

SPECIAL FIRST DIVISION

[G.R. No. 192649, June 22, 2011]

HOME GUARANTY CORPORATION, PETITIONER, VS. R-II BUILDERS INC. AND NATIONAL HOUSING AUTHORITY, RESPONDENTS.

R E S O L U T I O N

PEREZ, J.:

Before the Court are: (a) the Entry of Appearance filed by Atty. Lope E. Feble of the Toquero Exconde Manalang Feble Law Offices as collaborating counsel for respondent R-II Builders, Inc. (R-II Builders), with prayer to be furnished all pleadings, notices and other court processes at its given address; and (b) the motion filed by R-II Builders, seeking the reconsideration of Court's decision dated 9 March 2011 on the following grounds: ^[1]

I

THE HONORABLE COURT ERRED IN RULING THAT RTC MANILA, BRANCH 22, HAD NO JURISDICTION OVER THE PRESENT CASE SINCE RTC-MANILA, BRANCH 24, TO WHICH THE INSTANT CASE WAS INITIALLY RAFFLED HAD NO AUTHORITY TO HEAR THE CASE BEING A SPECIAL COMMERCIAL COURT.

II.

THE HONORABLE COURT ERRED IN RULING THAT THE CORRECT DOCKET FEES WERE NOT PAID.

In urging the reversal of the Court's decision, R-II Builders argues that it filed its complaint with the Manila RTC which is undoubtedly vested with jurisdiction over actions where the subject matter is incapable of pecuniary estimation; that through no fault of its own, said complaint was raffled to Branch 24, the designated Special Commercial Court (SCC) tasked to hear intra-corporate controversies; that despite the determination subsequently made by Branch 24 of the Manila RTC that the case did not involve an intra-corporate dispute, the Manila RTC did not lose jurisdiction over the same and its Executive Judge correctly directed its re-raffling to Branch 22 of the same Court; that the re-raffle and/or amendment of pleadings do not affect a court's jurisdiction which, once acquired, continues until the case is finally terminated; that since its original Complaint, Amended and Supplemental Complaint and Second Amended Complaint all primarily sought the nullification of the Deed of Assignment and Conveyance (DAC) transferring the Asset Pool in favor of petitioner Home Guaranty Corporation (HGC), the subject matter of the case is clearly one which is incapable of pecuniary estimation; and, that the court erred in holding that

the case was a real action and that it evaded the payment of the correct docket fees computed on the basis of the assessed value of the realties in the Asset Pool.

R-II Builders' motion is bereft of merit.

The record shows that, with the raffle of R-II Builders' complaint before Branch 24 of the Manila RTC and said court's grant of the application for temporary restraining order incorporated therein, HGC sought a preliminary hearing of its affirmative defenses which included, among other grounds, lack of jurisdiction and improper venue. It appears that, at said preliminary hearing, it was established that R-II Builders' complaint did not involve an intra-corporate dispute and that, even if it is, venue was improperly laid since none of the parties maintained its principal office in Manila. While it is true, therefore, that R-II Builders had no hand in the raffling of the case, it cannot be gainsaid that Branch 24 of the RTC Manila had no jurisdiction over the case. Rather than ordering the dismissal of the complaint, however, said court issued the 2 January 2008 order erroneously ordering the re-raffle of the case. In *Atwel v. Concepcion Progressive Association, Inc.* [2] and *Reyes v. Hon. Regional Trial Court of Makati, Branch 142* [3] which involved SCCs trying and/or deciding cases which were found to be civil in nature, this Court significantly ordered the dismissal of the complaint *for lack of jurisdiction* instead of simply directing the re-raffle of the case to another branch.

Even then, the question of the Manila RTC's jurisdiction over the case is tied up with R-II Builder's payment of the correct docket fees which should be paid in full upon the filing of the pleading or other application which initiates an action or proceeding. [4] While it is, consequently, true that jurisdiction, once acquired, cannot be easily ousted, [5] it is equally settled that a court acquires jurisdiction over a case only upon the payment of the prescribed filing and docket fees. [6] Already implicit from the filing of the complaint in the City of Manila where the realties comprising the Asset Pool are located, the fact that the case is a real action is evident from the allegations of R-II Builders' original Complaint, Amended and Supplemental Complaint and Second Amended Complaint which not only sought the nullification of the DAC in favor of HGC but, more importantly, prayed for the transfer of possession of and/or control of the properties in the Asset Pool. Its current protestations to the contrary notwithstanding, no less than R-II Builders - in its opposition to HGC's motion to dismiss - admitted that the case is a real action as it affects title to or possession of real property or an interest therein. [7] Having only paid docket fees corresponding to an action where the subject matter is incapable of pecuniary estimation, R-II Builders cannot expediently claim that jurisdiction over the case had already attached.

