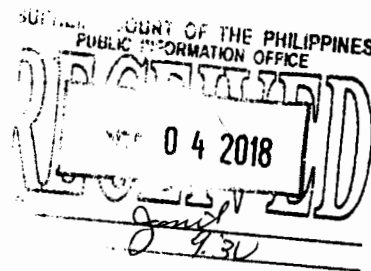




Republic of the Philippines  
 Supreme Court  
 Manila



FIRST DIVISION

AYALA LAND, INC.,  
 Petitioner,

G. R. No. 208213

- versus -

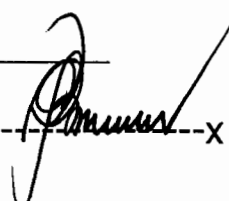
Present:

LEONARDO-DE CASTRO,  
*Acting Chairperson,*  
 BERSAMIN,\*  
 DEL CASTILLO,  
 TIJAM, and  
 GESMUNDO, JJ.\*\*

THE (ALLEGED) HEIRS OF THE  
 LATE LUCAS LACTAO AND  
 SILVESTRA AQUINO, NAMELY,  
 DIONISIO LACTAO-BARTOLAY,  
 DOMINGO LACTAO, ELADIO  
 LACTAO, ERNESTO LACTAO,  
 MA. TERESA LACTAO ROZON-  
 TARNATE, LUCILA L. LACTAO,  
 MAMERTO R. LACTAO,  
 PROCESO LACTAO,  
 CARMEN LACTAO-MARCELO,  
 HELARDO LACTAO MARCELO,  
 PIO LACTAO MARCELO AND  
 SERGIO LACTAO MARCELO  
 (ALL REPRESENTED BY  
 MARCIANA LACTAO-GARCIA),  
 Respondents.

Promulgated:

**AUG 08 2018**

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\*Designated additional Member vice Associate Justice Francis H. Jardeleza per Raffle dated August 1, 2018.

\*\*Designated Acting Member per Special Order No. 2560 dated May 11, 2018.

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## DECISION

### TIJAM, J.:

This is a Petition for Review on *Certiorari*<sup>1</sup> over the March 6, 2013 Decision<sup>2</sup> rendered by the Court of Appeals (CA) in CA-G.R. SP No. 122999, which considered the issue of payment of additional docket fees moot and academic by reason of the May 4, 2012 Order<sup>3</sup> issued by the Regional Trial Court (RTC) of Quezon City, Branch 96 in Civil Case No. Q-05-56296 allowing respondents to litigate as pauper litigants, and the CA's July 16, 2013 Resolution<sup>4</sup> which denied petitioner's Motion for Reconsideration.

### The Facts

#### Civil Case No. 05-56296

On September 9, 2005, respondents filed a Complaint<sup>5</sup> before the RTC, against petitioner and Capitol Hills Golf and Country Club, Inc. (Capitol Hills) as principal defendants and the Register of Deeds of Quezon City as a nominal party, for quieting of title and for annulment and cancellation of titles with the alternative remedy of reconveyance of possession and ownership, involving a parcel of land known as Lot 42-B-1, Pcs-13, located in Barangay Culiati (Balara), Caloocan (now Quezon City), with an approximate area of 215,464 square meters.<sup>6</sup>

Docketed as Civil Case No. 05-56296, the Complaint alleged that the land had been owned and possessed by respondents' grandparents, Lucas Lactao and Silvestra Aquino, who died during World War II. Upon their demise, the land was transferred by way of succession to respondents' parents and predecessors-in-interest who built their houses and planted trees on the property. In the latter part of 1996, petitioner and Capitol Hills entered into a Joint Development Project over the property south of the subject land. Subsequently, petitioner and Capitol Hills allegedly entered respondents' land by force and bulldozed a portion thereof, destroying their houses and trees. Respondents claimed that they were eventually driven away from the property as they were constantly harassed by armed men hired by petitioner and Capitol Hills. With the remaining 15 hectares of their land allegedly under threat of further land-grabbing, respondents also prayed for a temporary restraining order (TRO) and a writ of preliminary

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<sup>1</sup>*Rollo*, pp. 9-33.

<sup>2</sup>Penned by Associate Justice Agnes Reyes-Carpio and concurred in by Associate Justices Rosalinda Asuncion-Vicente and Priscilla J. Baltazar-Padilla. *Id.* at 40-48.

<sup>3</sup>*Id.* at 360.

<sup>4</sup>*Id.* at 50-51.

<sup>5</sup>*Id.* at 52-64.

