

MEATMASTERS INTERNATIONAL CORPORATION, PETITIONER, VS. LELIS INTEGRATED DEVELOPMENT CORPORATION, RESPONDENT.

G.R. NO. 163022. February 28, 2005

Ponente: YNARES-SANTIAGO, J.

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YNARES-SANTIAGO, J.:

Before us is a petition for review under Rule 45 of the Rules of Court, seeking to set aside the August 15, 2003 Decision[1] of the Court of Appeals in CA-G.R. CV No. 65464 and its Resolution of March 25, 2004 denying reconsideration thereof.

The undisputed facts are as follows:

On November 11, 1993, petitioner Meatmasters International Corporation engaged the services of respondent Lelis Integrated Development Corporation to undertake the construction of a slaughterhouse and meat cutting and packing plant. The Construction Agreement provided that the construction of petitioner's slaughterhouse should be completed by March 10, 1994. Respondent failed to finish the construction of the said facility within the stipulated period, hence, petitioner filed a complaint for rescission of contract and damages on August 9, 1996 before the Regional Trial Court of Pasig City, Branch 68, which was docketed as Civil Case No. 64651.

On November 23, 1998, the trial court rendered decision, the decretal portion of which reads:

WHEREFORE, in view of the foregoing, the Court hereby renders judgment RESCINDING the Construction Agreement between plaintiff Meatmaster Int'l. Corp. and defendant Lelis Integrated Dev't. Corp. with both parties shouldering their own respective damage.

No pronouncement as to cost.

SO ORDERED.[2]

A copy of the decision was received by the respondent on December 9, 1998. A motion for reconsideration was filed by respondent on December 22, 1998, but the same was denied. A copy of the resolution denying the motion for reconsideration was received on March 25, 1999. Respondent filed its notice of appeal on March 29, 1999.

Initially, the trial court dismissed the appeal for failure of the respondent to pay the requisite docket fees within the reglementary period. Upon motion by the respondent however, the trial court reconsidered and gave due course to the notice of appeal[3] because respondent paid the docket fees in the amount of P420.00 as evidenced by Postal Money Order No. 3085418 dated April 30, 1999.[4]

In a motion to dismiss filed before the appellate court, the petitioner alleged that respondent's appeal suffers from jurisdictional infirmity because of late payment of docket fees.[5]

In its decision dated August 15, 2003, the Court of Appeals set aside the decision of the trial court and directed petitioner to pay respondent the amount of P1,863,081.53.[6] Petitioner's motion for reconsideration was denied in a Resolution dated March 25, 2004.[7]

Hence, the instant petition based on the sole issue of whether or not the Court of Appeals erred in entertaining the appeal of respondent despite the finality of the trial court's decision.

Petitioner insists that the trial court acted without jurisdiction in giving due course to the appeal. It argues that respondent did not perfect its appeal when it failed to pay the full amount of the docket fee within the prescribed period. Consequently, the trial court's decision became final and executory and could no longer be the subject of an appeal.

The petition is impressed with merit.

It is well-established that the payment of docket fees within the prescribed period is mandatory for the perfection of an appeal. This is so because a court acquires jurisdiction over the subject matter of the action only upon the payment of the correct amount of docket fees regardless of the actual date of filing of the case in court.[8] The payment of the full amount of the docket fee is a sine qua non requirement for the perfection of an appeal. The court acquires jurisdiction over the case only upon the payment of the prescribed docket fees.

In the case at bar, the respondent seasonably filed the notice of appeal but it paid the docket fees one (1) month after the lapse of the appeal period. As admitted by the respondent, the last day for filing the notice of appeal was on March 29, 1999, but it paid the docket fees only on April 30, 1999 because of oversight. Obviously, at the time the said docket fees were paid, the decision appealed from has long attained finality and no longer appealable. When the trial court gave due course to respondent's appeal despite payment of the docket fee one (1) month after the lapse of the period to appeal, it in effect extended the period to appeal.

The requirement of an appeal fee is not a mere technicality of law or procedure but an essential requirement without which the decision appealed from would become final and executory as if no appeal was filed at all. Corollarily, the right to appeal is merely a statutory privilege and may be exercised only in the manner prescribed by, and in accordance with, the provision of the law. The failure to perfect an appeal within the prescribed period is not only mandatory but also jurisdictional and failure to do so renders the questioned decision final and executory, and deprives the appellate court of jurisdiction to alter the final judgment much less to entertain the appeal.[9]

Respondent's contention that the petitioner is now estopped from raising the issue of late payment of the docket fee because of his failure to assail promptly the trial court's order approving the notice of appeal and accepting the appeal fee, is untenable. Estoppel by laches arises from the negligence or omission to assert a right within a reasonable time, warranting a presumption that the party entitled to assert it either has abandoned or declined to assert it.[10] In the case at bar, petitioner raised at the first instance the non-payment of the docket fee in its motion for reconsideration before the trial court.[11] Petitioner reiterated its objection in the motion to dismiss before the appellate court[12] and finally, in the instant petition. Plainly, petitioner cannot be faulted for being remiss in asserting its rights considering that it vigorously registered a persistent and consistent objection to the Court of Appeals' assumption of jurisdiction at all stages of the proceedings.

