# EIGHTH DIVISION

## [ CA-G.R. CV NO. 99651, February 12, 2014 ]

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

### D E C I S I O N

**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*