<sup>6</sup>*Id.* at 41, 54 and 94-97.

injunction to enjoin petitioner and Capitol Hills from taking said portion.<sup>7</sup>

Respondents paid ₱6,828.80 in docket fees, as assessed by the Office of the Clerk of Court and executed an Affidavit of Undertaking that in the event of deficiency in the payment of filing fees, they would settle the same through a first lien on any monetary judgment rendered in their favor.<sup>8</sup>

Petitioner and Capitol Hills jointly moved for the dismissal of the Complaint on the grounds of prescription, laches, failure to state a cause of action, and lack of jurisdiction for respondents' failure to disclose the fair market value of the subject property which resulted in the Clerk of Court not being able to properly compute, and the respondents falling short of paying, the necessary filing fees.<sup>9</sup> Petitioner alleged that the assessed value of the property in the amount of ₱193,920.00 under the 1978 Tax Declaration in the name of respondents' predecessor-in-interest, Lucas Lactao, could not be the proper basis for the computation of the filing fees, as such fees should be based on the fair market value derived from the current tax declaration or the current zonal valuation of the Bureau of Internal Revenue (BIR), whichever is higher, or if there is none, the stated value of the property, pursuant to Section 7(a), Rule 141 of the Rules of Court, as amended. They claimed that the total filing fee (exclusive of JDF and other components) should have been assessed at ₱62,903,240.00.<sup>10</sup>

The RTC<sup>11</sup> subsequently denied the joint motion to dismiss and granted respondents' application for TRO. Petitioner moved for reconsideration, later manifesting that the 1978 Tax Declaration in Lucas Lactao's name did not exist in the files of the Quezon City Assessor's Office, and the Property Index Number indicated therein did not correspond to his alleged property.<sup>12</sup>

### **CA-G.R. SP No. 99631**

When the RTC<sup>13</sup> denied reconsideration, petitioner and Capitol Hills filed a petition for *certiorari*, docketed as CA-G.R. SP No. 99631.<sup>14</sup> They maintained that the RTC never acquired jurisdiction over the case, following the rule set in *Manchester Development Corporation, et al. v. CA*.<sup>15</sup>

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<sup>7</sup>Id. at 41, 56-57, 60 and 96.

<sup>8</sup>Id. at 99.

<sup>9</sup>Id. at 42-43.

<sup>10</sup>Id. at 78-79.

<sup>11</sup>Through then Presiding Judge Marlene B. Gonzales-Sison of RTC Branch 58. Id. at 13, 15 and 97.

<sup>12</sup>Id. at 43 and 87-88.

<sup>13</sup>Through Presiding Judge Bayani V. Vargas of RTC Branch 219 to whom the case was re-raffled after then Presiding Judge Gonzales-Sison was appointed to the CA. Id. at 15 and 100.

<sup>14</sup>Id. at 43.

<sup>15</sup>233 Phil. 579 (1987). *Rollo*, p. 102.

In a Decision<sup>16</sup> dated May 2, 2008, the CA denied the petition. Anent the issue of docket fees, it held that:

The docket fees were computed on the basis of what was legally quantifiable at the time of the filing of the complaint. Upon proof of payment of the assessed fees by the respondent(s), the trial court properly acquired jurisdiction over the complaint. Jurisdiction once acquired is never lost, it continues until the case is terminated. The respondent(s) relied on the assessment made by the docket clerk which turned out to be incorrect. The payment of the docket fees, as assessed, negates any imputation of bad faith or an intent to defraud the government by the respondent(s). Thus, when insufficient filing fees were initially paid by the respondent [sic] and there was no intention to defraud the government, the *Manchester* rule does not apply. Hence, the trial court properly acquired jurisdiction over the instant suit.<sup>17</sup>

The CA, however, required the RTC Clerk of Court to determine the correct amount of docket fees based on Section 7(a), Rule 141 of the Rules of Court since the case is a real action involving cancellation of titles and reconveyance of properties.<sup>18</sup> The dispositive portion of its May 2, 2008 Decision thus reads:

**WHEREFORE**, premises considered, the Petition is **DENIED** for lack of merit. However, the Clerk of Court of the Regional Trial Court of Quezon City, or his duly authorized representative, is hereby **ORDERED** to reassess and determine the correct amount of docket fees to be paid by private respondents in *Civil Case No. Q-05-56296*, pursuant to Section 7 (a), Rule 141 of the Rules of Court, as amended by A.M. No. 04-2-04-SC, and for the RTC of Quezon City, Branch 219, to direct respondents to pay the same. Costs against petitioners.

