

Republic of the Philippines Supreme Court Manila

THIRD DIVISION

BENSON CHUA,

G.R. No. 244140

Petitioner,

Present:

LEONEN, J.,

Chairperson,

HERNANDO,

ZALAMEDA,*

DELOS SANTOS, and

LOPEZ, J., JJ.

SPOUSES PHILIP L. GO and

- versus -

DIANA G. GO,

Promulgated:

Respondents.

February 3, 2021

MishBCBatt

DECISION

DELOS SANTOS, J.:

The Case

Before this Court is a Petition for Review on Certiorari¹ under Rule 45 of the Rules of Court seeking the reversal and setting aside of the Decision² dated April 3, 2018 and the Resolution³ dated December 6, 2018 of the Court of Appeals (CA) in CA-G.R. CV No. 04930. The assailed Decision affirmed the Order⁴ dated February 21, 2013 of the Regional Trial Court (RTC) of Lapu-Lapu City, Branch 27, which dismissed Civil Case No. 6837-L, a case for Declaration of Trust and Reconveyance filed by Benson Chua (petitioner), on the ground of failure to pay the required docket fees.



^{*} Designated as additional member in lieu of Associate Justice Henri Jean Paul B. Inting per Raffle dated December 9, 2020.

¹ Rollo, pp. 17-39.

Id. at 42-49; penned by Associate Justice Geraldine C. Fiel-Macaraig, with Associate Justices Pamela Ann Abella Maxino and Louis P. Acosta, concurring.

³ Id. at 67-73; penned by Associate Justice Pamela Ann Abella Maxino, with Associate Justices Gabriel T. Ingles and Louis P. Acosta, concurring.

Id. at 141; penned by Presiding Judge Toribio S. Quiwag.

Antecedents

Petitioner alleged that sometime in 1991, he decided to buy two (2) parcels of land, but because his marriage was shaky, he requested respondent Philip L. Go (Philip), his cousin, that the title to the said properties will be placed under the latter's name in trust for him. According to petitioner, when he eventually demanded the transfer of the title to the two (2) properties to him, Philip and his wife, Diana G. Go (collectively, respondents), refused. Thus, on July 12, 2007, petitioner filed the Complaint⁵ for Declaration of Trust and Reconveyance against respondents, docketed as Civil Case No. 6837-L.

In their Verified Answer,⁶ respondents interposed their affirmative defenses and counterclaims, and prayed for a preliminary hearing as if a motion to dismiss was filed under Section 6 (1), Rule 17 of the Revised Rules of Court. After respondents presented their evidence in support of their defenses, the RTC dismissed petitioner's complaint for utter lack of merit and confirmed the titles to the properties in the name of respondents.⁷

Feeling aggrieved, petitioner filed an appeal before the CA, docketed as CA-G.R. CEB-CV No. 02997. In a Decision⁸ promulgated on July 30, 2010, the CA reversed and set aside the aforementioned dismissal and remanded the case to the RTC for further proceedings.

When the case was remanded to the RTC, respondents filed several motions pertaining to petitioner's payment of docket fees.

First, an Ex-Parte Motion⁹ filed on July 18, 2012, asking for an order that will direct the Office of the Clerk (OCC) of the RTC of Lapu Lapu City to furnish the trial court with certified true copies of the official receipts for the total docket fees paid by petitioner. Meanwhile, on August 9, 2012, the OCC issued a certificate stating that petitioner paid the amount of \$\mathbb{P}\$111,157.60 as docket fees.\(^{10}\)

Second, a Manifestation and Motion¹¹ filed on August 23, 2012, asking the court to direct the OCC to issue a certified copy of a reassessment/re-computation of the correct docket fees. Consequently, the

⁵ Id. at 83-86.

⁶ Id. at 100-107.

⁷ Id. at 43

Id. at 108-120; penned by Associate Justice Edwin D. Sorongon, with Executive Justice Portia Aliño-Hormachuelos and Associate Justice Socorro B. Inting, concurring.

id. at 121-123.

^{10.} at 130.

¹¹ Id. at 124-128.

trial court issued an Order¹² granting the motion.

