INTERCONTINENTAL BROADCASTING CORPORATION (IBC-13), REP. BY ITS PRESIDENT RENATO BELLO, PETITIONER, VS. HON. ROSE MARIE ALONZO LEGASTO AND ANTONIO SALVADOR, RESPONDENTS.

G.R. NO. 169108. April 18, 2006

Ponente: YNARES-SANTIAGO, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-169108/

YNARES-SANTIAGO, J.:

This petition for review on certiorari assails the March 16, 2005 Decision[1] of the Court of Appeals in CA-G.R. SP No. 85085 which denied the petition filed by petitioner Intercontinental Broadcasting Corporation (IBC-13) for lack of merit, and its July 22, 2005 Resolution[2] denying the motion for reconsideration.

The pertinent facts as found by the Court of Appeals are as follows:

> For the purpose of putting an end to the suit for a sum of money docketed as Civil Case No. Q-96-26330 before Branch 88 of the Regional Trial Court of Quezon City, petitioner, as First Party, and private respondent Antonio Salvador, as Second Party, entered into a Compromise Agreement dated 22 May 1998 which contained the following stipulations, to wit:
> "1. The FIRST PARTY shall pay the amount of TWO MILLION (P2,000,000.00) PESOS as shown by the statement hereto attached as Annex "A" which was verified and and (sic) reconciled with the books of the FIRST PARTY.
>
> 2. Simultaneously with the signing hereof, the FIRST PARTY shall pay 25% of the aforesaid amount and the balance to be paid in staggered payments, payable in three (3) installments
>
> 3. The FIRST PARTY agrees to offset the airtime 320-30's daytime spots against the FOUR MILLION (P4,000,000.00) PESOS marketing fee due to the FIRST PARTY under the separate Marketing Agreement between IBC and Colours Network, Inc., represented by ANTONIO SALVADOR at P12,500/spot. These airtime spots shall be utilized by the SECOND PARTY on ROS basis.
>
> 4. The balance of 6,080-30's primetime spots airtime shall mean usage in commercial placement for TV commercials. In the event of privatization, the said spots will be valued at the company's prevailing market price and be made payable upon demand.
>
> 5. Both parties shall submit a motion to dismiss the case pending before Branch 88 of the Regional Trial Court of Quezon City.

With the submission of the foregoing Compromise Agreement alongside the parties' 8 June 1998 joint manifestation and motion to dismiss, Civil Case No. Q-96-26330 was dismissed on July 4, 1998.

On 18 December 2000, however, petitioner commenced an action to declare the aforesaid Compromise Agreement null and void ab initio. By then already privatized and under a new management, petitioner alleged, among other matters, that aside from its non-existent cause or object, said agreement was entered into by its

erstwhile management without the requisite approval of the Presidential Commission on Good Government (PCGG); and, that private respondent should refund the P2,000,000.00 he received in virtue thereof and pay his overavailment of its 506.75 ROS spots amounting to P1,140,187.50. Incorporating claims for exemplary damages, attorney's fees and litigation expenses, petitioner's complaint was docketed as Civil Case No.Q-00-42707 before public respondent's sala.

Contending that petitioner unjustifiably refused to comply with its obligation under paragraph 4 of the selfsame Compromise Agreement, on the other hand, private respondent filed the 5 January 2001 complaint for Specific Performance and Damages against petitioner, its President, Boots Anson Roa, and Legal Counsel and Corporate Secretary, Atty. Azucena Garcia. Docketed as Civil Case No. Q-01-43036 before Branch 220 of the Regional Trial Court of Quezon City, private respondent's complaint sought the grant of the following reliefs:

> "WHEREFORE, it is prayed that judgment be rendered directing defendant IBC to comply with paragraph 4 of the compromise agreement in accordance with the tenor thereof and to order all the defendants to jointly and severally pay the plaintiff the following:
>
> - P200,000.00 as actual damages;
>
> - P500,000.00 as moral damages; and
>
> - P300,000.00 for and as attorney's fees.
>
> Plaintiff further prays for such other equitable reliefs as may be warranted in the premises."