**SO ORDERED.**

Both parties to CA-G.R. SP No. 99631 moved for reconsideration, with respondents seeking clarification or modification such that the additional docket fees to be paid would constitute a first lien on the judgment and that they would be based on the value of the property at the time they were deprived of possession thereof. The CA, however, denied both motions for reconsideration.<sup>19</sup>

### **G.R. No. 184376**

Separate petitions for review were filed by petitioner (G.R. No.

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<sup>16</sup>Penned by Associate Justice Celia C. Librea-Leagogo and concurred in by Associate Justices Regalado E. Maambong and Agustin S. Dizon. *Rollo*, pp. 93-115.

<sup>17</sup>*Id.* at 108-109.

<sup>18</sup>Citing *Fil-Estate Golf and Development, Inc. v. Navarro*, 553 Phil. 48 (2007). *Rollo*, pp. 109-110.

<sup>19</sup>*Id.* at 44 and 118 to 120.

184388) and respondents (G.R. No. 184376) over the CA's ruling.<sup>20</sup> On January 19, 2009, the Court denied both petitions, in part for failure to sufficiently show any reversible error in the assailed decision.<sup>21</sup> The parties' respective motions for reconsideration were denied with finality and entry of judgment was made on June 16, 2009.<sup>22</sup>

### **Remand to the RTC**

On January 6, 2010, the RTC ordered the payment of the docket fees as reassessed by the RTC's Clerk of Court pursuant to the CA's decision in CA-G.R. SP No. 99631.<sup>23</sup> On March 15, 2010, noting that the Clerk of Court had not yet determined the correct amount of filing fees, the RTC directed that the latter be furnished a copy of the decision in CA-G.R. SP No. 99631 for the purpose of reassessment of the correct amount of docket fees, and for respondents to pay the recomputed filing fees.<sup>24</sup> In its March 22, 2010 Order, the RTC directed respondents anew to pay the reassessed docket fees.<sup>25</sup> On March 26, 2010, after the Clerk of Court manifested that respondents had not yet provided the tax declaration over, or information on the zonal value of, the land, the RTC ordered respondents to furnish the Clerk of Court the required documents as basis for computation of the required fees.<sup>26</sup>

Petitioner subsequently filed a Manifestation<sup>27</sup> reiterating that the total filing fee (exclusive of the JDF and other components) was at least ₱62,903,240.00.

In its May 6, 2010 Order, the RTC noted petitioner's Manifestation and ordered respondents, for the last time, to comply with its March 22 and March 26, 2010 Orders or its case would be dismissed.<sup>28</sup>

However, in an Omnibus Motion dated May 24, 2010, respondents asked the RTC to set a hearing to determine the factual and legal basis for the computation of the additional filing fees (the market value prior to the alleged taking or the current market value), and to rule that the additional filing fee would constitute a lien on the judgment.<sup>29</sup>

In support of said motion, respondents averred that while they were willing to pay the additional docket fees, they could not do so because they were already pauper litigants, having neither business nor remaining

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<sup>20</sup>Id. at 139-140.

<sup>21</sup>Id. at 44 and 139-140.

<sup>22</sup>Id. at 44 and 154-158.

<sup>23</sup>Id. at 17, 44 and 159.

<sup>24</sup>Id. at 17 and 160.

<sup>25</sup>Id. at 17 and 161.

<sup>26</sup>Id. at 17 and 162.

<sup>27</sup>Id. at 163-168.

<sup>28</sup>Id. at 18 and 176.

<sup>29</sup>Id. at 44 and 177 to 183.

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property, with the exception of respondents Eladio Lactao, Pio Marcelo and Sergio Marcelo whose properties had a combined market value that did not even exceed ₱1.5 Million. They further averred that in a personal appeal to the Clerk of Court, they explained that they could not pay the additional docket fee of ₱39,172,020.00 except by having the same constitute a lien on the judgment on the strength of the Court's ruling in *Sun Insurance Office, Ltd. v. Hon. Maximiano C. Asuncion*<sup>30</sup> and Section 11 of the Bill of Rights which provides that free access to courts shall not be denied any person by reason of poverty. They also asserted that petitioner's computation of the docket fees was based on the appreciated market value of the property after its forcible taking and development, thus, to impose the same on respondents would constitute a penalty and add insult to injury as they already lost possession of the property to the petitioner.<sup>31</sup>

