

THIRD DIVISION

[G.R. No. 244140, February 03, 2021]

BENSON CHUA, PETITIONER, VS. SPOUSES PHILIP L. GO AND DIANA G GO, RESPONDENTS. D E C I S I O N

DELOS SANTOS, J.:

The Case

Before this Court is a Petition for Review on *Certiorari*^[1] under Rule 45 of the Rules of Court seeking the reversal and setting aside of the Decision^[2] dated April 3, 2018 and the Resolution^[3] dated December 6, 2018 of the Court of Appeals (CA) in CA-G.R. CV No. 04930. The assailed Decision affirmed the Order^[4] 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.

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 Complaint^[5] 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 Decision^[8] 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* Motion^[9] 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 P111,157.60 as docket fees.^[10]

Second, a Manifestation and Motion^[11] 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 trial court issued an Order^[12] 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 P111,157.60; and (2) a second certificate dated September 20, 2012 stating the amount of P202,993.00. Thus, the trial court issued an Order^[13] 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 Letter^[14] dated November 12, 2012 explaining that the second certification stating the amount of P202,993.00 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 P111,157.60. As to the difference on the assessed amounts (P202,993.00 and P111,157.60), 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 P345.00 per square meter Bureau of Internal Revenue zonal valuation, which should have been P650.00 per square meter, thus, the difference in the amount of P91,835.40.^[15]

Lastly, respondents filed an Urgent *Ex-Parte* Motion^[16] 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 P346,470.40 in accordance to the first assessment by the cash clerk on August 2, 2012, which was based on the lowest zonal value of P1,125.00 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 P91,735.40 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 Order^[18] at his two (2) addresses appearing on the records. However, the 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 Order^[20] 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 Reconsideration^[22] (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 P91,735.40 was not the correct amount because Atty. Ponce based the computation on the zonal value of P650.00 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 Order^[24] 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 opted to ask for re-computation, which the trial court deemed to be unviable at that stage of the proceeding.^[25] Petitioner went to the CA to appeal the RTC's dismissal of the case.

The Ruling of the CA

In a Decision^[26] 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 Resolution^[32] dated December 6, 2018.

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 was sent to his counsel.^[39] In his Reply,^[40] petitioner emphasized that the deficiency in the amount of P91,735.40 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."^[42] 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, 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.^[48] (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 P111,157.60 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 P111,157.60 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]