Subsequently, during the hearing held on October 25, 2012, the trial court observed that the OCC have submitted two (2) certifications stating different amounts paid by petitioner, to wit: (1) a certificate dated August 9, 2012 indicating ₱111,157.60; and (2) a second certificate dated September 20, 2012 stating the amount of ₱202,993.00. Thus, the trial court issued an Order¹³ directing the OCC to explain the difference in the amounts.

In compliance to the trial court's order, Atty. Rey Ciriaco Ponce (Atty. Ponce), Clerk of Court, OCC Lapu-Lapu City, wrote a Letter¹⁴ dated November 12, 2012 explaining that the second certification stating the amount of ₱202,993.00 is a re-assessment/re-computation of the amount that should have been paid by petitioner. It was further clarified that the amount paid was really ₱111,157.60. As to the difference on the assessed amounts (₱202,993.00 and ₱111,157.60), it was explained that it was due to the fact that the original complaint did not specify the exact location of the property nor did it mention the exact zonal valuation. When the cash clerk made the initial assessment, the computation for the docket fee was based on ₱345.00 per square meter Bureau of Internal Revenue zonal valuation, which should have been ₱650.00 per square meter, thus, the difference in the amount of ₱91,835.40.¹⁵

Lastly, respondents filed an Urgent Ex-Parte Motion¹⁶ on November 26, 2012, praying that: (1) the re-assessment by Atty. Ponce be rejected; and (2) petitioner be ordered to pay, before the next hearing on December 7, 2012, the total amount of \$346,470.40 in accordance to the first assessment by the cash clerk on August 2, 2012, which was based on the lowest zonal value of \$1,125.00 per square meter.

On December 7, 2012, the trial court in the presence of petitioner's counsel, Atty. Manuel Zosa III (Atty. Zosa), gave an order in open court, which directed petitioner to pay the deficiency in the docket fees in the amount of ₱91,735.40 within 10 days from receipt of the order. The trial court ruled that said valuation has no basis and that Atty. Ponce's assessment must prevail.¹⁷

Thereafter, the trial court furnished petitioner with copies of the Order¹⁸ at his two (2) addresses appearing on the records. However, the

¹² Id. at 129.

¹³ Id. at 130.

¹⁴ Id. at 131.

 $^{^{15}}$ \Rightarrow 91,735.40 in some parts of the *rollo*.

¹⁶ *Rollo*, pp. 132-139.

¹⁷ Id. at 140.

⁸ Id.

copies for petitioner were returned unserved with the postal carrier's notation "RTS (Return to Sender)-moved." 19

Petitioner failed to pay the deficiency as ordered by the court.

Ruling of the RTC

On February 21, 2013, the trial court issued an Order²⁰ dismissing the case for failure of petitioner to pay the required docket fees. The dispositive portion reads:

Wherefore, for failure of the plaintiff to pay the required legal fees, this case is hereby ordered DISMISSED.

SO ORDERED.²¹

On March 20, 2013, petitioner filed a Motion for Reconsideration²² (MR) arguing that the period of 10 days to pay the deficiency in the docket fees never started to run because Atty. Zosa never received a copy of the Order issued on December 7, 2012. According to petitioner, even if the trial court attempted to furnish him of the copy of the said order at his two (2) addresses, the same was not valid because he is represented by counsel. Moreover, petitioner claimed that the amount of ₱91,735.40 was not the correct amount because Atty. Ponce based the computation on the zonal value of ₱650.00 per square meter. Petitioner explained that there are two (2) lots involved which are in different locations, thus, he claimed that there is a need to make a re-computation of the docket fees based on the correct zonal value of the subject lots. ²³

In an Order²⁴ dated July 1, 2013, the trial court denied petitioner's MR. The trial court maintained that the service of an Order dated December 7, 2012 is valid and binding. The trial court explained that since the said order clearly directed petitioner himself to pay the docket fees, service upon him was really intended to ensure his receipt of the same and not to his counsel, Atty. Zosa, who appeared during the hearing and did not even manifest any intention to file a motion for reconsideration on the computation of the docket fees. As regards petitioner's dissent on the basis of the computation, the trial court sustained the OCC's computation since it is the office designated to determine the same. It was noted that instead of signifying his intention to pay the deficiency in the docket fees, petitioner

¹⁹ Id. at 141.