Petitioner opposed the motion,<sup>32</sup> arguing that the Court's ruling in *Sun Insurance* refers only to damages which arise after the filing of the complaint or similar pleading such that the additional filing fee therefor will constitute a lien on the judgment. Petitioner averred that respondents already invoked *Sun Insurance* before the CA which nonetheless directed them to pay the correct docket fees (after reassessment) thereby rejecting petitioner's plea for a lien. Petitioner stressed that said directive had attained finality.<sup>33</sup>

Petitioner eventually moved for the dismissal of the case with prejudice based on Section 3,<sup>34</sup> Rule 17 of the Rules of Court, for respondents' failure to pay the additional docket fees as directed by the RTC, and alternatively, for lack of jurisdiction.<sup>35</sup>

### The RTC Ruling

On August 18, 2011, the RTC<sup>36</sup> rendered a Resolution,<sup>37</sup> the

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<sup>30</sup>252 Phil. 280 (1989)

<sup>31</sup>*Rollo*, pp. 178-180.

<sup>32</sup>*Id.* at 44 and 195-200.

<sup>33</sup>*Id.* at 197-199.

<sup>34</sup>Section 3. *Dismissal due to fault of plaintiff.* – If, for no justifiable cause, the plaintiff fails to appear on the date of the presentation of his evidence in chief on the complaint, or to prosecute his action for an unreasonable length of time, or to comply with these Rules or any order of the court, the complaint may be dismissed upon motion of the defendant or upon the court's own motion, without prejudice to the right of the defendant to prosecute his counterclaim in the same or in a separate action. This dismissal shall have the effect of an adjudication upon the merits, unless otherwise declared by the court.

<sup>35</sup>*Rollo*, pp. 44 and 202-209.

<sup>36</sup>Through Presiding Judge Afafe E. Cajigal of RTC Branch 96 to whom the case was re-raffled after Judge Vargas granted respondents' motion for inhibition. Respondents sought Judge Vargas' recusal because his Branch Clerk allegedly announced at the scheduled hearing of their Omnibus Motion that they should pay the additional filing fee, otherwise he would dismiss the case. Respondents averred that this was a pre-judgment of their Omnibus Motion as the issues thereon had not yet been joined and they had asked for time to file a Reply to petitioner's Opposition. Judge Vargas voluntarily recused himself to remove any suspicion of unfairness but explained that respondents had misquoted his Branch Clerk as his directive was for the resolution of the Omnibus Motion to be deferred until respondents complied with his orders to pay the additional docket fees. *Id.* at 19, 211-218 and 219-220.

<sup>37</sup>*Id.* at 221-222.

dispositive portion of which reads:

**WHEREFORE**, in light of the foregoing, in the interest of justice and fair play, the plaintiff's Omnibus Motion is hereby GRANTED. On the other hand, the defendant's Motion to Dismiss is DENIED Due Course.

Let the pre-trial conference of this case be set on 29 September 2011 at 8:30 o'clock in the morning.

SO ORDERED.

Holding that the additional filing fee could constitute a lien on the judgment, the RTC considered respondents as indigent litigants, with no property to cover the additional fees. The RTC also noted that filing fees, albeit insufficient, were initially paid by respondents and there was no intention on their part to defraud the government. These circumstances, according to the RTC, justified the relaxation of the *Manchester* rule and called for the application of the following pronouncement in *Sun Insurance*:

Plainly, while the payment of prescribed docket fee is a jurisdictional requirement, even its non-payment at the time of filing does not automatically cause the dismissal of the case, as long as the fee is paid within the applicable prescriptive or reglementary period, more so when the party involved demonstrates a willingness to abide by the rules prescribing such payment. Thus, when insufficient filing fees were initially paid by the plaintiffs and there was no intention to defraud the government, the Manchester rule does not apply.<sup>38</sup>

In its November 21, 2011 Resolution, the RTC denied petitioner's motion for reconsideration, but in view of the CA's May 20, 2008 Decision in CA-G.R. SP No. 99631, it directed the RTC Clerk of Court to reassess and determine the correct amount of docket fees to be paid by respondents.<sup>39</sup>

#### **CA-G.R. SP No. 122999**

Consequently, petitioner, on January 24, 2012, filed a petition for *certiorari* before the CA, docketed as CA-G.R. SP No. 122999, ascribing grave abuse of discretion to the RTC for issuing its August 18, 2011 and November 21, 2011 Resolutions.<sup>40</sup>

Meanwhile, respondents filed a motion before the RTC to be allowed to prosecute the case as indigent litigants. Invoking the right to free access to courts under the Constitution, respondents claimed that they were all suffering from "poverty of the lowest form," with no decent shelter and relying on alms from neighbors for daily sustenance. They submitted

<sup>38</sup>Id. at 222.

