


FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

7 JUL -4 1921

SENATE

RECEIVED BY: 

S.B. No. 1095

Introduced by Senator Loren Legarda

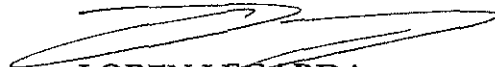
EXPLANATORY NOTE

It is an undeniable frustration of every aggrieved Filipino to have his/her share of justice delayed and denied. For a measly amount unduly snatched by another, one has to go through the rigorous and lengthy process of court litigation which, in the end, will prove to be more expensive than the amount of money originally taken away from him. This bill aims to remedy such unfortunate occurrences.

This bill provides for the creation and establishment of a Small Claims Court the main purpose of which is to resolve disputes involving small amounts of money and/or property in the most speedy, concise and inexpensive process. It aims to establish a court which will deliver remedies without strict application of the rules of evidence and its processes conducted in a language or dialect known to the parties, without the usual expenses of legal counsel. It aims to establish a judicial forum where disputes will be promptly and fairly resolved.

The establishment of a Small Claims Court will certainly unclog our lower courts with cases involving measly claims and will address the perennial problem of delay in the resolution of cases which is widely known to be the cause of the erosion of the people's confidence in our judicial system. With the inexpensive and speedy disposition of cases, we will be able to make court-accessibility and justice-attainability within the reach of every Filipino especially the poorer ones who nonetheless deserve justice. And by making them more accessible, it is likewise aimed by this bill to bring back the confidence of the people in the courts of justice.

In view of the foregoing, approval of this bill is earnestly urged.




LOREN LEGARDA
Senator

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AN ACT
PROVIDING FOR THE CREATION AND ESTABLISHMENT OF SMALL CLAIMS
COURTS IN THE PHILIPPINES, APPROPRIATING FUNDS THEREFOR, AND
FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled.

Section 1. Short Title. - This Act shall be known as the *Philippine Small Claims Court Act of 2007*.

Section 2. Declaration of Policy. - The State recognizes that minor civil disputes are of special importance to the parties and of significant social and economic consequence collectively. The State therefore makes it a policy to provide a mechanism where such minor civil disputes can be resolved expeditiously, inexpensively and fairly. For the attainment of this objective, a judicial forum that will enable the parties to directly and personally resolve minor civil disputes shall be established.

Section 3. Definition of Terms. - As used in this Act, unless the context indicates otherwise, the term -

- a. "Plaintiff" means the party who has filed a small claims action; the term includes a defendant who has filed a small claims action against a plaintiff.
- b. "Defendant" means the party against whom the plaintiff has filed a small claims action; the term includes a plaintiff against whom a defendant has filed a small claims action.
- c. "Judgment Creditor" means the party, whether plaintiff or defendant, in whose favor a money judgment has been rendered.
- d. "Judgment Debtor" means the party, whether plaintiff or defendant, against whom a money judgment has been rendered.
- e. "Person" means an individual, corporation, partnership, firm, association, or other entity. "Individual" means a natural person.

Section 4. Creation of Small Claims Courts. - There shall be established for every two Metropolitan Trial Court, Municipal Trial Court and Municipal Circuit Trial Courts a Small Claims Court to be presided by a Small Claims Court Judge-Arbitrator.

Section 5. Qualifications. - No person shall be appointed as a Small Claims Court Judge-Arbitrator unless he/she is a natural-born citizen of the Philippines, at least thirty (30) years of age, member of the Philippine Bar, and for at least five (5) years, has been engaged in the practice of law in the Philippines, or has held a public office in the Philippines requiring admission to the practice of law as an indispensable requisite.

Section 6. Jurisdiction. - The Small Claims Court shall exercise exclusive original jurisdiction over all civil actions where the value of the personal property or amount of the demand does not exceed Fifty Thousand Pesos (P50,000.00): *Provided*, That where there are several claims or causes of actions between the same parties or different parties, embodied in the same complaint, the amount of the demand shall be the totality of the claims in all causes of action, irrespective of whether the causes 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 (P100,000.00) 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 or 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 7. 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 be represented 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 8. Representation. - Except as permitted under this Act, no attorney-at-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-at-law may, for 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-at-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 9. 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 10. 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 11. 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 Claims Court Judge shall immediately set the case for hearing.

Section 12. *Judgments and Processes.* ~ All judgments 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 13. *Honoraria and Allowances.* ~ Judge-Arbitrators of the Small Claims Courts shall receive such honoraria and allowances as may be authorized and determined by the Supreme Court.

Section 14. *Staffing Pattern and Pilot Test Areas.* ~ The Supreme Court shall submit to the President, within thirty (30) days from the effectivity of this Act, 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 15. *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 Appropriation Acts.

Section 16. *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 17. *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,