



Republic of the Philippines
Supreme Court
Manila

A.M. No. 08-8-7-SC

**RULE OF PROCEDURE
FOR SMALL CLAIMS CASES**

EFFECTIVE OCTOBER 1, 2008

MANILA, PHILIPPINES
SEPTEMBER 2008

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THE RULES OF COURT**

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Republic of the Philippines
Supreme Court
Manila

EN BANC

A.M. No. 08-8-7-SC

**THE RULE OF PROCEDURE
FOR SMALL CLAIMS CASES**

RESOLUTION

Acting on the recommendation of the Chairperson, Technical Working Group, Committee on Revision of the Rules of Court, submitting for the consideration and approval of the Court the proposed "The Rule of Procedure for Small Claims Cases," the Court Resolved to **APPROVE** the same.

The Rule shall take effect on October 1, 2008 following its publication in two (2) newspapers of general circulation.

September 9, 2008.


REYNATO S. PUNO
Chief Justice


LEONARDO A. QUISUMBING
Associate Justice


CONSUELO YNARES-SANTIAGO
Associate Justice

(on official leave)

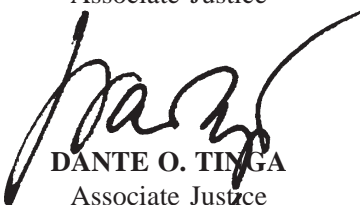
ANTONIO T. CARPIO
Associate Justice



MA. ALICIA AUSTRIA-MARTINEZ
Associate Justice


RENATO C. CORONA
Associate Justice

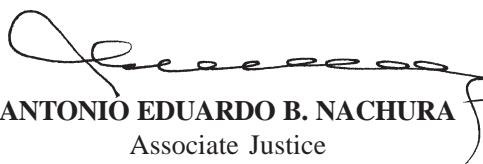

CONCHITA CARPIO MORALES
Associate Justice

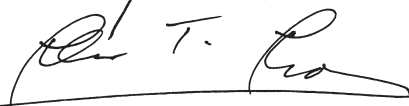

ADOLFO S. AZCUNA
Associate Justice


DANTE O. TINGA
Associate Justice



MINITA V. CHICO-NAZARIO
Associate Justice

PRESBITERO J. VELASCO, JR.
Associate Justice


ANTONIO EDUARDO B. NACHURA
Associate Justice


RUBEN T. REYES
Associate Justice


TERESITA J. LEONARDO-DE CASTRO
Associate Justice


ARTURO D. BRION
Associate Justice

RULE OF PROCEDURE FOR SMALL CLAIMS CASES

SECTION 1. *Title.*—This Rule shall be known as “The Rule of Procedure for Small Claims Cases.”

SEC. 2. *Scope.*—This Rule shall govern the procedure in actions before the Metropolitan Trial Courts, Municipal Trial Courts in Cities, Municipal Trial Courts and Municipal Circuit Trial Courts for payment of money where the value of the claim does not exceed One Hundred Thousand Pesos (P100,000.00) exclusive of interest and costs.

SEC. 3. *Definition of Terms.*—For purposes of this Rule:

- (a) *Plaintiff* refers to the party who initiated a small claims action. The term includes a defendant who has filed a counterclaim against plaintiff;
- (b) *Defendant* is the party against whom the plaintiff has filed a small claims action. The term includes a plaintiff against whom a defendant has filed a claim, or a person who replies to the claim;
- (c) *Person* is an individual, corporation, partnership, limited liability partnership, association, or other juridical entity endowed with personality by law;
- (d) *Individual* is a natural person;
- (e) *Motion* means a party’s request, written or oral, to the court for an order or other action. It shall include an informal written request to the court, such as a letter;
- (f) *Good cause* means circumstances sufficient to justify the requested order or other action, as determined by the judge; and

- (g) *Affidavit* means a written statement or declaration of facts that are sworn or affirmed to be true.

SEC. 4. *Applicability*.—The Metropolitan Trial Courts, Municipal Trial Courts in Cities, Municipal Trial Courts, and Municipal Circuit Trial Courts shall apply this Rule in all actions which are: (a) purely civil in nature where the claim or relief prayed for by the plaintiff is solely for payment or reimbursement of sum of money, and (b) the civil aspect of criminal actions, either filed before the institution of the criminal action, or reserved upon the filing of the criminal action in court, pursuant to Rule 111 of the Revised Rules Of Criminal Procedure.

These claims or demands may be:

- (a) For money owed under any of the following:
1. Contract of Lease;
 2. Contract of Loan;
 3. Contract of Services;
 4. Contract of Sale; or
 5. Contract of Mortgage;
- (b) For damages arising from any of the following:
1. Fault or negligence;
 2. Quasi-contract; or
 3. Contract;
- (c) The enforcement of a *barangay* amicable settlement or an arbitration award involving a money claim covered by this Rule pursuant to Sec. 417 of Republic Act 7160, otherwise known as the Local Government Code of 1991.

SEC. 5. *Commencement of Small Claims Action*.—A small claims action is commenced by filing with the court an accomplished and verified Statement of Claim (*Form 1-SCC*) in duplicate, accompanied by a Certification of Non-forum Shopping (*Form 1-A, SCC*), and two (2) duly certified photocopies of the actionable document/s subject of the claim, as well as the affidavits of witnesses and other evidence to support the claim. No evidence shall be allowed during the hearing which was not attached to or submitted

together with the Claim, unless good cause is shown for the admission of additional evidence.

No formal pleading, other than the Statement of Claim described in this Rule, is necessary to initiate a small claims action.

SEC. 6. *Joinder of Claims.*—Plaintiff may join in a single statement of claim one or more separate small claims against a defendant provided that the total amount claimed, exclusive of interest and costs, does not exceed ₱100,000.00.

SEC. 7. *Affidavits.*—The affidavits submitted under this Rule shall state only facts of direct personal knowledge of the affiants which are admissible in evidence.

A violation of this requirement shall subject the party, and the counsel who assisted the party in the preparation of the affidavits, if any, to appropriate disciplinary action. The inadmissible affidavit(s) or portion(s) thereof shall be expunged from the record.

SEC. 8. *Payment of Filing Fees.*—The plaintiff shall pay the docket and other legal fees prescribed under Rule 141 of the Revised Rules of Court, unless allowed to litigate as an indigent.

A claim filed with a motion to sue as indigent (*Form 6-SCC*) shall be referred to the Executive Judge for immediate action in case of multi-sala courts, or to the Presiding Judge of the court hearing the small claims case. If the motion is granted by the Executive Judge, the case shall be raffled off or assigned to the court designated to hear small claims cases. If the motion is denied, the plaintiff shall be given five (5) days within which to pay the docket fees, otherwise, the case shall be dismissed without prejudice. In no case shall a party, even if declared an indigent, be exempt from the payment of the ₱1,000.00 fee for service of summons and processes in civil cases.

SEC. 9. *Dismissal of the Claim.*—After the court determines that the case falls under this Rule, it may, from an examination of the allegations of the Statement of Claim and such evidence attached thereto, by itself, dismiss the case outright on any of the grounds apparent from the Claim for the dismissal of a civil action.