²⁰ Id.

²¹ Id.

²² Id. at 142-146.

²³ Id. at 142-145.

²⁴ Id. at 153-154.

opted to ask for re-computation, which the trial court deemed to be unviable at that stage of the proceeding.²

Petitioner went to the CA to appeal the RTC's dismissal of the case.

The Ruling of the CA

In a Decision²⁶ promulgated on April 3, 2018, the CA denied the appeal for lack of merit. Applying the ruling enunciated in Manchester Development Corporation v. Court of Appeals, 27 the CA ruled that the RTC's jurisdiction over the case had yet to properly attach. According to the CA, despite the directive of the RTC to pay the correct docket fees, petitioner did not only fail to pay but also clearly evaded payment by challenging Atty. Ponce's assessment or computation. The CA noted that in both petitioner's MR before the RTC and appeal to the CA, he did not signify his intention to pay the assessed deficiency in the docket fees.²⁸

Moreover, the CA rejected petitioner's claim that the period of 10 days within which to pay the deficiency in the docket fees did not run because his counsel did not receive a copy of the RTC's order. It was pointed out that: (1) even if petitioner was represented by counsel, the service of the said order personally to him remains valid considering that the RTC specifically directed that the same should be furnished to him; (2) the copy of the order was properly sent to his addresses appearing on the records; and (3) it was petitioner who, without justifiable reason, failed to notify the trial court of his change of address.²⁹

It was further emphasized that Atty. Zosa, who was duly notified in open court of the order of the RTC, has the duty to inform petitioner regarding the directive to pay the deficiency in the docket fees. The CA held that Atty. Zosa's negligence in not informing petitioner binds the latter. Thus, petitioner cannot now be permitted to hide behind the flimsy excuse that no written notice was received by his counsel as the latter cannot feign ignorance of the existence of the order.³⁰

On May 8, 2018, petitioner filed a Motion for Reconsideration,³¹ which was denied for lack of merit by the CA in its Resolution³² dated December 6, 2018.

²⁵ Id.

²⁶ Id. at 42-49.

²³³ Phil. 579 (1987).

Rollo, p. 46.

²⁹ Id. at 47-48.

³⁰ Id. at 48-49.

³¹ Id. at 50-60.

³² Id. at 67-73.

Issues

The issues submitted for the Court's resolution are:

- (1) Whether or not the CA erred in affirming the RTC even if petitioner paid the deficiency in the docket fees while the case was pending before the CA; and
- (2) Whether or not the CA erred in affirming the order of the RTC even if neither petitioner nor his counsel received a copy of the order directing petitioner to pay the deficiency in the docket fees.³³

Prefatorily, petitioner claimed that he consistently manifested his willingness to pay the correct deficiency in the docket fees. He also pointed out that he already paid for the deficiency in the docket fees during the pendency of his appeal before the CA.³⁴

Petitioner alleged that the CA should have applied the ruling of this Court in the case of *Heirs of Reinoso*, *Sr. v. Court of Appeals*, ³⁵ wherein it was held that the court may allow payment of the deficiency in the docket fees within a reasonable period of time instead of dismissing the case. According to petitioner, he never defrauded the Court in the payment of the docket fees as he merely relied on the assessment done by the clerk of court when he filed the case. ³⁶

In their Comment/Opposition,³⁷ respondents countered that petitioner's reliance in *Heirs of Reinoso*, *Sr.* was misplaced since the factual *milieu* of said case is different from the instant case, such that, the issue of incomplete payment of the docket fees was never raised in the trial court. Respondents claimed that petitioner's payment of the full amount of the docket fees was already too late, as it was done when the case was already on appeal and after the CA had already rendered an unfavorable judgment against him.³⁸

Respondents highlighted that petitioner did not demonstrate his willingness to abide by the rules by paying the required additional docket fees. They believed that petitioner must not be allowed to hide behind the excuse that no written and signed copy of the Order dated December 7, 2012

³³ Id. at 27.

