

ELEVENTH DIVISION

[CA-G.R. CV NO. 98932, May 28, 2014]

CHEM TANKERS CORP., AND SPS. JOVEN O. SY & CORAZON QUE-SY, PLAINTIFFS-APPELLANTS, VS. DEVELOPMENT BANK OF THE PHILIPPINES, ET AL., DEFENDANTS-APPELLEES.

DECISION

ANTONIO-VALENZUELA, J.:

These is the appeal^[1] filed by Chem Tankers Corporation ("plaintiff-appellant CTC"), and Spouses Joven O. Sy and Corazon Que-Sy ("plaintiffs-appellants spouses Sy") assailing the Order dated 26 April 2012^[2] ("assailed Order") of the Regional Trial Court, Branch 146, Makati City, ("RTC"), in the civil case for the nullification of foreclosure proceedings and loan documents, and damages, docketed as Civil Case Number 06-404.

The facts are as follows: On 17 May 2006, plaintiffs-appellants CTC and plaintiffs-appellants spouses Sy filed the Complaint^[3] for the nullification of foreclosure proceedings and loan documents, and damages, before the RTC. Named defendants were the Development Bank of the Philippines ("defendant-appellee DBP") and Special Sheriff Rene A. Gaerlan ("defendant-appellee Gaerlan"). Plaintiffs-appellants CTC and spouses paid P 39,260.00 as docket fees.

The Complaint alleged that: plaintiffs-appellants CTC and plaintiffs-appellants spouses Sy obtained a loan of P 64,000,000.00 from defendant-appellee DBP; to secure the loan, plaintiffs-appellants CTC and plaintiffs-appellants spouses Sy mortgaged property, including the tanker M/TKR CQS ODYSSEY ("the Tanker"); plaintiffs-appellants CTC and spouses requested for loan restructuring, and defendant-appellee DBP approved the request; defendant-appellee DBP led the plaintiffs-appellants CTC and plaintiffs-appellants spouses Sy to believe that no foreclosure proceedings would be initiated by defendant-appellee DBP; without the knowledge and consent of plaintiffs-appellants CTC and plaintiffs-appellants spouses Sy, defendant-appellee DBP initiated foreclosure proceedings; the defendant-appellee Gaerlan scheduled the public auction of the Tanker on 26 October 2005; extra-judicial foreclosure proceedings were held, and defendant-appellee DBP was the highest bidder for the Tanker, with the winning bid of P 18,138,000.00; the extra-judicial foreclosure proceedings were invalid, for being in violation of A.M. No. 99-10-05-0, and Act No. 3135 in relation to Act No. 1508; the extra-judicial foreclosure proceedings were premature and illegal, since plaintiffs-appellants CTC and plaintiffs-appellants spouses Sy's payment of P 5,700,000.00 had not yet been accounted for; defendant-appellee DBP made plaintiffs-appellants CTC and Plaintiffs-appellants spouses Sy sign the blank Real Estate Mortgage and Promissory Note, and did not give them copies of the documents; these contracts were contracts of adhesion; the terms and conditions in the Real Estate Mortgage and the Promissory Note were different from what defendant-appellee Bank represented to plaintiffs-

appellants CTC plaintiffs-appellants spouses Sy; the term allowing defendant-appellee DBP to fix the interest without notice, and to determine the procedure for the fixing of the interest was void; defendant-appellee DBP's consideration of plaintiffs-appellants CTC and plaintiffs-appellants spouses Sy's account as past due when the latter asked for re-computation, was done in bad faith.

The Complaint prayed that: the foreclosure proceedings be declared void; the defendant-appellee DBP be ordered to pay P 100,000.00 in attorney's fees, P 100,000.00 in exemplary damages, and costs of suit.

On 03 July 2006, defendants-appellees DBP and Gaerlan filed the Motion to Dismiss.

[4] The Motion alleged: venue was improperly laid, since real property foreclosed were in Cavite and Lucena City; the RTC did not acquire jurisdiction over the case; plaintiffs-appellants CTC and plaintiffs-appellants spouses Sy paid P39,260.00 as docket fees; per A.M. 04-2-04-SC, the basis for the docket fees was the value of the personal property in litigation as alleged by the claimant; the bid price for the Tanker was P18,138,000.00, while the appraised value was P36,276,000.00; plaintiffs-appellants CTC and plaintiffs-appellants spouses Sy understated the value of the Tanker, and failed to pay the correct amount of docket fees; the Complaint should be dismissed for failure to pay the correct amount of docket fees.