<sup>39</sup>Id. at 19, 45 and 236-237.

<sup>40</sup>Id. at 19, 45 and 238-271.

Barangay Certificates of Indigency and certifications from the local government that no business permit had been issued to them.<sup>41</sup>

In an Order dated May 4, 2012,<sup>42</sup> the RTC granted respondents' motion to be declared as pauper litigants over the opposition filed by petitioner and Capitol Hills.<sup>43</sup> The pertinent portion of the Order reads:

Although the movants are claimants of a sizeable portion of the subject property, they are not in possession thereof. As such could not derive income therefore such is the reason for their inability to pay the case cost. [sic]

Wherefore, this Court finds the motion to be meritorious and grants the same. Plaintiffs are allowed to litigate as pauper litigants.

**SO ORDERED.**

Given in open Court this 4<sup>th</sup> day of May, 2012 at Quezon City, Philippines.

Respondents argued before the CA that said Order rendered CA-G.R. SP No. 122999 moot. Petitioner, however, countered that no such Order was issued during the May 4, 2012 hearing, and to prove this, submitted a copy of the Transcript of Stenographic Notes<sup>44</sup> (TSN) on the hearing. Petitioner alleged that during said hearing set for the pre-trial conference, the RTC merely referred the case for judicial dispute resolution on June 1, 2012 and considered pending incidents, including the motion to prosecute as indigent litigants, submitted for resolution. Petitioner further manifested that it had since moved for the reconsideration of the aforesaid Order,<sup>45</sup> arguing that it contravened the final ruling in CA-G.R. SP No. 99631 and respondents had not established their indigence.<sup>46</sup>

**The CA Ruling**

On March 6, 2013, the CA rendered the assailed Decision,<sup>47</sup> the dispositive portion of which reads:

**WHEREFORE**, in view of the foregoing, the Petition for Certiorari is **DISMISSED** for being moot and academic. Consequently, there is no need to resolve petitioner's application for the issuance of a temporary restraining order.

**SO ORDERED.**

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<sup>41</sup>Id. at 500-543.

<sup>42</sup>Id. at 360.

<sup>43</sup>Id. at 46, 360 and 382.

<sup>44</sup>Id. at 377-385.

<sup>45</sup>Id. at 20, 46-47 and 361-362.

<sup>46</sup>Id. at 366.

<sup>47</sup>Id. at 40-48.



According to the CA, the court stenographer's certification at the end of the TSN stated that the incidents recorded therein were according to the best of her ability, knowledge and hearing, implying that there might have been events during or after the trial that were not included in the transcript, such as the Order declaring respondents as pauper litigants. The CA held that even assuming that the trial court did not make such a declaration at the May 4, 2012 hearing, the Order itself provided sufficient legal basis therefor as it explained the court's reasons for its ruling, the place where the Order was given being a mere formality.<sup>48</sup>

The CA thus held that the May 4, 2012 Order was valid and the issue of payment of additional filing fees was thereby rendered moot and academic. The CA, however, declared that said fees, which respondents were exempted from paying as pauper litigants, shall be a lien on any judgment in their favor.<sup>49</sup>

Petitioner's motion for reconsideration was denied in the assailed July 16, 2013 Resolution.<sup>50</sup>

Hence, this petition seeking the dismissal of Civil Case No. Q-05-56296 with prejudice.

Petitioner contends that the additional filing fees cannot simply constitute a first lien on the judgment as this idea had been rejected with finality in CA-G.R. SP No. 99631 and G.R. No. 184376. It argues that the May 4, 2012 Order granting respondents' belated motion to be declared as pauper litigants could not be valid because it failed to establish the latter's indigence in accordance with the Rules of Court.<sup>51</sup>

Petitioner, thus, asserts that the case should have already been dismissed for respondents' failure to comply with previous directives to pay the additional docket fees. Such failure, according to the petitioner, demonstrated an obvious design to evade payment and should not merit the liberal interpretation of the rules.<sup>52</sup>

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<sup>48</sup>Id. at 46-47.

<sup>49</sup>Id. at 47.

<sup>50</sup>Id. at 50-51.

<sup>51</sup>Id. at 24-30.

<sup>52</sup>Id. at 22-25.

### The Court's Ruling

The CA was mistaken in holding that the RTC's May 4, 2012 Order granting respondents' motion to litigate as indigent parties rendered the issue of payment of additional filing fees moot and academic.

