

Regalado (Chairman), Melo, Puno and Martinez, JJ., concur.

[1] Petition, Annex C, Rollo, pp. 39-40.

[2] Rollo, p. 27.

[3] Petition, Annex D, Rollo, p. 47.

[4] Petition, Annex E, Rollo, pp. 51-52.

[5] Per Judge Teodoro P. Regino.

[6] Per Justice Artemon D. Luna and concurred in by Justices Serafin E. Camilon and Celso L. Magsino.

[7] 24 SCRA 479 (1968).

[8] 88 SCRA 479 (1979).

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