³⁴ Id. at 28.

³⁵ 669 Phil. 272 (2011).

³⁶ Rollo, pp. 28-30.

³⁷ Id. at 159-182.

³⁸ Id. at 167-169.

was sent to his counsel.39

In his Reply,⁴⁰ petitioner emphasized that the deficiency in the amount of ₱91,735.40 was already paid and that he had no intention to defraud the government. He reiterated that he was not able to timely pay the said deficiency because they did not receive the Order of the RTC dated December 7, 2012 and he was still praying for a re-computation of the docket fees by the OCC.⁴¹

Our Ruling

The RTC was able to acquire jurisdiction.

In *Manchester*, the Court explicitly pronounced that "[t]he court acquires jurisdiction over any case only upon the payment of the prescribed docket fee." Hence, the payment of docket fees is not only mandatory, but also jurisdictional.

The above-ruling was later modified in *Sun Insurance Office*, *Ltd. v. Asuncion*, 43 wherein the Court ruled that where the filing of the initiatory pleading is not accompanied by payment of the 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. 44

Moreover, the Court ruled in Rivera v. Del Rosario: 45

If the amount of docket fees paid is insufficient considering the amount of the claim, the clerk of court of the lower court involved or his duly authorized deputy has the responsibility of making a deficiency assessment. The party filing the case will be required to pay the deficiency, but jurisdiction is not automatically lost. 46

In Ramones v. Spouses Guimoc, 47 the Court explained:

[P]revailing case law demonstrates that non-payment of the prescribed filing fees at the time of the filing of the complaint or other initiatory pleading fails to vest jurisdiction over the case in the trial court. Yet,

³⁹ Id. at 174-176.

⁴⁰ Id. at 190-196.

⁴¹ Id. at 193-195.

⁴² Supra note 27, at 585.

⁴³ 252 Phil. 280 (1989).

⁴⁴ Id. at 291.

^{45 464} Phil. 783 (2004).

⁴⁶ Id. at 797.

⁴⁷ G.R. No. 226645, August 13, 2018.

where the plaintiff has paid the amount of filing fees assessed by the clerk of court, and the amount paid turns out to be deficient, the trial court still acquires jurisdiction over the case, subject to the payment by the plaintiff of the deficiency assessment. The reason is that to penalize the party for the omission of the clerk of court is not fair if the party has acted in good faith. (Emphasis and underscoring in the original)

Applying the foregoing principles in the instant case, the Court does not agree with the CA that the RTC never acquired jurisdiction in the case. It is undisputed that petitioner had paid the amount of \$\mathbb{P}\$111,157.60 as docket fees, which was based on the initial assessment of the OCC. Corollarily, while the payment turned out to be deficient, the jurisdiction of the RTC have already attached when the amount of \$\mathbb{P}\$111,157.60 was paid by petitioner.

The RTC's dismissal was proper.

While the Court rules that the RTC acquired jurisdiction over petitioner's complaint notwithstanding the deficiency in the docket fees, We find that the consequent dismissal of the case was proper.

In *Emnace v. Court of Appeals*,⁴⁹ the Court reiterated that the liberal application of the rule allows the plaintiff to pay the proper docket fees within a reasonable time before the expiration of the applicable prescriptive or reglementary period.⁵⁰ Accordingly, the trial court should determine the proper docket fee based on the estimated amount being sought to be collected and direct for it to be paid within reasonable time, provided the applicable prescriptive period or reglementary period has not yet expired. Failure to comply therewith, and upon motion by petitioner, the immediate dismissal of the complaint shall issue on jurisdictional grounds.⁵¹

In this case, respondents were able to timely raise their issues as regards petitioner's payment of the docket fees. The Court notes that respondents also prayed for the dismissal of the case in case petitioner fails to pay the correct docket fees.

However, in conformity with Sun Insurance,⁵² the RTC did not dismiss the case outright, but instead, asked the OCC for clarification, and for re-computation and re-assessment of the docket fees. Corollarily, the trial court granted petitioner the time to pay his deficiency after the OCC

⁴⁸ Id.