A case or issue is considered moot and academic when it ceases to present a justiciable controversy because of supervening events, rendering the adjudication of the case or the resolution of the issue without any practical use or value.<sup>53</sup>

Records show that petitioner moved for the reconsideration of the May 4, 2014 Order and said motion "remains pending resolution."<sup>54</sup> Thus, respondents' indigence remains a litigated issue. With the mere possibility of its reversal, the Order cannot be regarded as a supervening event that would automatically moot the issues in CA-G.R. SP No. 122999.

However, even as We hold that the CA erred in dismissing CA-G.R. SP No. 122999 for being moot and academic, We are not disposed to grant petitioner's prayer for a judgment dismissing the Complaint.

**First.** There is no dispute that the judgment in CA-G.R. SP No. 99631 had become final and executory. It ordered the Clerk of Court of the RTC to reassess and determine the correct amount of docket fees and the RTC to direct respondents to pay the same. The directive, however, does not preclude a motion for exemption from paying the additional fees by reason of indigence.

In *Pilipinas Shell Petroleum Corporation v. CA*,<sup>55</sup> where the plaintiff was required to pay additional docket fees, the Court directed that the proceedings before the trial court resume "upon payment of all lawful fees (as assessed by the Clerk of Court of said Court) by (the plaintiff) **or upon exemption from payment thereof upon proper application to litigate as pauper.**" The Court held that said plaintiff's right to free access to the courts is not denied by the correct application of the rules on legal fees because he could apply for the privilege to litigate his case as pauper if he is so entitled.

**Second.** There is nothing in CA-G.R. SP No. 99631 (as upheld in G.R. No. 184376) which stated that petitioner should pay the additional docket fee, otherwise the lower court would dismiss the Complaint for lack of jurisdiction.<sup>56</sup> Considering that the CA did not specify the period within which respondents should comply with its ruling, it is understood that

<sup>53</sup>*Regulus Development, Inc. v. Dela Cruz*, G.R. No. 198172, January 25, 2016.

<sup>54</sup>As manifested by petitioner in his Reply filed on March 5, 2014. *Rollo*, p. 567.

<sup>55</sup>253 Phil. 660 (1989).

<sup>56</sup>See *De la Paz v. Court of Appeals*, 385 Phil. 441 (2000).

payment of the additional docket fee, or the motion for exemption therefrom due to indigence, must be made within a reasonable period of time. What constitutes a reasonable period is relative and depends on the factual circumstances of the case.<sup>57</sup> In this case, the Court finds that respondents sought to be considered as pauper litigants within an acceptable period.

The CA's ruling, which attained finality on June 16, 2009, ordered the RTC to direct respondents to pay the correct filing fees as reassessed by the Clerk of Court. On January 6, 2010, after the case was remanded to it, the RTC directed respondents to pay the fees. It appeared, however, that the fees had not yet been reassessed by the Clerk of Court and respondents were required to provide her with basis for the re-computation. Respondents, through representatives and counsel, proceeded to the office of the Clerk of Court, appealing to her that they could not pay the filing fees of ₱39,172,020.00 except by having the same constitute a lien on the judgment. Petitioner submitted its own computation, fixing the total filing fee at no less than ₱62,903,240.00, which respondents opposed for having been based on the appreciated market value of the property after its forcible taking and development. Thus, in an Omnibus Motion dated May 24, 2010, respondents asked the RTC to set a hearing to determine the factual and legal basis for the computation of the additional filing fee, particularly whether it should be based on the market value of the property prior to the alleged taking or its current market value. In the same motion, respondents averred that even as they were willing to pay the additional docket fees, they could not do so because they were already pauper litigants, and accordingly, moved to have the additional docket fee constitute a lien on the judgment.

Under these circumstances, the filing of respondents' May 24, 2010 Omnibus Motion roughly five (5) months after the RTC's January 2010 directive to pay the additional filing fee was reasonable.

Notably, in *De La Paz v. CA*,<sup>58</sup> the plaintiff, who had been directed by final judgment to pay additional docket fees, amended his complaint to reduce his claims and accommodate his finances for the payment of said fees. The Court allowed the amendment, made two (2) years after the final judgment and beyond the alleged prescriptive period for his claim.

**Third.** The Court finds no merit in petitioner's argument that respondents' claim of indigence was an afterthought because they did not ask to litigate as indigent parties when they filed the Complaint, or when petitioner moved for its dismissal for non-payment of the correct filing fees, or even when the higher courts passed upon petitioner's motion to dismiss.<sup>59</sup>

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<sup>57</sup>Id.

<sup>58</sup>Supra, note 55.

<sup>59</sup>*Rollo*, p. 24.



