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SENATE

S. No. 821

RECEIVED BY: 

INTRODUCED BY HON. MANUEL B. VILLAR, JR.

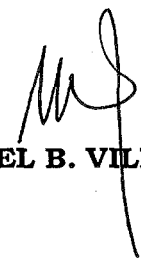
EXPLANATORY NOTE

The judicial system of the country is unfortunately characterized by lengthy court room procedures often resulting in the delay in the disposition of cases, clogged court dockets, complicated trial procedures and unnecessary legal maneuverings.

The creation and implementation of a Small Claims Court is a step in reforming our country's judicial system as it would address the long standing problem of delay in the resolution of case which has eroded the people's confidence in the system.

Accordingly, the small claims court which shall be chaired by a Judge-Arbitrator, shall exercise exclusive original jurisdiction over all civil actions where the value of the personal property or amount of the demand does not exceed P50,000.00. The hearings and disposition of small claims shall be informal and without the strict application of the rules of evidence.

Hence, swift passage of this bill is earnestly sought.


MANUEL B. VILLAR, JR.

of action arose out of the same or different transactions: *Provided, further;* That a plaintiff can only institute small claims actions to recover a total of One Hundred Thousand Pesos (P100,000.000) per annum, but in no case exceeding five (5) small claims actions per annum.

In the exercise of its jurisdiction, the Court may grant equitable relief in the form of rescission, restitution, and specific performance whether in lieu of or in addition to awards for money or damages. The Court shall exercise jurisdiction over the small claims action until there has been full payment, performance or satisfaction of its judgment or order.

SECTION 6. *Parties.* - Any person who is at least eighteen (18) years of age may be a party to a small claims action. A minor or incompetent person may appear by a guardian ad litem appointed by a court of competent jurisdiction or by the judge of the Small Claims Court where the action is filed.

SECTION 7. *Representation.* - Except as permitted in this Act, no attorney-in-law or any individual other than the plaintiff or defendant may take part in the filing, conduct or defense of a small claims action: *Provided,* That an attorney-in-law may, and in his/her own behalf, defend himself/herself against any small claims action that has been filed against him/her: *Provided, further;* That the judgment creditor may avail the services of an attorney-in-law for the enforcement of the judgment. Husbands and wives who sue or are sued with his or her spouse may represent the other in their claim or defense.

SECTION 8. *Nature of Proceedings.* - The hearing and disposition of small claims actions shall be informal without strict application of the rules of evidence, the object being to dispense justice promptly between the parties. The Rules of Procedure in Small Claims Courts, including the time and duration of sessions, shall be determined by the Supreme Court.

SECTION 9. *Mediation Center.* - In each Small Claims Court, there shall be a Mediation Center to be presided over by the Small Claims Court Judge-Arbitrator or by his duly authorized Mediation Officer: *Provided,* That no person shall be designated as Mediation Officer unless he/she holds a Bachelor of Laws degree.

SECTION 10. *Mandatory Mediation Conference.* - Prior to any hearing of any small claims action, the Small Claims Court Judge-Arbitrator shall order and schedule a mandatory mediation conference between or among the parties for the purpose of resolving the dispute, or arriving at an amicable settlement, under the supervision of the Small Claims Court Judge or Mediation Officer. Any settlement or resolution of the dispute arising from the mediation conference shall be reduced to writing and be

embodied in a legally enforceable resolution to be signed by the Small Claims Court Judge.

In case the mediation efforts fail, the Small Court Judge shall immediately set the case for hearing.

SECTION 11. *Judgments and Processes.* - All judgment determinative of the merits of the case shall be in writing, stating clearly the facts and the grounds on which they are based, signed by the Judge and filed with the Clerk of Court. The judgments or orders of the Court shall not be appealable, except upon the ground of grave abuse of discretion.

SECTION 12. *Honoraria and Allowances.* - Judge-Arbitrators of the Small Claims Courts shall receive such honoraria and allowances as may be determined by the Supreme Court.

SECTION 13. *Study Committee.* - The Supreme Court is hereby authorized and empowered to constitute a Study Committee composed of a member of the Judiciary, the prosecution, the Integrated Bar of the Philippines (IBP), a representative of the association of law colleges and law professors, and a member of the public at large.

The Committee shall undertake a serious study as to the feasibility and desirability of setting up a staffing pattern for all courts constituted pursuant to this Act, including plans for the establishment of pilot Small Claims Courts in areas as may be determined by the Supreme Court.

SECTION 14. *Appropriations.* - To carry out the provisions of this Act, there is hereby appropriated the sum of Twenty Five Million Pesos (P25,000,000.00) from the General Appropriations Act for the current year. Thereafter, the appropriation for such funds as may be necessary for the purpose shall be provided for in the General Appropriations Acts.

SECTION 15. *Separability Clause.* - If any provision of this Act shall be held to be unconstitutional or not valid, no other provisions shall be affected thereby.

SECTION 16. *Effectivity.* - This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,