In *De Leon v. Court of Appeals*, [8] this Court had, of course, ruled that a case for rescission or annulment of contract is not susceptible of pecuniary estimation although it may eventually result in the recovery of real property. Taking into consideration the allegations and the nature of the relief sought in the complaint in the subsequent case of *Serrano v. Delica*, [9] however, this Court determined the existence of a real action and ordered the payment of the appropriate docket fees for a complaint for cancellation of sale which prayed for both permanent and preliminary injunction aimed at the restoration of possession of the land in litigation is a real action. In discounting the apparent conflict in said rulings, the Court went

on to rule as follows in *Ruby Shelter Builders and Realty Development Corporation v. Hon. Pablo C. Formaran*, ^[10] to wit:

The Court x x x does not perceive a contradiction between *Serrano* and the *Spouses De Leon*. The Court calls attention to the following statement in *Spouses De Leon*: "A review of the jurisprudence of this Court indicates that in determining whether an action is one the subject matter of which is not capable of pecuniary estimation, this Court has adopted the criterion of first ascertaining the nature of the principal action or remedy sought." Necessarily, the determination must be done on a case-to-case basis, depending on the facts and circumstances of each. What petitioner conveniently ignores is that in *Spouses De Leon*, the action therein that private respondents instituted before the RTC was "solely for annulment or rescission" of the contract of sale over a real property. There appeared to be no transfer of title or possession to the adverse party x x x. (Underscoring Supplied)

Having consistently sought the transfer of possession and control of the properties comprising the Asset Pool over and above the nullification of the Deed of Conveyance in favor of HGC, it follows R-II Builders should have paid the correct and appropriate docket fees, computed according to the assessed value thereof. This much was directed in the 19 May 2008 Order issued by Branch 22 of the Manila RTC which determined that the case is a real action *and* admitted the Amended and Supplemental Complaint R-II Builders subsequently filed in the case. ^[11] In obvious evasion of said directive to pay the correct docket fees, however, R-II Builders withdrew its Amended and Supplemental Complaint and, in lieu thereof, filed its Second Amended Complaint which, while deleting its causes of action for accounting and conveyance of title to and/or possession of the entire Asset Pool, nevertheless prayed for its appointment as Receiver of the properties comprising the same. In the landmark case of *Manchester Development Corporation v. Court of Appeals*, ^[12] this Court ruled that jurisdiction over any case is acquired only upon the payment of the prescribed docket fee which is both mandatory and jurisdictional. Although it is true that the *Manchester Rule* does not apply despite insufficient filing fees when there is no intent to defraud the government, ^[13] R-II Builders' evident bad faith should clearly foreclose the relaxation of said rule.

In addition to the jurisdictional and pragmatic aspects underlying the payment of the correct docket fees which have already been discussed in the decision sought to be reconsidered, it finally bears emphasizing that the Asset Pool is comprised of government properties utilized by HGC as part of its sinking fund, in pursuit of its mandate as statutory guarantor of government housing programs. With the adverse consequences that could result from the transfer of possession and control of the Asset Pool, it is imperative that R-II Builders should be made to pay the docket and filing fees corresponding to the assessed value of the properties comprising the same.

WHEREFORE, the Court resolves to:

(a) **NOTE** the Entry of Appearance of Atty. Lope E. Feble of Tuquero Exconde Manalang Feble Law Offices as collaborating counsel for respondent R-II Builders,

Inc.; and **DENY** counsel's prayer to be furnished with all pleadings notices and other court processes at Unit 2704-A, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center Pasig, since only the lead counsel is entitled to service of court processes;

(b) **DENY** with **FINALITY** R-II Builders, Inc.'s Motion for Reconsideration of the Decision dated 9 March 2011 for lack of merit, the basic issues having been already passed upon and there being no substantial argument to warrant a modification of the same. No further pleadings or motions shall be entertained herein.