We recognize that certain peculiar circumstances attendant in a case may warrant the relaxation of the strict application of the rules on the payment of docket fees. Thus, in *La Salette College v. Pilotin*, [13] we held that the said rules may be qualified by the following: first, failure to pay those fees within the reglementary period allows only discretionary, not automatic, dismissal; second, such power should be used by the court in conjunction with its exercise of sound discretion in accordance with the tenets of justice and fair play, as well as with a great deal of circumspection in consideration of all attendant circumstances. Our pronouncements on the matter is always influenced by the peculiar legal and equitable surroundings of each case. While the Rules of Procedure must be faithfully followed, same Rules may be relaxed for persuasive and weighty reasons to relieve a litigant of an

injustice commensurate with his failure to comply with the prescribed procedure.[14]

In *Mactan Cebu International Airport Authority v. Mangubat*,^[15] the payment of the docket fees was delayed by six (6) days, but the late payment was accepted not only because the new Rules took effect only two (2) weeks prior but also because the party showed willingness to abide by the Rules by immediately paying those fees as soon as it became aware thereof. In *Yambao v. Court of Appeals*,^[16] we declared therein that “the appellate court may extend the time for the payment of the docket fees if appellant is able to show that there is a justifiable reason for ... the failure to pay the correct amount of docket fees within the prescribed period, like fraud, accident, mistake, excusable negligence, or a similar supervening casualty, without fault on the part of the appellant.” In that case, the clerk of court erroneously assessed the amount of the docket fees which, nonetheless, was paid within the appeal period, although insufficient.

In the instant case, the respondent has not shown weighty and persuasive reasons to compel us to exercise our discretion of suspending the strict adherence to the Rules. Other than its flimsy excuse that the procedural lapse was but a plain oversight, respondent has miserably failed to proffer a convincing justification for its procedural error.

Procedural rules are not to be belittled or dismissed simply because their non-observance may have resulted in prejudice to a party’s substantive rights. Like all rules, they are required to be followed except only for the most persuasive of reasons when they may be relaxed to relieve a litigant of an injustice not proportionate with the degree of his thoughtlessness in not complying with the procedure prescribed.^[17] Unfortunately, respondent failed to justify its late payment of docket fees.

WHEREFORE, in view of the foregoing, the petition is GRANTED. The Decision of the Court of Appeals dated August 15, 2003 in CA-G.R. CV No. 65464 and its Resolution of March 25, 2004, are SET ASIDE. The Decision of the Regional Trial Court of Pasig City, Branch 68 in Civil Case No. 64651, is declared FINAL and EXECUTORY.

No pronouncement as to costs.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Quisumbing, Carpio, and Azcuna, JJ., concur.

[1] Penned by Associate Justice Andres B. Reyes, Jr. and concurred in by Associate Justices Eubulo G. Verzola and Regalado E. Maambong.

[2] Decision penned by Judge Santiago G. Estrella, RTC-Branch 68, Pasig City; RTC Records, Vol. II, p. 808.

[3] RTC Records, Vol. II, p. 866.

[4] Court of Appeals Records, p. 155.

[5] Id. at 81-89.

[6] Id. at 170, 229.

[7] Id. at 247.

[8] *Barangay 24 of Legazpi City v. Elias Imperial*, 393 Phil. 357, 363 (2000).

[9] *Acda v. The Minister of Labor, et al.*, 204 Phil. 646, 651-652 (1982).

[10] Philippine National Construction Corporation v. National Labor Relations Commission, 366 Phil. 678, 686 (1999).

[11] RTC Records, Vol. II, p. 867.

[12] Court of Appeals Records, p. 81.

[13] G.R. No. 149227, 11 December 2003, 418 SCRA 380, 387.

[14] Navarro v. Metropolitan Bank and Trust Co., G.R. No. 138031, 27 May 2004.

[15] 371 Phil. 393, 398 (1999).

[16] G.R. No. 140894, 27 November 2000, 346 SCRA 141, 147.

[17] Lazaro v. Court of Appeals, 386 Phil. 412, 417 (2000).

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