SEC. 10. *Summons and Notice of Hearing.*—If no ground for dismissal is found, the court shall forthwith issue Summons (*Form 2-SCC*) on the day of receipt of the Statement of Claim, directing the defendant to submit a verified Response.

The court shall also issue a Notice (*Form 4-SCC*) to both parties, directing them to appear before it on a specific date and time for hearing, with a warning that no unjustified postponement shall be allowed, as provided in Section 19 of this Rule.

The summons and notice to be served on the defendant shall be accompanied by a copy of the Statement of Claim and documents submitted by plaintiff, and a copy of the Response (*Form 3-SCC*) to be accomplished by the defendant. The Notice shall contain an express prohibition against the filing of a motion to dismiss or any other motion under Section 14 of this Rule.

SEC. 11. *Response.*—The defendant shall file with the court and serve on the plaintiff a duly accomplished and verified Response within a non-extendible period of ten (10) days from receipt of summons. The Response shall be accompanied by certified photocopies of documents, as well as affidavits of witnesses and other evidence in support thereof. No evidence shall be allowed during the hearing which was not attached to or submitted together with the Response, unless good cause is shown for the admission of additional evidence.

SEC. 12. *Effect of Failure to File Response.*—Should the defendant fail to file his Response within the required period, the court by itself shall render judgment as may be warranted by the facts alleged in the Statement of Claim limited to what is prayed for. The court however, may, in its discretion, reduce the amount of damages for being excessive or unconscionable.

SEC. 13. *Counterclaims Within the Coverage of this Rule.*—If at the time the action is commenced, the defendant possesses a claim against the plaintiff that (a) is within the coverage of this Rule, exclusive of interest and costs; (b) arises out of the same transaction or event that is the subject matter of the plaintiff's claim; (c) does not require for its adjudication the joinder of third parties; and (d) is not the subject of another pending action, the

claim shall be filed as a counterclaim in the Response; otherwise, the defendant shall be barred from suit on the counterclaim.

The defendant may also elect to file a counterclaim against the plaintiff that does not arise out of the same transaction or occurrence, provided that the amount and nature thereof are within the coverage of this Rule and the prescribed docket and other legal fees are paid.

SEC. 14. *Prohibited Pleadings and Motions.*—The following pleadings, motions, or petitions shall not be allowed in the cases covered by this Rule:

- (a) Motion to dismiss the complaint except on the ground of lack of jurisdiction;
- (b) Motion for a bill of particulars;
- (c) Motion for new trial, or for reconsideration of a judgment, or for reopening of trial;
- (d) Petition for relief from judgment;
- (e) Motion for extension of time to file pleadings, affidavits, or any other paper;
- (f) Memoranda;
- (g) Petition for *certiorari*, *mandamus*, or prohibition against any interlocutory order issued by the court;
- (h) Motion to declare the defendant in default;
- (i) Dilatory motions for postponement;
- (j) Reply;
- (k) Third-party complaints; and
- (l) Interventions.

SEC. 15. *Availability of Forms; Assistance by Court Personnel.*—The Clerk of Court or other court personnel shall provide such assistance as may be requested by a plaintiff or a defendant regarding the availability of forms and other information about the coverage, requirements as well as procedure for small claims cases.

SEC. 16. *Appearance.*—The parties shall appear at the designated date of hearing personally or through a representative

authorized under a Special Power of Attorney (*Form 5-SCC*) to enter into an amicable settlement, to submit to Judicial Dispute Resolution (JDR) and to enter into stipulations or admissions of facts and of documentary exhibits.

SEC. 17. *Appearance of Attorneys Not Allowed.*—No attorney shall appear in behalf of or represent a party at the hearing, unless the attorney is the plaintiff or defendant.

If the court determines that a party cannot properly present his/her claim or defense and needs assistance, the court may, in its discretion, allow another individual who is not an attorney to assist that party upon the latter's consent.

SEC. 18. *Non-appearance of Parties.*—Failure of the plaintiff to appear shall be cause for the dismissal of the claim without prejudice. The defendant who appears shall be entitled to judgment on a permissive counterclaim.

Failure of the defendant to appear shall have the same effect as failure to file a Response under Section 12 of this Rule. This shall not apply where one of two or more defendants who are sued under a common cause of action and have pleaded a common defense appears at the hearing.

Failure of both parties to appear shall cause the dismissal with prejudice of both the claim and counterclaim.

SEC. 19. *Postponement When Allowed.*—A request for postponement of a hearing may be granted only upon proof of the physical inability of the party to appear before the court on the scheduled date and time. A party may avail of only one (1) postponement.

SEC. 20. *Duty of the Court.*—At the beginning of the court session, the judge shall read aloud a short statement explaining the nature, purpose and the rule of procedure of small claims cases.

SEC. 21. *Judicial Dispute Resolution.*—At the hearing, the judge shall conduct Judicial Dispute Resolution (JDR) through mediation, conciliation, early neutral evaluation, or any other mode of JDR. Any settlement (*Form 7-SCC*) or resolution (*Form 8-SCC*) of the dispute shall be reduced into writing, signed by the parties and submitted to the court for approval (*Form 12-SCC*).

SEC. 22. *Failure of JDR.*—If JDR fails and the parties agree in writing (*Form 10-SCC*) that the hearing of the case shall be presided over by the judge who conducted the JDR, the hearing shall so proceed in an informal and expeditious manner and terminated within one (1) day.

Absent such agreement, (a) in case of a multi-sala court, the case shall, on the same day, be transmitted (*Form 11-SCC*) to the Office of the Clerk of Court for immediate referral by the Executive Judge to the pairing judge for hearing and decision within five (5) working days from referral; and (b) in case of a single sala court, the pairing judge shall hear and decide the case in the court of origin within five (5) working days from referral by the JDR judge.

SEC. 23. *Decision.*—After the hearing, the court shall render its decision on the same day, based on the facts established by the evidence (*Form 13-SCC*). The decision shall immediately be entered by the Clerk of Court in the court docket for civil cases and a copy thereof forthwith served on the parties.

The decision shall be final and unappealable.

SEC. 24. *Execution.*—If the decision is rendered in favor of the plaintiff, execution shall issue upon motion (*Form 9-SCC*).

SEC. 25. *Applicability of the Rules of Civil Procedure.*—The Rules of Civil Procedure shall apply suppletorily insofar as they are not inconsistent with this Rule.

SEC. 26. *Effectivity.*—This Rule shall take effect on October 1, 2008 for the pilot courts designated to apply the procedure for small claims cases following its publication in two newspapers of general circulation.

3. Plaintiff's cause of action arose from and is evidenced by:

ACTIONABLE DOCUMENT/S	AFFIDAVIT/S
_____ Promissory Note/Undertaking	How many: _____
_____ Contract/Agreement	
_____ Receipt	
_____ Others	

4. The principal obligation of defendant/s amounting to P_____ became due and demandable on _____. Interest at the rate of _____% per annum/per month accrued on the principal sum due from such date of default.

5. Despite repeated demands by plaintiff, the latest of which was on _____, defendant has failed to pay the obligation.

6. _____(a) This claim has been referred to the appropriate barangay authorities but no settlement was reached between the parties. A Certificate to File Action was issued to the plaintiff, the original of which is attached hereto.