Let an Entry of Judgment in this case be made in due course.

SO ORDERED.

*Corona, C.J., (Chairperson), Leonardo De-Castro, and Peralta, * JJ., concur. Velasco, Jr., J., I dissent. (pls. see dissenting opinion.)*

* Per Raffle dated 22 June 2011.

[2] G.R. No. 169370, 14 April 2008, 551 SCRA 272.

[3] G.R. No. 165744, 11 August 2008, 561 SCRA 593.

[4] Section 1, Rule 141 of the *Revised Rules of Court*.

[5] *PNB v. Tejano, Jr.*, G.R. No. 173615, 16 October 2009, 604 SCRA 147.

[6] *Lacson v. Reyes*, G.R. No. 86250, 26 February 1990, 182 SCRA 729, 733.

[7] *Rollo*, p. 436.

[8] G.R. No. 104796, 6 March 1998, 278 SCRA 94.

[9] G.R. No. 136325, 29 July 2005, 465 SCRA 82.

[10] G.R. No. 175914, 10 February 2009, 578 SCRA 283.

[11] *Rollo*, pp. 490-495.

[12] 233 Phil. 579, 584 (1987).

[13] *Intercontinental Broadcasting Corporation (IBC-13) v. Hon. Rose Marie Alonzo Legasto*, G.R. No. 169108, 18 April 2006, 487 SCRA 339.

DISSENTING OPINION

VELASCO, JR., J.:

The Motion for Reconsideration of respondent R-II Builders, Inc. (R-II Builders) is impressed with merit. Consequently, the Decision dated March 9, 2011 has to be abandoned and set aside.

In Our March 9, 2011 Decision, We ruled as follows:

xxx **With its acknowledged kick of jurisdiction over the case, Branch 24 of the Manila RTC should have ordered the dismissal of the complaint, since a court without subject matter jurisdiction cannot transfer the case to another court.** Instead, it should have simply ordered the dismissal of the complaint, considering that the affirmative defenses for which HGC sought hearing included its lack of jurisdiction over the case.^[1] (Emphasis supplied.)

Upon a revisit of the above ruling, it is my opinion that the Manila Regional Trial Court (RTC) has jurisdiction and continues to exercise jurisdiction over the Second Amended Complaint of respondent.

Batas Pambansa Blg. (BP) 129, or the Judiciary Reorganization Act of 1980, as amended by Republic Act No. (RA) 7691, is clear when it laid down the jurisdiction of RTCs and provided that they shall exercise exclusive original jurisdiction in "all civil actions in which the subject of litigation is incapable of pecuniary estimation"^[2] or in "all civil actions which involve the title to, or possession of, real property, or any interest therein, where the assessed value of the property involved exceeds Twenty thousand pesos (P20,000.00) or for civil actions in Metro Manila, where such value exceeds Fifty thousand pesos (P50,000.00) x x x."^[3]

Moreover, under RA 8799 or the Securities Regulation Code, jurisdiction over intra-corporate disputes was transferred from the Securities and Exchange Commission "to the Courts of general jurisdiction or the appropriate Regional Trial Court.¹ This Court was given the power or authority to designate the RTC branches that shall exercise jurisdiction over said cases."^[4]

Section 13 of BP 129 created 13 RTCs, one RTC for each of the 13 judicial regions. The National Capital Judicial Region (NCJR), consisting of Manila, Quezon, Pasay, Caloocan, Navotas, Malabon, San Juan, Mandaluyong, Makati, Pasig, Pateros, Taguig, Marikina, Paranaque, Las Piñas, Muntinlupa and Valenzuela, has only one (1) RTC. The RTC-NCJR is the only court which exercises judicial powers and functions through its various branches. Sec. 14 of BP 129, as amended, provides for 276 Branches of the RTC-NCJR, among which are 97 organized Branches for the City of Manila (RTC Manila). Sec. 18 of BP 129 grants these 97 branches of the RTC in Manila of the RTC-NCJR authority over cases in the territorial area of the City of Manila. Moreover, these branches of RTC in Manila are authorized by law to