With the two cases subsequently consolidated before public respondent, private respondent filed a motion for issuance of a writ of attachment on September 23, 2003. Maintaining that, computed on the average price of P90,000.00 per 30-second spot, his claim already totaled P540,000.000.00 private respondent alleged, among other matters, that petitioner was guilty of gross insincerity and bad faith in instituting Civil Case No. Q-00-42707; and, that with the sale of its DMZ-FM Station to Blockbuster Broadcasting System, petitioner manifested its determination to defeat his claim by leaving no sufficient security therefore (sic). On the theory that petitioner's answer to his complaint tendered no genuine issue as to any material fact, private respondent later filed a motion for summary judgment dated 28 February 2004.

On February 5, 2004, petitioner filed a motion styled as one for dismissal and/or suspension of all proceedings in the aforesaid consolidated cases. Calling public respondent's attention to the fact that private respondent only paid P8,517.50 in docket fees, petitioner maintained that, rather than for specific performance and damages as indicated in his complaint, private respondent's cause of action was actually one for a sum of money, the totality of the latter's claim, as disclosed in his motion for issuance of a writ of attachment, translated into unpaid docket fees amounting to P5,452,237.50; and, that private respondent's suit should be dismissed for lack of jurisdiction or, at the very least, suspended until payment of the correct docket fees. The motion was duly opposed by private respondent on 16 February 2004.[3] (Emphasis added)

On March 26, 2004, the Regional Trial Court of Quezon City, Branch 99, issued an Order[4] denying petitioner's motion to dismiss and/or suspension of all proceedings pending payment by respondent of the appropriate docket fees. The trial court held that petitioner is estopped from raising the issue of deficient docket fee in view of its active participation in the proceedings; that the deficiency in the filing fees did not divest it of its jurisdiction hence the proceedings need not be dismissed or suspended. The unpaid docket fees, however, would be treated as a judgment lien if favorable to respondent.

After the denial of its motion for reconsideration,[5] petitioner filed on July 14, 2004 a petition for certiorari before the Court of Appeals. On September 29, 2004, it filed a manifestation apprising the appellate tribunal that

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

on August 20, 2004, the trial court rendered judgment on respondent's motion for summary judgment, the decretal portion of which provides:

> WHEREFORE, premises considered, this Court resolves to:
>
> - DENY the motion for the issuance of writ of attachment for having become moot and academic;
>
> - RENDERS SUMMARY JUDGMENT AND ORDERS IBC-13 to pay ANTONIO SALVADOR the sum of:
>
> - Php540,000,000.00 representing the rounded monetized value of the 5,980 (out of 6,080) airtimes spots with 12% interest per annum thereon from the time of the filing of the complaint in January 2001 until fully paid;
>
> - Php100,000.00 as and by way of attorney's fees.
>
> **SO ORDERED.[6]**

In its Decision dated March 16, 2005, the Court of Appeals found no abuse of discretion in the denial of petitioner's motion to dismiss and/or suspend the proceedings.[7] It held that non-payment of the appropriate docket fees did not divest the trial court of its jurisdiction to try the case and that the Clerk of Court or his duly authorized deputy has the responsibility to make the deficiency assessment.[8]

Petitioner's motion for reconsideration was denied[9] hence this petition.

Petitioner contends that respondent failed to pay the correct docket fees thus the trial court never acquired the requisite jurisdiction over the case; that granting the lower court never lost its jurisdiction notwithstanding the deficiency assessment, it should have, in the interest of prudence and fair play, at least ordered the suspension of proceedings pending payment of the appropriate docket fees.[10]

The petition lacks merit.