_____ (b) The parties are not covered by the barangay mandatory conciliation process under the Local Government Code of the Philippines.

Prayer

WHEREFORE, plaintiff respectfully prays for judgment to be rendered ordering defendant to pay plaintiff the amount of P_____, with interest at the rate of _____% per annum/per month, from _____, until fully paid.

_____; _____20____.

PLACE WHERE FILED

PLAINTIFF

FORM I-A-SCC

VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING

I, _____, of legal age, (Name) _____, and a resident (citizenship) _____ (civil status) _____, of _____,

after having been duly sworn to in accordance with law, hereby, depose and say:

- 1. That I am the _____ in the above-entitled case and have caused this _____ to be prepared; that I read and understood its contents which are true and correct of my own personal knowledge and/or based on authentic records;
2. That I have not commenced any action or proceeding involving the same issue in the Supreme Court, the Court of Appeals or any other tribunal or agency; that to the best of my knowledge, no such action or proceeding is pending in the Supreme Court, the Court of Appeals or any other tribunal or agency, and that, if I should learn thereafter that a similar action or proceeding has been filed or is pending before these courts or tribunal or agency, I undertake to report that fact to the Court within five (5) days therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 20 __.

_____ Affiant

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20 __.

NOTARY PUBLIC

REPUBLIC OF THE PHILIPPINES

_____,
Plaintiff,

vs.

Civil Case No. _____

For: _____

_____,
Defendant.

x- - - - -x

SUMMONS

TO: _____

GREETINGS:

You are hereby required, within ten (10) days from receipt of this Summons, to file with this Court and serve on plaintiff, your verified Response to the attached Statement of Claim. The form of the required Response is attached hereto.

You are required to submit with your Response copies of documents as well as affidavits of any witness to stand as your evidence in this case. You must present the original documents on the day of the hearing.

A motion to dismiss is prohibited and shall not be entertained.

Your failure to respond within the 10-day period will authorize the Court to render judgment based solely on the Statement of Claim.

Witness my hand under the seal of this Court, this ____ day of _____, 20____, at _____, Philippines.

BRANCH CLERK OF COURT

FORM 3-SCC

REPUBLIC OF THE PHILIPPINES

_____,
Plaintiff,

vs.

Civil Case No. _____

For: _____

_____,
Defendant.

x- - - - -x

RESPONSE

Defendant/s respectfully allege/s:

1. Defendant admits all the allegations in paragraph/s _____ of the Statement of Claim.

2. Defendant specifically denies all the allegations in paragraphs _____ of the Statement of Claim.

3. Defendant opposes the grant of the prayer in the Statement of Claim for the following reasons, as supported by the attached documents and affidavits: (enumerate defenses)

4. As the Statement of Claim is baseless, defendant is entitled to the following counterclaims:

_____ Actual Damages of P _____
_____ Moral Damages of P _____
_____ Exemplary Damages of P _____
_____ Costs of suit

Prayer

WHEREFORE, defendant respectfully prays for judgment to be rendered dismissing the Statement of Claim, and granting the counterclaims, ordering plaintiff to pay defendant the following sums:

_____ Actual Damages of P _____
_____ Moral Damages of P _____
_____ Exemplary Damages of P _____
_____ Costs of suit

DEFENDANT

(VERIFICATION AND CERTIFICATION
OF NON- FORUM SHOPPING, if with permissive counterclaim)

REPUBLIC OF THE PHILIPPINES

_____,
Plaintiff,

vs.

Civil Case No. _____
For: _____

_____,
Defendant.

x- - - - -x

NOTICE OF HEARING

Once issues are joined upon the filing of the defendant's Response, this case will be called for Judicial Dispute Resolution (JDR) and hearing before the Presiding Judge of this Court on _____ at _____.

Failure of the plaintiff to appear at the JDR and hearing shall cause the dismissal of the Statement of Claim, and the defendant who appears shall be entitled to a judgment on his counterclaim. On the other hand, failure of the defendant to appear at the JDR and hearing shall cause the Court to render judgment based solely on the Statement of Claim.

A party may not be represented by a lawyer, but may authorize any other representative to appear in his behalf and participate in all the proceedings as if the party represented were present. For this purpose, the required authority should be evidenced by accomplishing the attached Form 5-SCC (Special Power of Attorney).

WITNESS the HON. _____, Presiding Judge of this Court, this ____ day of _____, 20____, at _____, Philippines.

BRANCH CLERK OF COURT

FORM 5-SCC

SPECIAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

I, _____, of legal age, single/married, with residence at _____ do hereby appoint, name and constitute _____, likewise of legal age, single/married, with residence at _____ as my true and legal representative to act for and in my name and stead and to represent me during the hearing of Civil Case No. _____, to enter into amicable settlement, to submit to alternative modes of dispute resolution and to make admissions or stipulations of facts and documents without further consultation from me.

I hereby grant my representative full power and authority to execute and perform every act necessary to render effective the power to compromise as though I myself have so performed it and hereby approving all that he may do by virtue of these presents.

In witness whereof, I hereunto set my hand this _____ day of _____, 20_____, at _____.

Principal

Agent

Witnesses: _____

(ACKNOWLEDGMENT)

REPUBLIC OF THE PHILIPPINES

_____,
Plaintiff,

vs.

Civil Case No. _____

For: _____

_____,
Defendant.

x- - - - -x

MOTION TO PLEAD AS INDIGENT

_____, unto this Honorable Court, respectfully alleges that:

- 1. I am a resident of _____;
- 2. My gross income and that of my immediate family does not exceed _____;
- 3. I do not own real property with an assessed value of more than (amount as provided in the Revised Rules of Court, as amended) as shown by the attached Certification issued by the Office of the City/Municipal Assessor and the City/Municipal Treasurer's Office;
- 4. Due to financial constraint, I cannot afford to pay for the expenses of a court litigation as I do not have enough funds for food, shelter and other basic necessities;
- 5. Should the court render judgment in my favor, the amount of the docket and other legal fees which I was exempted from paying shall be a lien on the judgment, unless the court orders otherwise.

WHEREFORE, premises considered, it is respectfully prayed that I be exempted from the payment of docket and other legal fees as indigent pursuant to Section 21, Rule 3 in relation to Section 18, Rule 141 of the Revised Rules of Court.

Other reliefs just and equitable under the premises are likewise prayed for.

PLAINTIFF

FORM 7-SCC

REPUBLIC OF THE PHILIPPINES

_____,
Plaintiff,

vs.

Civil Case No. _____

For: _____

_____,
Defendant.

x- - - - -x

MOTION FOR APPROVAL OF COMPROMISE AGREEMENT

The parties respectfully allege that:

1. Plaintiff filed this claim against defendant for:

- _____ collection of sum of money
- _____ damages
- _____ civil aspect of criminal case
- _____ enforcement of barangay agreement
- _____ recovery of personal property

2. The parties have come to an amicable settlement and have executed a compromise agreement with the following terms and conditions.

(copy terms and condition here)

3. The parties agree that the approval of this agreement by the Court shall put an end to this litigation, except for purposes of execution in case of default.