⁴⁹ 422 Phil. 10 (2001).

⁵⁰ Id. at 23.

⁵¹ Id. at 24.

⁵² Supra note 43.

determined the correct docket fees. Despite the apparent liberality of the trial court, petitioner still failed to pay.

Accordingly, the RTC cannot be said to have whimsically or capriciously dismissed the case.

In praying for the Court's liberality to reverse the ruling of the CA that affirmed the dismissal of the RTC, petitioner invokes that: (1) the deficiency in the docket fees has already been paid; (2) he consistently manifested willingness to pay the deficiency; (3) the CA should have applied the ruling in *Heirs of Reinoso*, *Sr.*; and (4) his counsel did not receive the order of the trial court directing him to pay the said deficiency.

After a careful review of the records, petitioner's invocation for the Court's liberality must fail.

Negligence of the lawyer binds petitioner.

Petitioner claims that the attempt of the RTC to furnish him of the order was not valid because he was represented by a counsel. Further, petitioner argues that the period of 10 days given by the RTC within which to pay the \$\mathbb{P}91,735.40\$ never started to run because his counsel never received a copy of the Order dated December 7, 2012.

Petitioner's argument is untenable.

As a general rule, if any party has appeared by counsel, service upon him shall be made upon his counsel or one of them, unless service upon the party himself is ordered by the court.⁵³

Accordingly, petitioner cannot fault the RTC in sending him the copies of the Order dated December 7, 2012, the dispositive portion of which reads:

WHEREFORE, plaintiff is hereby directed to pay the deficiency of the legal fees in the amount of P91,735.40 pesos within ten (10) days from the receipt of this order.

 $\mathbf{x} \mathbf{x} \mathbf{x} \mathbf{x}$

⁵³ Rule 13, Section 2, Rules of Court.

Atty. Zosa is notified of this order in open court. Furnish copy of this order to Atty. Ala.

SO ORDERED. 54 (Emphases and underscoring supplied)

Moreover, there is no question that petitioner's counsel, Atty. Zosa, was able to attend the hearing on December 7, 2012. The latter was personally informed in open court of the RTC's order for petitioner to pay the deficiency in the docket fees. In this regard, it bears stressing that while petitioner zealously harps that Atty. Zosa should have received a copy of the said order, albeit court appearance, the former did not give any explanation why the latter failed to inform him of the court's order. Prudence and diligence dictate that since the foregoing order of the RTC was crucial to the case, Atty. Zosa should have immediately informed petitioner about it.

Unfortunately, it is well-settled that the negligence of the counsel binds the client.⁵⁵ The exception is where the gross negligence of the lawyer deprived his client of due process of law,⁵⁶ which was not present in this case. Oddly, the omission of petitioner to even allege his counsel's negligence gives the Court a clear impression that he is trying to shroud or disproving to deny Atty. Zosa's negligence in timely notifying him.

Petitioner has not shown willingness to pay.

In the case of *United Overseas Bank v. Ros*,⁵⁷ the Court explained that:

[W]here the party does not deliberately intend to defraud the court in payment of docket fees, and manifests its willingness to abide by the rules by paying additional docket fees when required by the court, the liberal doctrine enunciated in Sun Insurance, and not the strict regulations set in Manchester, will apply.⁵⁸

Notwithstanding the ruling in Sun Insurance, it must be emphasized that payment of filing fees in full at the time the initiatory pleading or application is filed is still the general rule. Exceptions that grant liberality for insufficient payment are strictly construed against the filing party.⁵⁹

In this case, petitioner faults the CA for not applying *United Overseas* Bank and further alleged that he consistently manifested in his brief and

⁵⁴ *Rollo*, p. 140.

Baclaran Marketing Corp. v. Nieva, 809 Phil. 92, 104 (2017).

⁵⁷ 556 Phil. 178 (2007).

⁵⁹ Heirs of Dragon v. The Manila Banking Corp., G.R. No. 205068, March 6, 2019.

reply brief that he was willing to pay the correct deficiency in the docket fees.