Upon filing their Complaint, respondents paid a docket fee of ₱6,828.80. Compared to ₱39,172,020.00 (as allegedly reassessed by the Clerk of Court)<sup>60</sup> and ₱62,903,240.00 (as computed by petitioner), ₱6,828.80 is evidently minimal, especially considering that there are 13 individual respondents paying said fee.

A party who was assessed a minimal amount in filing fees may opt to simply pay the same although he may qualify as a pauper litigant. He is not, by such initial payment, estopped from claiming indigence should he subsequently be required to pay additional fees.

Respondents cannot likewise be faulted for not raising their indigence in CA-G.R. SP No. 99631 and G.R. No. 184376. They were of the view and thus asserted in these proceedings that they had paid the correct filing fees, and any additional docket fees should constitute a lien on the judgment by virtue of their Affidavit of Undertaking and on the strength of this Court's ruling in *Sun Insurance*.<sup>61</sup> If sustained, these contentions rendered unnecessary a claim for exemption on account of poverty. In any event, when respondents were in fact made to pay additional docket fees pursuant to a final judgment, they sought to be declared as pauper litigants.

The Court accordingly finds no cogent reason to hold that indigence was belatedly raised by respondents. As *Pilipinas Shell* demonstrates, an application to litigate as an indigent party may be made when additional filing fees are imposed subsequent to the filing of the complaint and even after the issue of docket fees had undergone appellate review.

**Fourth.** The amount of additional docket fees is unclear. While respondents alleged that the filing fees had been recomputed by the Clerk of Court at ₱39,172,020.00, it appears from the RTC's November 21, 2011 Resolution that the additional filing fee is still undetermined as it directed the Clerk of Court to reassess the correct amount of docket fees to be paid by respondents. Petitioner itself has submitted a figure nearly 40% more than the alleged reassessment of the Clerk of Court.

**Fifth.** Access to justice by the impoverished is held sacrosanct under Article III, Section 11 of the 1987 Constitution.<sup>62</sup> The idea of paying docket fees at ₱39,172,020.00, as alleged by respondents, or ₱62,903,240.00, as computed by petitioner, is enough to give anyone pause. To an indigent, it is scarcely within the realm of possibility. The Court, thus, finds it more in keeping with the free access clause under the Bill of Rights to accord respondents a chance to establish their indigence. Besides, the court will still have to be convinced that they qualify for exemption as indigent parties

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<sup>60</sup>Id. at 423.

<sup>61</sup>Id. at 104-105.

<sup>62</sup>*Algura v. The Local Government Unit of the City of Naga*, 536 Phil. 819, 837 (2006).

based on the standards set in Section 21,<sup>63</sup> Rule 3 and Section 19,<sup>64</sup> Rule 141 of the Rules of Court. Should the authority to litigate as indigent parties be granted, the legal fees will still be a lien on any judgment favorable to them unless the court directs otherwise.<sup>65</sup>

Furthermore, Section 21 of Rule 3 provides that the adverse party may later still contest the grant of such privilege at any time before judgment is rendered by the trial court, possibly based on newly discovered evidence not obtained at the time the application was heard. Should the trial court, after hearing, determine that the party declared as an indigent is in fact a person with sufficient income or property, the clerk of court shall assess and collect the proper docket and other lawful fees. If the fees so assessed are not paid within the time fixed by the trial court, execution shall issue or the payment of the prescribed fees shall be made, without prejudice to other sanctions that may be imposed by the trial court.<sup>66</sup>

**Sixth.** Respondents' motion to be allowed to litigate as indigent parties was granted by the RTC in its Order of May 4, 2012, and petitioner's motion for reconsideration<sup>67</sup> thereof is still pending resolution.

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<sup>63</sup>**Section 21. *Indigent party.*** A party may be authorized to litigate his action, claim or defense as an indigent if the court, upon an *ex parte* application and hearing, is satisfied that the party is one who has no money or property sufficient and available for food, shelter and basic necessities for himself and his family.

Such authority shall include an exemption from payment of docket and other lawful fees, and of transcripts of stenographic notes which the court may order to be furnished him. The amount of the docket and other lawful fees which the indigent was exempted from paying shall be a lien on any judgment rendered in the case favorable to the indigent, unless the court otherwise provides.

Any adverse party may contest the grant of such authority at any time before judgment is rendered by the trial court. If the court should determine after hearing that the party declared as an indigent is in fact a person with sufficient income or property, the proper docket and other lawful fees shall be assessed and collected by the clerk of court. If payment is not made within the time fixed by the court, execution shall issue for the payment thereof, without prejudice to such other sanctions as the court may impose.