WHEREFORE, premises considered, the parties respectfully pray that the court approve this agreement and render judgment on the basis thereof.

_____, 20_____.

Plaintiff

Defendant

FORM 8-SCC

(Motion for voluntary dismissal of the claim and counterclaim)

REPUBLIC OF THE PHILIPPINES

_____,
Plaintiff,

vs.

Civil Case No. _____

For: _____

_____,
Defendant.

x- - - - -x

JOINT MOTION

Plaintiff and defendant, unto this Honorable Court, respectfully allege that:

1. Plaintiff and defendant have mutually and voluntarily settled their claim and counterclaim to the entire satisfaction of each other; and
2. The parties no longer have a cause of action against each other.

WHEREFORE, premises considered, plaintiff and defendant respectfully pray that the plaintiff's statement of claim and defendant's counterclaim incorporated in his response be dismissed.

Other reliefs just and equitable under the premises are likewise prayed for.

_____, 20_____.

Plaintiff Defendant

To the Branch Clerk of Court:

Please submit the foregoing motion for the consideration of the Court without hearing and further argument from the parties.

Plaintiff Defendant

FORM 9-SCC

REPUBLIC OF THE PHILIPPINES

_____,
Plaintiff,

vs.

Civil Case No. _____

For: _____

_____,
Defendant.

x- - - - -x

MOTION FOR EXECUTION

Plaintiff/Defendant, unto this Honorable Court, respectfully alleges that:

1. On _____, a judgment was rendered by the Court, the dispositive portion of which reads:

- 2. The judgment is final and unappealable.
- 3. The defendant/plaintiff has not complied with the judgment.

WHEREFORE, premises considered, it is respectfully prayed that a writ of execution be issued to implement the judgment of the Court dated _____.

_____, 20_____.

Plaintiff/Defendant

NOTICE OF HEARING

NAME OF DEFENDANT

(IF FILED BY PLAINTIFF)

NAME OF PLAINTIFF

(IF FILED BY DEFENDANT)

NAME OF CLERK OF COURT.

Please be notified that the undersigned will submit the foregoing motion for the consideration and approval of the Court on _____ at _____, 20_____.

Plaintiff/Defendant

FORM 10-SCC

REPUBLIC OF THE PHILIPPINES

_____,
Plaintiff,

vs.

Civil Case No. _____

For: _____

_____,
Defendant.

x- - - - -x

AGREEMENT

Having failed to resolve the matter through Judicial Dispute Resolution, plaintiff and defendant hereby agree that Judge _____ shall continue with the hearing on the instant matter and hereby waive their right to have a different judge hear the case.

_____, 20_____.

Plaintiff

Defendant

FORM 11-SCC
(Referral to pairing judge)

REPUBLIC OF THE PHILIPPINES

_____,
Plaintiff,

vs.

Civil Case No. _____
For: _____

_____,
Defendant.

x- - - - -x

ORDER

In view of the failure of judicial dispute resolution and there being no agreement from the parties to let the undersigned continue hearing the instant case, the record of this case is transmitted to the Office of the Clerk of Court for immediate referral by the Executive Judge to the Pairing Judge for hearing and decision pursuant to Section 21 of the Rule of Procedure for Small Claims Cases.

SO ORDERED.

_____, 20____.

JUDGE

FORM 12-SCC

REPUBLIC OF THE PHILIPPINES

_____,
Plaintiff,

vs.

Civil Case No. _____
For: _____

_____,
Defendant.

x- - - - -x

DECISION BASED ON COMPROMISE AGREEMENT

Plaintiff filed this case against defendant for _____
in the amount of _____.

Defendant denied plaintiff's claim on the ground of _____
and set up a counterclaim for _____.

The parties, however, reached an amicable settlement and submitted to
the court a compromise agreement, the terms and conditions of which are as
follows:

It appearing that the agreement is not contrary to law, morals, good
customs, public moral and public policy, and pursuant to Articles 2028 and
2037 of the Civil Code of the Philippines, the same is hereby APPROVED and
ADOPTED as the Decision of this court.

The parties are hereby ordered to faithfully comply with the terms and
conditions of the agreement.

_____, 20_____.

JUDGE

FORM 13 – SCC

REPUBLIC OF THE PHILIPPINES

_____,
Plaintiff,

vs.

Civil Case No. _____

For: _____

_____,
Defendant.

x- - - - -x

DECISION

This is a small claims action for (state which of the claims or demands below is the subject of the action filed):

[For money owed under any of the following:

- 1. *Contract of lease;*
- 2. *Contract of loan;*
- 3. *Contract of services;*
- 4. *Contract of sale; or*
- 5. *Contract of mortgage;*

For damages arising from:

- 1. *Fault or negligence;*
- 2. *Quasi-contract; or*
- 3. *Contract;*

The enforcement of a barangay amicable settlement or an arbitration award involving a money claim covered by this Rule pursuant to Section 417 of Republic Act 7160, otherwise known as The Local Government Code of 1991].

Plaintiff alleges that (state material allegations and prayer in the Statement of Claim).

Defendant alleges that (state reasons for denial of the claim and other material allegations in the Response including counterclaims, if any).

On (date), both parties appeared during the hearing conducted by (state name of Judge who conducted the JDR. State whether parties appeared personally or through a specially authorized representative).

Considering the failure of the parties to arrive at any settlement of the dispute, this court proceeded with the hearing of the case which was terminated on _____.

The issue to be resolved by this court is whether _____.

Plaintiff's evidence consists of: (state documents of plaintiff, affidavits submitted, if any, and statements made by plaintiff and witnesses under oath during the hearing).

Defendant's evidence consists of: (state documents of defendant, affidavits submitted, if any, and statements made by defendant and witnesses under oath during the hearing).

This court finds that the claim of plaintiff (or defendant in a counterclaim) is (state whether meritorious or devoid of merit) under Article/Section (state the applicable provisions of law) or pursuant to established jurisprudence (cite applicable jurisprudence). In this case, this court found that (state first the factual findings established by the evidence and then the legal conclusions).

Wherefore, the (claim/counterclaim) is (granted/denied). This court orders _____ to pay to _____ the amount of (state the monetary award or damages) with interest of (if applicable under Civil Code and/or settled jurisprudence) until fully paid.

SO ORDERED.
(Date of decision.)

(Signature)

Presiding Judge
(or Pairing Judge in the absence
of written agreement of the
parties that the case shall be
heard by the Presiding Judge
who conducted the JDR)

Copy furnished:

All parties
Office of the Clerk of Court of _____

RATIONALE
of the
Proposed Rule of Procedure for Small Claims Cases

A. Introduction

The most significant recurring theme of every program for judicial reform of the Supreme Court is the pressing need for a more accessible, much swifter and less expensive delivery of justice. Undeniably, the slow grind of the wheels of justice is the result of a variety of factors, foremost of which is the perennial congestion of court dockets which has transformed court litigation into a protracted battle, that invariably exhausts the time, effort and resources of party-litigants, especially the poor. Many strategies have been devised to unclog heavy court dockets, and one such approach is the use of mandatory Pre-trial and Alternative Dispute Resolution mechanisms such as mediation, arbitration and conciliation. Another scheme that has been widely used in many foreign legal systems but which has yet to be tried in the Philippines is the small claims case processing method used by small claims courts, often referred to as the “People’s Court,” as it comes most directly into contact with the citizenry of a jurisdiction.