After a review of the records, the Court agrees with the CA that petitioner's willingness to pay the deficiency was wanting. While he claims that he was awaiting to find out if the OCC made the correct computation of the docket fees, nowhere in any of petitioner's pleadings filed before any court did he manifest his willingness, to the RTC or to the CA, that he will be paying additional docket fees when required. As aptly observed by the CA:

In this case, the appellant not only failed to pay the correct docket fees corresponding to his Complaint but also clearly evaded its payment by challenging Atty. Ponce's assessment or computation of his correct filing fees and by his failure to heed the court [a quo]'s Order dated 07 December 2012. Notably, appellant omitted to mention in his Motion for Reconsideration before the court a quo that he intended to pay the correct docket fees. Even in this appeal, appellant has not signified his intention to pay the assessed deficiency in the court fees. ⁶⁰

Relatedly, it is significant to note that petitioner paid to the OCC the subject deficiency only on May 7, 2018, which was only after the receipt of the CA's adverse decision in CA-GR. CV No. 04930.

To Our mind, considering that the matter pertaining to the payment of the correct docket fees has been an issue since the start of the trial, and that he already failed to pay the subject deficiency as ordered by the RTC, petitioner should have been more judicious in signifying his willingness to pay, starting from his motion for reconsideration before the trial court.

Heirs of Reinoso, Sr. not applicable.

Petitioner argued that the CA should have applied *Heirs of Reinoso*, *Sr.*, wherein it was held that the court may allow payment for the deficiency within a reasonable period of time instead of dismissing the case.

The Court agrees with the CA that petitioner's reliance in *Heirs of Reinoso*, *Sr.* is misplaced. Indeed, the factual *milieu* of the said case differs from the instant case.

Foremost, in *Heirs of Reinoso*, *Sr.*, petitioners raised the principal issue of whether the CA misapplied the ruling in *Manchester*. The Court sustained petitioners' argument and applied the liberal interpretation of the

⁶⁰ Rollo, p. 46.

rule in payment of the docket fees, after taking into account that the case was filed before the *Manchester* ruling came out. In this case, aside from the fact that this case was filed after the *Manchester* ruling came out, petitioner never directly raised the *Manchester* ruling as an issue.

Moreover, the deficiency in the docket fees raised in this case was consistently raised before the RTC, and then, was brought on appeal before the CA. On the other hand, it must be noted that in *Heirs of Reinoso*, *Sr.*, the matter of failure to pay the correct docket fees was never an issue before the RTC, and it was the CA which dismissed the case for the said reason.

Concomitantly, it must be noted that the instant case was not dismissed outright by the RTC. It bears stressing that the dismissal came only after the deficiency was clarified and upon failure of petitioner to unjustifiably pay the same. In fact, in *Heirs of Reinoso*, *Sr.*, there was outright dismissal on the ground of non-payment of docket fees and prescription.

At any rate, the Court finds that petitioner was sufficiently and timely accorded the liberality he is praying for during the trial. Again, it bears stressing that the trial court acted judiciously, such that: (1) it did not dismiss the case outright; (2) it gave petitioner the chance to pay; (3) it sent notices to his addresses indicated in the records; and (4) it waited for the returns of the proof of service to petitioner. Unfortunately, petitioner has to bear the fateful outcome of his case due to the negligence of his counsel and for being unmindful of informing the trial court of his change in address.

All things considered, the Court holds that petitioner failed to show grave error on the part of the CA in affirming the RTC's dismissal of the instant case.

WHEREFORE, premises considered, this Court resolves to **DENY** the petition. The Decision dated April 3, 2018 and the Resolution dated December 6, 2018 of the Court of Appeals in CA-G.R. CV No. 04930 are hereby **AFFIRMED**.

SO ORDERED.

EDGARDO L. DELOS SANTOS
Associate Justice

WE CONCUR:

MARVIC MARIO VICTOR F. LEONEN

Associate Justice Chairperson

RAMON PAUL L. HERNANDO

Associate Justice

RODIL D. ZALAMEDA

Associate Justice

JHOSEP TOPEZ

Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARVIC MARIO VICTOR F. LEONEN

Associate Justice Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

DIOSDADO M. PERALTA

Chief Justice