The RTC dismissed the Complaint on the ground of improper venue in the Order dated 04 September 2006,[5] and denied the subsequent Motion for Reconsideration[6] in the Order dated 05 January 2007[7] for lack of merit.

Plaintiffs-appellants CTC and plaintiffs-appellants spouses Sy filed the appeal before the Court of Appeals, docketed as CA-G.R. CV No. 88860. On 30 April 2010, the Court of Appeals issued the Decision[8] finding that the RTC was the proper venue, setting aside the Orders of the RTC, and remanding the case for continuation of proceedings.

Defendants-appellees DBP and Gaerlan filed the Manifestation and Motion[9] before the RTC praying for the suspension of the period to file answer, and the resolution of the other grounds (i.e., lack of jurisdiction, non-payment of docket fees) raised in the Motion to Dismiss. In the Order dated 07 November 2011[10], the RTC partially granted the Manifestation and Motion, and ordered that the proper docket fees be re-computed, and that plaintiffs-appellants CTC and plaintiffs-appellants spouses Sy pay any insufficiency resulting from the re-computation. The RTC also suspended the filing of an answer pending the resolution of the other grounds in the Motion to Dismiss.

In the Order dated 12 January 2012[11], the RTC determined docket fees to be P 367,357.60, and directed plaintiffs-appellants to pay the difference of P 328,097.60.

Plaintiffs-appellants CTC and spouses failed to pay the additional docket fees. Thus, on 26 April 2012 the RTC issued the assailed Order. The pertinent portion of the Order reads:

Considering that Plaintiff failed to pay the additional docket fees required in the Order dated 12 January 2012, despite receipt of said Order on November 24, 2011, the instant complaint is hereby dismissed.

SO ORDERED.

Thus, this appeal, with the following assignment of error:

THE COURT A QUO SERIOUSLY ERRED IN DISMISSING PLAINTIFFS-APPELLANTS' COMPLAINT ON THE GROUND THAT THE ADDITIONAL DOCKET FEES WAS [sic] NOT PAID^[12]

The issue is whether the RTC erred in issuing the assailed Order.

The Appellants' Brief^[13] answers in the affirmative. The RTC erred in issuing the assailed Order. It thrusts: when the RTC granted the Motion to Dismiss on the ground of improper venue, it denied all the other grounds relied upon by defendants-appellees DBP and Gaerlan; plaintiffs-appellants CTC and spouses did not question the assailed Order; the issues in the Motion to Dismiss can no longer be raised a second time, since they were also raised before the Court of Appeals in CA-G.R. CV No. 88860; since the RTC acquired jurisdiction over the parties, the case should proceed, and defendants-appellees DBP and Gaerlan should file an answer; plaintiffs-appellants CTC and spouses paid the docket fees, and had no personal knowledge as to the value of the Tanker; the deficiency in the payment of the docket fees should be considered a lien on the judgment to be remitted to the Clerk of Court upon the execution of judgment.

The Appellees' Brief answers in the negative. The RTC did not err in issuing the assailed Order. It parries: plaintiffs-appellants CTC and spouses did not move for the reconsideration of the Order dated 07 November 2011, and the assailed; four months lapsed from the issuance of the assailed Order, but plaintiffs-appellants CTC and spouses failed to pay the additional docket fees; the RTC correctly dismissed the case for failure to comply with an order of the court, as provided in Rule 17, Section 3 of the Rules of Court; the Order dated 04 September 2006 did not resolve the other grounds for the Motion to Dismiss; non-payment of the correct amount of docket fees was a question of jurisdiction which can be raised at any stage of the proceedings; the RTC did not acquire jurisdiction over the case due to the non-payment of correct docket fees.

THE COURT'S RULING

We rule in the negative. The RTC did not err in issuing the assailed Order dismissing the complaint for failure to pay additional docket fees.

Plaintiffs-appellants CTC and spouses posit that the case should not be dismissed on the ground of non-payment of docket fees, and that the RTC validly acquired jurisdiction over the case.

We find this position untenable.

Rule 141, Section 1 of the Rules of Court is applicable. It reads:

SECTION 1. *Payment of fees. - Upon the filing of the pleading or other application which initiates an action or proceeding, the fees prescribed therefor shall be paid in full.*

The rule is that payment in full of the docket fees within the prescribed period is mandatory. In *Manchester v. Court of Appeals*,^[14] it was held that a court acquires jurisdiction over any case only upon the payment of the prescribed docket fee. The strict application of this rule was, however, relaxed 2 years later, in the case of *Sun*