Small claims courts are courts of limited jurisdiction that hear civil cases between private litigants. Courts authorized to try small claims may also have other judicial functions, and the name by which such a court is known varies by jurisdiction: it may be known by such names as county court or magistrate’s court. Small claims courts can be found in Australia, Canada, Ireland, Israel, New Zealand, South Africa, Hong Kong, Singapore, the United Kingdom and the United States.

B. The History and the Reforms of Small Claims Court

1. In the United States¹

For almost a century now, small claims courts have provided a form of alternative dispute resolution (ADR) in the United States. Originating around 1912 or 1913, these courts were established primarily as a means for small businesses to collect money from borrowers through a process that was faster, less formal, and less expensive than traditional civil litigation.

Following the lead of the establishment of the initial small claims court in Kansas, USA in 1912 or 1913, every state in the United States has created some form of a small claims court system. Although the financial claims limits, methods of procedure, and overall structure vary from state to state, the concept is essentially the same, *i.e.*, that relatively minor disputes, involving dollar amounts that are insufficient to warrant processing the case through the normal court procedure, justify expeditious and simplified handling.

The consumer justice reform movements of the 1960s and 1970s brought renewed research and interest in the small claims courts. This movement emphasized the need for reform of small claims courts to facilitate the adjudication of consumer grievances. Although “consumer justice reformers” were concerned that businesses and corporations were more likely to use attorneys in small claims courts thereby placing inexperienced individual defendants at a disadvantage, studies showed that defendants with an attorney were more likely to win against plaintiffs than unrepresented defendants, whereas plaintiffs without attorneys did just as well as represented plaintiffs against unrepresented defendants. **The result was an appraisal of the need to bar attorneys and collection agencies from the small claims courts.**

Small claims courts in the United States are often considered courts of equity and are not necessarily bound by the letter of the law. These courts have flexibility to use more holistic approaches to problem solving and dispute resolution than what is typical. Most judges act according to what makes sense to them, even if this means setting aside legal formalities. Moreover, traditional rules of evidence and court processes do not apply. The rules of small claims courts emphasize conciliation and pragmatism over winning,

and rules of evidence and civil procedure have been simplified to allow maximum access to the courts by individuals unable to afford an attorney.

2. Small Claims Courts in Canada²

All provinces in Canada have procedures for small claims. In general, there are two different models. In most provinces, as in British Columbia, Alberta, and New Brunswick, small claims courts operate independently of the superior courts. In other jurisdictions, the small claims courts are either branches or divisions of the superior courts.

The small claims courts are meant to be an easier and less expensive way to resolve disputes than in the superior courts. Small Claims Court procedure is regulated both by provincial legislation and rules in most provinces. It is simplified and less costly with no strict pleading requirements and formal discovery process.

3. Small Claims Courts in England and Wales³

From early times, England had a tradition of local courts where ordinary men could pursue justice in the form of civil claims without the aid of lawyers. Some were set up by local statutes, others by custom. These local courts could not keep pace with the changes in society brought about by the Industrial Revolution. By the 1830s, the decade of great liberal reform, there was a great public awakening to the urgent need for constitutional reform in the administration of justice. The result was the County Courts Act of 1846, described in its preamble as an “Act For The More Easy Recovery of Small Debts and Demands in England.” It was initially a poor man’s court. Andrew Amos, the first judge at Marylebone County, described regular litigants as being “a great proportion of the poorer classes, gaining their livelihoods by bricklaying, gardening or other out of door occupations and who subsist upon credit in the winter months, and complaints against whom are usually issued in the summer months.” The county court’s jurisdiction for claims brought in contract and tort gradually increased from £50 in 1888 to £5,000 in 1984.

The purpose and structure of the county court system has in many ways remained the same since 1846. The aim is still to make

civil justice available locally – there are now 223 county courts in England and Wales. They have continued to be responsive to the needs of smaller cases which, although small in terms of their financial value, are important to the litigants involved. However, recent decades have seen two major changes in relation to small claims – first, the introduction of a dedicated small claims procedure in 1973 and secondly, the introduction of the Civil Procedure Rules reforms of 1998 with emphasis on proportionality.

Since January 1996, when the small claims limit in England and Wales was trebled overnight to £3,000, district judges have been expected to play the role of “interventionist” and assist litigants in presenting their own cases personally at small claims hearings. Like adjudicators in other parts of the world, district judges in these countries have been encouraged to intervene to an increasing extent at small claims hearings. Such interventionism is, indeed, vital and although there may be wide variations between jurisdictions in the methods that are adopted to deal with small claims, the idea of the adjudicator freely entering the arena of the dispute to assist unrepresented litigants is fundamental in almost all matters about small claims.

4. Small Claims Tribunals in Singapore⁵

The Small Claims Tribunals in Singapore have been in operation since 1 February 1985. The Tribunals have fulfilled an integral role in providing the community with accessible justice for civil claims involving small amounts. Various features and programs have been put in place to enhance access to justice for the community, by removing barriers such as cost, delay, distance, time and inconvenience. The Tribunals, constituted as part of the Subordinate Courts of Singapore, were established for the primary purpose of providing a quick and inexpensive avenue for the resolution of small claims arising from disputes between consumers and suppliers. There was a need for a less expensive and less formal forum to deal with such small claims. Hence, in 1985, the Small Claims Tribunals Act was passed, which authorized the setting up of one or more Tribunals to help consumers who have claims of up to \$2,000 relating to disputes arising from contracts for the sale of goods or the provision of services.

C. Introduction of the Concept of Small Claims Court in the Philippines

The idea of establishing Small Claims Courts in the Philippines was first proposed to the Supreme Court through a study conducted in 1999 by Justice Josue N. Bellosillo, former Senior Associate Justice of the Supreme Court. After observing small claims courts and interviewing judges of such courts in Dallas, Texas, United States in 1999, Justice Bellosillo proposed in a Report that courts can be established in the Philippines to handle exclusively small claims without the participation of lawyers and where ordinary litigants can prosecute and defend a small claims action through ready-made forms. He envisioned the small claims courts as another positive approach, in addition to mandatory pre-trial, for solving court congestion and delay.⁶ The study and report was subsequently endorsed for legislative action to Senator Franklin Drilon who later funded a project for this purpose.

At the regular session of the Fourteenth Congress, House Bill No. 2921 entitled “An Act Establishing Small Claims Courts” was introduced by Congressman Jose V. Yap. Thereafter, on July 3, 2007, Senate Bill No. 800 entitled “Philippine Small Claims Court Act” was filed by Senator Ramon A. Revilla, Jr. and, on September 3, 2007, the bill passed First Reading and was referred to the Committee(s) on Justice and Human Rights and Finance. The same is still pending with these committees at present.