Contrary to petitioner's assertion, jurisdiction was properly acquired in this case. In the case of Manchester Development Corporation v. Court of Appeals,[11] we declared that:

> The Court cannot close this case without making the observation that it frowns at the practice of counsel who filed the original complaint in this case of omitting any specification of the amount of damages in the prayer although the amount of over P78 million is alleged in the body of the complaint. This is clearly intended for no other purpose than to evade the payment of the correct filing fees if not to mislead the docket clerk in the assessment of the filing fee. This fraudulent practice was compounded when, even as this Court had taken cognizance of the anomaly and ordered an investigation, petitioner through another counsel filed an amended complaint, deleting all mention of the amount of damages being asked for in the body of the complaint. It was only when in obedience to the order of this Court of October 18, 1985, the trial court directed that the amount of damages be specified in the amended complaint, that petitioners' counsel wrote the damages sought in the much reduced amount of P10,000,000.00 in the body of the complaint but not in the prayer thereof. The design to avoid payment of the required docket fee is obvious.
>
> The Court serves warning that it will take drastic action upon a repetition of this unethical practice.
>
> To put a stop to this irregularity, henceforth all complaints, petitions, answers and other similar pleadings 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 the filing fees in any case. Any pleading that fails to comply with this requirement shall not be accepted nor admitted, or shall otherwise be expunged from the record.
>
> The Court acquires jurisdiction over any case only upon the payment of the prescribed docket fee. An

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

> amendment of the complaint or similar pleading will not thereby vest jurisdiction in the Court, much less the payment of the docket fee based on the amounts sought in the amended pleading. The ruling in the Magaspi case, in so far as it is inconsistent with this pronouncement is overturned and reversed.[12]

The aforequoted pronouncement, however, has no application in the instant case. These stringent requirements have been relaxed in the subsequent case of Sun Insurance Office, Ltd. (SIOL) v. Asuncion[13] which laid down the following rules:

> - It is not simply the filing of the complaint or appropriate initiatory pleading, but the payment of the prescribed docket fee, that vests a trial court with jurisdiction over the subject matter or the nature of the action. Where the filing of the initiatory pleading is not accompanied by payment of docket fee, the court may allow payment of the fee within a reasonable time but in no case beyond the applicable prescriptive or reglementary period.
>
> - The same rule applies to permissive counterclaims, third-party claims and similar pleadings, which shall not be considered filed until and unless the filing fee prescribed therefor is paid. The court may also allow payment of said fee within a reasonable time but also in no case beyond its applicable prescriptive or reglementary period.
>
> - Where the trial court acquires jurisdiction over a claim by the filing of the appropriate pleading and payment of the prescribed filing fee but, subsequently, the judgment awards a claim not specified in the pleading, or if specified the same has been left for determination by the court, the additional filing fee therefor shall constitute a lien on the judgment. It shall be the responsibility of the Clerk of Court or his duly authorized deputy to enforce said lien and assess and collect the additional fee. (Emphasis added)

Subsequently in Tacay v. Regional Trial Court of Tagum, Davao Del Norte,[14] the phrase "awards of claims not specified in the pleading" was clarified to refer only to damages arising after the filing of the complaint or similar pleading.[15] Be that as it may, we find that the court a quo properly acquired jurisdiction over the case.

In Proton Pilipinas Corporation v. Banque Nationale de Paris,[16] a case in which the docket fees paid by the plaintiff were also insufficient, we held that:

> With respect to petitioner's argument that the trial court did not acquire jurisdiction over the case in light of the insufficient docket fees, the same does not lie.
>
> True, in Manchester Development Corporation v. Court of Appeals, this Court held that the court acquires jurisdiction over any case only upon the payment of the prescribed docket fees, hence, it concluded that the trial court did not acquire jurisdiction over the case.
>
> It bears emphasis, however, that the ruling in Manchester was clarified in Sun Insurance Office, Ltd. (SIOL) v. Asuncion when this Court held that in the former there was clearly an effort to defraud the government in avoiding to pay the correct docket fees, whereas in the latter the plaintiff demonstrated his willingness to abide by paying the additional fees as required.
>
> x x x x
>
> The ruling in Sun Insurance Office was echoed in the 2005 case of Heirs of Bertuldo Hinog v. Hon. Achilles Melicor[17]
> Plainly, while the payment of the prescribed docket fees 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 fees is paid within the applicable prescriptive or reglemantary period, more so when the party involved demonstrates a willingness to abide by the rules prescribing such payment. Thus, when insufficient filing fees were initially paid by the plaintiffs and there was no intention to defraud the government, the Manchester rule does not apply.

A perusal of respondent's January 5, 2001 complaint shows that he prayed for the following reliefs:

> WHEREFORE, it is prayed that judgment be rendered directing defendant IBC to comply with paragraph 4 of the compromise agreement in accordance with the tenor thereof and to order all the defendants to jointly and severally pay the plaintiff the following:
>
> - P200,000.00 as actual damages;
>
> - P500,000.00 as moral damages; and
>
> - P300,000.00 for and as attorney's fees.
>
> Plaintiff further prays for such other equitable reliefs as may be warranted in the premises.[18]

On the other hand, paragraph 4 of the Compromise Agreement which is the subject of the aforequoted prayer stipulates:

> 4. The balance of 6,080-30's primetime spots airtime shall mean usage in commercial placement for TV commercials. In the event of privatization, the said spots will be valued at the company's prevailing market price and be made payable upon demand.[19]

When the two aforementioned portions are taken together, it becomes apparent that at the time of the filing of the January 5, 2001 complaint by the respondent, paragraph 4 of the Compromise Agreement cannot yet be quantified in monetary terms. The value of the 6,080 - 30's primetime spots was dependent upon the privatization of the petitioner and its prevailing market price for the primetime spots. The only basis then for the computation of the docket fees are the damages that the respondent prays to be awarded to him. It was only when the trial court rendered its summary judgment of August 20, 2004 that respondent's prayer for specific performance was valued at P540,000,000.00.[20]

We also note that prior to the filing of the complaint for specific performance, respondent requested for a meeting with the members of petitioner's Board of Directors to discuss the monetary equivalent of paragraph 4 of the Compromise Agreement. Thus, in the letter dated October 26, 2000[21] addressed to petitioner's President, respondent stated thus:

> With the upcoming privatization of IBC-13 before the year ends as published in several newspapers, may I reiterate our request to have a meeting with the present Board of Directors of IBC-13, the Committee on Privatization and/or Management Committee, so we can finally discuss and settle the price of the current market of the primetime spot of IBC-13 as embodied on (sic) paragraph 4 of our Compromise Agreement dated May 22, 1998.
>
> For your further reference, our company took the initiative of getting the official note card of all the TV stations and we hereby forward a copy of these such as;
>
> Primetime Rate Card per 30's
>
> - ABS-CBN Channel 2 ---------- P 131,250.00
>
> - PTV Channel 4 ----------35,000.00
>
> - ABC Channel 5 ----------75,000.00
>
> - GMA Channel 7 ----------117,000.00
>
> - RPN Channel 9 ----------92,000.00
>
> - IBC Channel 13 ----------?

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

On November 29, 2000, respondent again wrote the petitioner in this wise:

> This is to inform you that our Compromise Agreement dated May 22, 1998 is final.
>
> Since your auditor claims that he doesn't have basis in the computation of the spots presented by the SGV, we agreed to submit a Comparative Statement of the 6,080 spots. The primary objective is to find the truth and veracity as supported by pertinent documents/papers that became the basis of our Compromise Agreement and further your basis in paying the additional 1.5 Million Pesos Cash in pursuant to paragraph I of the Compromise Agreement. We are ready next week to meet your internal auditor.
>
> After this meeting, may we discuss the cost per spot in pursuant to article 4 of our Compromise Agreement before Privatization as published in the Daily Inquirer (see attached).[22]

The foregoing indicate that respondent did not have a clear basis in computing the exact quantitative value of paragraph 4 of the Compromise Agreement.