<sup>64</sup>**Section 19. *Indigent litigants exempt from payment of legal fees.*** Indigent litigants (a) whose gross income and that of their immediate family do not exceed an amount double the monthly minimum wage of an employee and (b) who do not own real property with a fair market value as stated in the current tax declaration of more than three hundred thousand (P300,000.00) pesos shall be exempt from payment of legal fees.

The legal fees shall be a lien on any judgment rendered in the case favorable to the indigent litigant unless the court otherwise provides.

To be entitled to the exemption herein provided, the litigant shall execute an affidavit that he and his immediate family do not earn a gross income abovementioned, nor they own any real property with the fair value aforementioned, supported by an affidavit of a disinterested person attesting to the truth of the litigant's affidavit. The current tax declaration, if any, shall be attached to the litigant's affidavit.

Any falsity in the affidavit of litigant or disinterested person shall be sufficient cause to dismiss the complaint or action or to strike out the pleading of that party, without prejudice to whatever criminal liability may have been incurred.

<sup>65</sup>Section 21, Rule 3 and Section 19, Rule 141 of the Rules of Court.

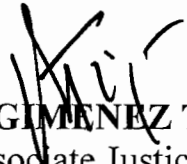
<sup>66</sup>*Pangcatan v. Maghuyop and Bankiao*, G.R. No. 194412 & 194566, November 16, 2016.

<sup>67</sup>*Rollo*, pp. 365-375.

Petitioner argues that respondents cannot be allowed to litigate as indigents because they failed to comply with the evidentiary requirements of Section 19 of Rule 141. Whether respondents qualify as indigent litigants is, however, a question of fact. Since this Court is not a trier of facts, and more importantly, because this question, raised in petitioner's motion for reconsideration of the May 4, 2012 Order, is still pending resolution, the Court will have to remand the case to the RTC with a directive to resolve said issue with dispatch and under the guidelines set in *Algura v. The Local Government Unit of the City of Naga*.<sup>68</sup>

**WHEREFORE**, the assailed March 6, 2013 Decision and July 16, 2013 Resolution of the Court of Appeals in CA-G.R. SP No. 122999 are **SET ASIDE**. The Petition for Review on *Certiorari* is nonetheless **DENIED** for the reasons stated in the Decision. The Regional Trial Court of Quezon City, Branch 96 is ordered to resolve with dispatch the issue of whether respondents qualify as indigent litigants, as raised in petitioner's Motion for Reconsideration of the May 4, 2012 Order in Civil Case No. Q-05-56296.

**SO ORDERED.**

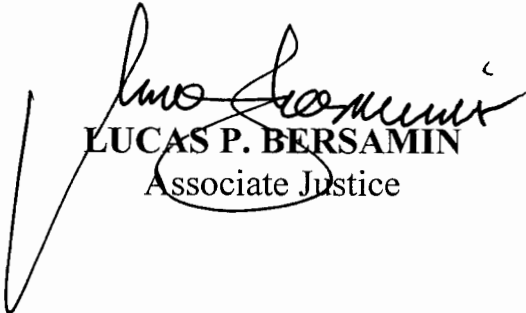


**NOEL GIMENEZ TIJAM**  
Associate Justice


**WE CONCUR:**



**TERESITA J. LEONARDO-DE CASTRO**  
Associate Justice  
Acting Chairperson



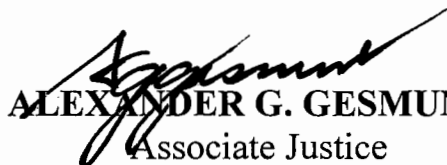
**LUCAS P. BERSAMIN**  
Associate Justice



**MARIANO C. DEL CASTILLO**  
Associate Justice

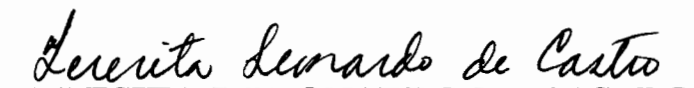
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<sup>68</sup>Supra, note 61.

  
**ALEXANDER G. GESMUNDO**  
Associate Justice


**A T T E S T A T I O N**

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.

  
**TERESITA J. LEONARDO-DE CASTRO**  
Associate Justice  
Acting Chairperson

**C E R T I F I C A T I O N**

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting 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.

  
**ANTONIO T. CARPIO**  
Senior Associate Justice  
(Per Section 12, R.A. 296,  
The Judiciary Act of 1948, as amended)