In 2007, the United States Agency for International Development (USAID) awarded a two-year grant to the American Bar Association-Rule of Law Initiative (ABA-ROLI) to pursue judicial reform activities in the Philippines for the fiscal period October 2007 to September 30, 2009. In a letter to Chief Justice Reynato S. Puno dated October 10, 2007, ABA-ROLI proposed the establishment of small claims pilot courts among first level courts in different regions of the Philippines. The small claims pilot court project was proposed by ABA to USAID after consultation with various Supreme Court officials in conjunction with the 2000 Action Plan for Judicial Reform.

Among the critical issues being addressed by the APJR are case congestion and delay. The congestion of case dockets is central to a multitude of problems, either as cause or effect; it is either the

manifestation or the source of other difficulties. Addressing this concern is thus an imperative⁸ which is why present reforms in judicial systems and procedures have included the following:

1. streamlining procedural rules to eliminate provisions that cause delay and permit dilatory tactics;
2. re-engineering the jurisdictional structure of the courts to ensure easy geographical access to the courts particularly by the poor litigants;
3. improving the case management system toward more transparency, accountability and integrity of the judicial process and for better efficiency; and
4. strengthening of the mediation mechanism to promote early dispute resolution nationwide. This involves the institutionalization of court-annexed mediation, and the establishment of a Mediation Center to continually monitor and assess the performance of the system and provide training and research.

Notwithstanding the absence of a law at the present time creating small claims courts in our country, the Supreme Court through a program in partnership with ABA-ROLI and USAID, can promulgate and implement a simplified rule of procedure exclusively for small claims and assign a certain number of existing first level courts to take cognizance of small claims. This does not need legislative action as the Court can designate several first level courts all over the country to jump-start the pilot project. Thus, pursuant to its rule-making power, the Court under the present Constitution can adopt a special rule of procedure to govern small claims cases and select pilot courts that would empower the people to bring suits before them *pro se* to resolve legal disputes involving simple issues of law and procedure without the need for legal representation and extensive judicial intervention. This system will enhance access to justice especially by those who cannot afford the high costs of litigation even in cases of relatively small value.¹³ It is envisioned that by facilitating the traffic of cases through simple and expeditious rules and means, our Court can improve the perception of justice in this country, thus giving citizens a renewed “stake” in preserving peace in the land. This is a hopeful message to our people that

“there is no need to despair for there is deliverance in law; that is a promise that has been fulfilled by law in the past; it is a promise law will again fulfill in the future.”¹⁴

In December 2007, the Supreme Court established a Technical Working Group composed of the Court Administrator, the Program Management Office Administrator, selected judges and other officials of the Supreme Court and the Integrated Bar of the Philippines to undertake the following activities:

1. The development of Rules and Procedures to Implement Pilot Small Claims Courts;
2. The establishment of Criteria to Select Appropriate Regions/Judges for Pilot Small Claims Courts and set Peso Limits for the Small Claims Courts;
3. Through the Philippine Judicial Academy, the conduct of training programs for Judges and their personnel participating in the Pilot Small Claims Courts project; and
4. The employment of “Justice on Wheels” buses to launch pilot small claims tribunals.

On June 23, 2008, the Technical Working Group finalized its draft of a Rule of Procedure for Small Claims Cases. Highlights of the Proposed Rule are the following:

- I. **The Rule governs the procedure in actions before the first level courts, *i.e.*, Metropolitan Trial Courts, Municipal Trial Courts in Cities, Municipal Trial Courts and Municipal Circuit Trial Courts (excluding *Shari’a* Circuit Courts) for the payment of money where the value of the claim does not exceed One Hundred Thousand Pesos (P100,000.00) exclusive of interest and costs.**

Explanatory Note: The purpose of a small claims process is to provide an inexpensive and expeditious means to settle disputes over small amounts. For purposes of the project, the amount has been set for claims involving amounts of not more than P100,000.00.

The theory behind the small claims system is that ordinary litigation fails to bring practical justice to the parties when the disputed claim is small, because the time and expense required by the ordinary litigation process is so disproportionate to the amount involved that it discourages a just resolution of the dispute. The small claims process is designed to function quickly and informally. There are no attorneys, no formal pleadings and no strict legal rules of evidence. The small claims court system is not a “typical inferior court.” Parties are encouraged to file small claims court actions to resolve their minor disputes as opposed to resorting to self-help or forcible means to seek their remedy. (*Pace v. Hillcrest Motor Co.*, 161 Cal. Rptr. 663, 664 Ct. App. 1980)

- II. This Rule applies to all actions that are: (a) purely civil in nature where the claim or relief prayed for by the plaintiff is solely for payment/reimbursement of a sum of money, and (b) the civil aspect of criminal actions, either filed prior to the institution of the criminal action, or reserved upon the filing of the criminal action in court, pursuant to Rule 111 of the Revised Rules of Criminal Procedure. These claims or demands may be:**
- a. For money owed under any of the following:**
 - 1. Contract of lease;**
 - 2. Contract of loan;**
 - 3. Contract of services;**
 - 4. Contract of sale; or**
 - 5. Contract of mortgage;**
 - b. For damages arising from:**
 - 1. Fault or negligence;**
 - 2. Quasi-contract; or**
 - 3. Contract;**
 - c. Enforcement of a *barangay* amicable settlement or an arbitration award involving money claims covered by this Rule pursuant to Sec. 417 of Republic Act No. 7160, otherwise known as the “Local Government Code of 1991.”**

Explanatory Note: The kinds of cases that can be filed in Small Claims Court vary, but the case must seek money only. For example, a suit cannot be brought in Small Claims Court to force a person or business to fix a damaged good; or to demand fulfillment of a promised obligation which is not purely for money, or to seek money to compensate for pain and suffering. Some of the kinds of cases which are allowed as small claims include the following:

1. Actual damage caused to vehicles, other personal property, real property or person;
2. Payment or reimbursement for property, deposit, or money loaned;
3. Payment for services rendered, insurance claim, rent, commissions, or for goods sold and delivered;
4. Money claim pursuant to a contract, warranty or agreement; and
5. Purely civil action for payment of money covered by bounced or stopped check.

- III. **A small claims action is commenced by filing with the court an accomplished and verified Statement of Claim in duplicate, accompanied by a Certification of Non-Forum Shopping, and two (2) duly certified photocopies of the actionable document/s subject of the claim, as well as the affidavits of witnesses and other evidence to support the claim. No evidence shall be allowed during the hearing which was not attached to or submitted together with the Claim, unless good cause is shown for the admission of additional evidence.**
- IV. **Plaintiff may join in a single Statement of Claim one or more separate small claims against a defendant as long as the total amount claimed, exclusive of interest and costs, does not exceed P100,000.00.**
- V. **The plaintiff shall pay the prescribed fees upon filing, unless allowed to litigate as an indigent.**

- VI. For purposes of this Rule: (a) Plaintiff is the party who has filed a small claims action. The term includes a defendant who has filed a counterclaim against a plaintiff; (b) Defendant is the party against whom the plaintiff has filed a small claims action. The term includes a plaintiff against whom a defendant has filed a claim, or a person who replies to the claim; (c) Person is an individual, corporation, partnership, limited liability partnership, association, or other entity; (d) Individual is a natural person; (e) Motion means a party's request, written or oral, to the court for an order or other action. It shall include an informal written request to the court, such as a letter; (f) Good cause means circumstances sufficient to justify the requested order or other action, as determined by the judge; and (g) Affidavit means a written statement or declaration of facts that are sworn or affirmed to be true.**