On the other hand, the P8,517.00 docket fees were computed on the basis of what was legally quantifiable at the time of the filing of the complaint. Upon proof of payment of the assessed fees by the respondent, the trial court properly acquired jurisdiction over the complaint. Jurisdiction once acquired is never lost, it continues until the case is terminated.[23]

In the case at bar, the respondent relied on the assessment made by the docket clerk which turned out to be incorrect. The payment of the docket fees, as assessed, negates any imputation of bad faith or an intent to defraud the government by the respondent. Thus, when insufficient filing fees were initially paid by the respondent and there was no intention to defraud the government, the Manchester rule does not apply.[24] Hence, the trial court properly acquired jurisdiction over the instant suit.

Further, Section 2 of Rule 141 of the Rules of Court clearly provides that:

> 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 fees.

While we understand petitioner's apprehension that the failure to collect the appropriate docket fees carries detrimental repercussions to the efficient administration of justice, we cannot sustain its stand that in this case the judiciary will be defrauded of considerable docket fees. Based on the computations made by the petitioner, the appropriate docket fees is no less than P5,452,237.50. Such amount, if later found to be proper, constitutes a judgment lien on the P540 million awarded to the respondent by the trial court by way of summary judgment.

Thus, the Clerk of Court of the Regional Trial Court of Quezon City, Branch 99, or his duly authorized representative is hereby ordered to assess the amount of deficient docket fees due from the respondent, which will constitute a judgment lien on the amount awarded to him by summary judgment and to enforce the said judgment lien and to collect the additional fee.

WHEREFORE, in view of the foregoing, the petition is DENIED. The assailed Decision dated March 16, 2005 and Resolution dated July 22, 2005 of the Court of Appeals in CA-G.R. SP No. 85085 are AFFIRMED.

The Clerk of Court of the Regional Trial Court of Quezon City, Branch 99, or his duly authorized deputy is hereby ordered to enforce the judgment lien and to assess and collect the additional fees from the respondent.

SO ORDERED.

Panganiban, C.J., (Chairperson), Austria-Martinez, Callejo, Sr., and Chico-Nazario, JJ., concur.

---

[1] Rollo, pp. 43-54. Penned by Associate Justice Rebecca De Guia-Salvador and concurred in by Associate Justices Conrado M. Vasquez, Jr. and Aurora Santiago-Lagman.

[2] Id. at 55-56.

[3] Id. at 44-47.

[4] Id. at 138-140. Penned by Judge Rose Marie Alonzo-Legasto.

[5] Id. at 148.

[6] Id. at 281.

[7] Id. at 51-52.

[8] Id. at 53.

[9] Id. at 55-56.

[10] Id. at 30.

[11] G.R. No. L-75919, May 7, 1987, 149 SCRA 562.

[12] Id. at 568-569.

[13] G.R. Nos. 79937-38, February 13, 1989, 170 SCRA 274, 285.

[14] G.R. Nos. 88075-77, December 20, 1989, 180 SCRA 433.

[15] Id. at 442.

[16] G.R. No. 151242, June 15, 2005, 460 SCRA 260, 274-276.

[17] G.R. No. 140954, April 12, 2005, 455 SCRA 460, 475.

[18] Rollo, p. 72.

[19] Id. at 75.

[20] Id. at 281.

[21] Id. at 85.

[22] Id. at 91.

[23] Gimenez v. Nazareno, G.R. No. L-37933, April 15, 1988, 160 SCRA 1, 5.

[24] Heirs of Bertuldo Hinog v. Melicor, G.R. No. 140954, April 12, 2005, 455 SCRA 460, 475.

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

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.