Explanatory Note: A plaintiff may commence an action in the small claims court by filing a Statement of Claim under oath with the Clerk of the first level court in person or by mail. The claim form shall be a simple nontechnical form approved or adopted by the Supreme Court. The claim form shall set forth (1) the name and address of the defendant, if known; (2) the amount and the basis of the claim; (3) that the plaintiff, where possible, has demanded payment and, in applicable cases, possession of the property; (4) that the defendant has failed or refused to pay, and where applicable, has refused to surrender the property; and (5) that the plaintiff understands that the judgment on his or her claim will be conclusive and without a right of appeal. The plaintiff should attach to the claim all documents necessary to prove his/her right to reliefs prayed for. The form or accompanying instructions shall include information that the plaintiff (1) may not be represented by an attorney; (2) has no right of appeal; and (3) may ask the court to waive fees for filing and serving the claim on the ground that the plaintiff is indigent unable to pay them, using the forms approved by the Supreme Court for that purpose.

- VII. The Court may dismiss the case outright on any of the grounds for the dismissal of a civil action apparent from the pleading and affidavits and other documents submitted.**

Explanatory Note: Jurisdiction and venue requirements in small claims actions shall be the same as in other civil actions provided in the Rules of Civil Procedure. A defendant may challenge jurisdiction or venue or court location by including these defenses in his Response before appearing in the scheduled hearing. In all cases, even if the defendant does not ask for dismissal of the case in the Response or appear at the hearing, the court shall inquire into the facts sufficiently to determine whether jurisdiction and authority of the court over the action are proper, and shall make its determination accordingly.

- VIII. No Motion to Dismiss shall be allowed except on the grounds under Section 13 thereof (See No. X below).**

- IX. Should the defendant fail to file a response within the required period, the court shall render judgment as may be warranted by the facts alleged in the Statement of Claim and limited to what is prayed for therein. The court may, in its discretion, reduce the amount of damages for being excessive or otherwise unconscionable.**

- X. If at the time the action is commenced, a defendant possesses a claim against the plaintiff that (a) is within the coverage of this Rule, exclusive of interest and costs; (b) arises out of the same transaction or event that is the subject matter of the plaintiff's claim; (c) does not require, for its adjudication, the joinder of third parties; and (d) is not the subject of another pending action, this claim shall be included as a counterclaim in the Response, otherwise, such counterclaim shall be barred.**

The defendant may also elect to include in the Response a counterclaim against the plaintiff that does not arise out of the transaction or occurrence provided that the amount and nature thereof are within the coverage of this Rule and the prescribed docket fees are paid.

Explanatory Note: If a defendant has a claim against a plaintiff that exceeds the limits stated in Section 2 of this Rule, and the claim relates to the contract, transaction, matter, or event which is the subject of the plaintiff's claim, the defendant may commence an action against the plaintiff in a court of competent jurisdiction. If said claim which is beyond the limit of money claim provided in this Rule is filed with the Response before the Small Claims Court, the latter shall dismiss the counterclaim.

- XI. **Prohibited pleadings and motions: (a) Motion to dismiss the complaint except on the ground of lack of jurisdiction; (b) Motion for a bill of particulars; (c) Motion for new trial, or for reconsideration of a judgment, or for reopening of trial; (d) Petition for relief from judgment; (e) Motion for extension of time to file pleadings, affidavits, or any other paper; (f) Memoranda; (g) Petition for *certiorari*, *mandamus*, or prohibition against any interlocutory order issued by the court; (h) Motion to declare the defendant in default; (i) Dilatory motions for postponement; (j) Reply; (k) Third-party complaints; and (l) Interventions.**

- XII. **Availability of Forms for the Parties who shall be assisted by Clerk of Court.**

- XIII. **The parties must personally appear at the hearing; if unable, then through a designated representative who must be duly authorized to enter into an amicable settlement.**

- XIV. **Attorneys are not allowed at the hearing, except as plaintiff or defendant. However this does not preclude them from offering their services in assisting the party to a small claims case to prepare for the hearing or for other matters outside of the hearing. If the court determines that a party cannot properly present his/her claim or defense and needs assistance, the court may, in its discretion, allow another individual, who is not an attorney, to assist that party upon the latter's consent.**

Explanatory Note: Except as permitted by this section, no attorney shall appear in a small claims action except when the latter shall maintain or defend an action in any of the following capacities:

- (1) By or against himself or herself;
- (2) By or against a partnership in which he or she is a general partner and in which all the partners are attorneys; or
- (3) By or against a professional corporation of which he or she is an officer or director and of which all other officers and directors are attorneys.

Nothing in this section shall prevent an attorney from doing any of the following:

- (1) Providing advice to a party to a small claims action, either before or after the commencement of the action; or
- (2) Submitting an affidavit as a witness for a party in order to state facts of which he or she has personal knowledge and about which he or she is competent to do so.

If the court determines that a party does not speak or understand English or Filipino sufficiently to comprehend the proceedings or give testimony, to the questions of the court, if any, and needs assistance in so doing, the court may permit another individual (other than an attorney) to assist that party. If the court interpreter or other competent interpreter of the language or dialect known to the party is not available to aid that party in a small claims action, at the first hearing of the case the court shall postpone the hearing one time only to allow the party the opportunity to obtain another individual (other than an attorney) to assist that party. Any additional continuances shall be at the sound discretion of the court.

XV. Non-appearance of Parties. Failure of the plaintiff to appear shall be a cause for the dismissal of the complaint without prejudice. The defendant who appears shall be entitled to judgment on a permissive counterclaim.

On the other hand, failure of the defendant to appear shall have the same effect as failure to file a Response under Section 12 of this Rule. This however shall not apply where one of two or more defendants sued under a common cause of action and who pleaded a common defense shall appear at the hearing.

Failure of both parties to appear shall cause the dismissal with prejudice of both the claim and counterclaim.

XVI. A request for postponement of a hearing may be granted only upon proof of the physical inability of the party to appear before the court on that date and time. Every party may avail of only one (1) postponement.

Explanatory Note: A party may submit an oral or written request to postpone a hearing date for good cause, as follows:

- (1) If the written request is in writing, it may be made either by letter or on a form adopted or approved by the Supreme Court;
- (2) The request shall be filed before the hearing date and accompanied by proof of physical inability, unless the court determines that the requesting party has good cause to file the request on the date of hearing itself; and
- (3) If the court finds that the interests of justice would be served by postponing the hearing, the court shall do so and shall notify all parties by mail on the same day of the new hearing date, time and place.

This Section does not limit the inherent power of the court to order postponements of hearings in strictly appropriate circumstances. The postponement fee of One Hundred Pesos (or as provided in Rule 141, Revised Rules of Court, as amended on Legal Fees) shall be charged and collected before the filing of a request for postponement and rescheduling of a hearing date.

XVII. Judicial Dispute Resolution. At the hearing, the court shall exert all efforts to encourage the parties to resolve their dispute through mediation, conciliation, early neutral

evaluation or any other mode of JDR. Any settlement or resolution of the dispute shall be reduced into writing, signed by the parties, and submitted to the court for approval.

XVIII. If JDR fails and the parties agree in writing (*Form 10-SCC*) that the hearing of the case shall be presided over by the judge who conducted the JDR, the hearing shall so proceed in an informal and expeditious manner and terminated within one (1) day.

Absent such agreement, (a) in case of a multi-sala court, the case shall, on the same day, be transmitted (*Form 11-SCC*) to the Office of the Clerk of Court for immediate referral by the Executive Judge to the pairing judge for hearing and decision within five (5) working days from referral; and (b) in case of a single sala court, the pairing judge shall hear and decide the case in the court of origin within five (5) working days from referral by the JDR judge.

Explanatory Note: In hearings before the small claims court, witnesses shall still be sworn in. The judge shall conduct the hearing in an informal manner so as to do substantial justice between the parties. The judge shall have the discretion to admit all evidence which may be of probative value although not in accordance with formal rules of practice, procedure, pleading or evidence provided in the Rules of Court, except that privileged communications shall not be admissible. The object of such hearings shall be to determine the rights of the litigants on the merits and to dispense expeditious justice between the parties.

An interventionist role by judges in such hearings is effective in eliciting evidence from litigants in person. It is seen by unrepresented parties as a “helping hand” which they appreciate, provided that judges avoid the danger of appearing to be partial. By discussing the facts of the case, judges find what common ground does exist between the parties. This tends to narrow the differences between the parties and make the final judicial decision easier – whereas traditional open court trials, with the presence of lawyers

and the use of cross-examination tend to polarize the parties, increase antagonism and heighten the differences.

In this regard, Lord Woolf, Great Britain's case management expert, has observed:

“The role of the judge in small claims is not only that of an adjudicator. It is a key safeguard of the rights of both parties. In most cases, the judge is effectively a substitute for a legal representative. His duty is to ascertain the main matters at issue, to elicit the evidence, to reach a view on the facts of the matter and to give a decision. In some cases he may encourage the parties to settle. In doing so he should ensure that both parties have presented the evidence and called the witnesses germane to their case and that he has identified and considered any issue of law which is pertinent to the case in hand. He must also hold the ring and ensure that each party has a fair chance to present his own case and to challenge that of his opponent.”¹⁵

The key judicial skills in conducting such hearings are to maintain a balance between informality and fairness, to ensure a level playing field and to protect the weak and the scrupulous. In practice, this is achieved by preventing interruptions and parties talking over each other, and making it clear that both parties will have plenty of time to say all that they wish before the end of the hearing.

XIX. Decision. After the hearing, the court shall, on the same day, render its decision using the form provided. The decision shall immediately be entered by the Clerk of Court in the court docket for civil cases and a copy thereof served on the parties. The decision is final and unappealable.

Explanatory Note: Despite the relative informality of the procedure, judgments are based upon a strict application of the substantive law and an objective judicial analysis of the facts. The judge is duty-bound to give the legal basis for the findings.

The prohibition against appeals assures immediate and swift justice.

The right to appeal is not a natural right nor a part due process. It is merely a statutory privilege and a procedural remedy of statutory origin, a remedy that may be exercised only in the manner and in accordance with the provisions of the law authorizing such exercise. The applicable provisions of the law allowing appeals from decisions of the first level courts are Sections 36 and 38 of B.P. Blg. 129, as amended, also known as “The Judiciary Reorganization Act of 1980.” The procedure on appeal is subject to the limitations and restrictions provided by this Act and any such rules as the Supreme Court may hereafter prescribe. Sec. 36 of B.P. Blg. 129 provides an instance wherein the Supreme Court may adopt special procedures, including cases where appeal may not be allowed, to achieve an expeditious and inexpensive determination of particular cases requiring summary disposition.

XX. Execution. If the decision is rendered in favor of the plaintiff, execution shall issue upon motion (*Form 9-SCC*).

Endnotes:

1 “The People’s Court Examined: A Legal and Empirical Analysis of the Small Claims Court System, by Bruce Tucker and Monica Her, San Francisco Law Review, Winter 2003.

2 en.wikipedia.org/wiki/small_claims_court.

3 “Small Claims Hearings: The Interventionist Role Played by District Judges” by John Baldwin, Civil Justice Quarterly, Sweet and Maxwell Limited and Contributors, January 17, 1998.

4 See Note 2.

5 “The Singapore Small Claims Tribunals – Accessible Justice to the Community” by Chong Kah Wei, paper prepared for the 2nd Annual AIJA Tribunals Conference held in Sydney, Australia on 10 September 1999.

6 “A Moral Renaissance For a Lasting Peace”, Speech delivered by Senior Associate Justice Josue N. Bellosillo as Keynote Speaker of the 3rd Annual National Seminar-Convention of the Philippine Trial Judges League, Inc. on the theme “Championing Peace Through Justice,” held 3-5 October 2002 at Prince Plaza Hotel, Baguio City.

7 “The Totality of Reforms for a Transformed Judiciary” by Former Chief Justice Artemio V. Panganiban (ret.), The Court Systems Journal, December 2005, p. 69.

8 Action Program for Judicial Reform (APJR) 2001-2006 published by the Supreme Court in August 2001, p. 6.

9 *Ibid.*

10 Supplement to APJR, published by the Supreme Court in 2001 at p. 2-12.

11 See Note 7 at p. 12.

12 See Note 9 at p. 2-15.

13 Memorandum For the Honorable Reynato S. Puno, Chief Justice of the Supreme Court, dated December 19, 2007, from Court Administrator Zenaida N. Elepaño, Re: Proposal to Establish a Pilot Project on Small Claims Courts in First Level Courts in the Philippines.

14 "Justice, Peace and Development: The Role and Responsibility of Lawyers," Article by Chief Justice Reynato S. Puno, The Court Systems Journal, March 2006, Volume 11 No. 1, p. 26.

15 See Note 3, 20-34 at Chapter 26.

TECHNICAL WORKING GROUP

HON. ZENAIDA N. ELEPANO

Court Administrator (Ret.)
Office of the Court Administrator
Chairperson

ACA THELMA C. BAHIA

Office of the Court Administrator
Vice-Chairperson

Members

ACA JOSE MIDAS P. MARQUEZ

Chief Judicial Staff Head, Office of the Chief Justice
Chief, Public Information Office

JUDGE MYRA G. FERNANDEZ

RTC, Branch 18, Manila

JUDGE ANGELENE MARY QUIMPO-SALE

RTC, Branch 106, Quezon City

JUDGE MARIA FILOMENA D. SINGH

RTC, Branch 85, Quezon City

JUDGE GERMANO FRANCISCO D. LEGASPI

RTC, Branch 31, Manila

JUDGE LELU P. CONTRERAS

RTC, Branch 43, Virac, Catanduanes

MR. EDILBERTO A. DAVIS

Chief, Program Management Office

ATTY. ORLANDO B. CARIÑO

Philippine Judicial Academy

ATTY. SYGRID M. PROMENTILLA

Program Management Office

ATTY. ALICIA A. RISOS-VIDAL

Integrated Bar of the Philippines