Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session



HOUSE BILL NO. 1967

Introduced by Honorable Robert Ace S. Barbers

EXPLANATORY NOTE

This bill provides for the creation and establishing of small claims court all over the country which shall exercise exclusive original jurisdiction over minor civil disputes, where the value or amount of demand does not exceed One Hundred Thousand Pesos (P100,000.00).

This measure seeks to address the problem of the increasing number of minor civil cases which have long been pending in our regular courts further drowning our undermanned judicial system in cases to be decided on and in effect slowing the wheels of justice.

The small claims courts will directly involve ordinary people who are parties to a minor civil dispute in the settlement of their claims in an inexpensive and expeditious manner, without having to strictly adhere to tedious and technical rules of evidence.

The creation of a small claims court would be a significant development in our judicial system which has long been beset by clogged court dockets and lengthy disposition of cases which have been brought about by complicated trial procedures and insufficient number of judges. The long delay in the disposition of cases has been a major factor in the high cost of justice in the country – the creation of a judicial body which shall cater to small claims and directly involves parties in the settlement of disputes without the need of hiring legal counsels will make judicial solutions available to the underprivileged.

Thus immediate passage of this bill is earnestly sought.

ROBERT ACE S. BARBERS

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HOUSE BILL NO. 1967

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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 the House of Representatives of the Philippines in congress assembled.

Section 1. *Short Title* – This Act shall be known as the *Small Claims Court Act*

Section 2. *Declaration of Policy* – There shall established all over the country, small claims courts whereby ordinary people who are parties to minor civil disputes may take part directly, personally and actively in the settlement of their claims in an inexpensive and expeditious manner, without having to strictly observe the tedious and technical rules of evidence. This policy is in cognizance of the growing number of minor civil cases which have long been pending in our regular courts, the expeditious disposition of which will admittedly free a large portion of the court dockets while remaining cognizant of the fact that they are of special importance to the parties and of significant social and economic consequence collectively.

Section 3. *Creation of Small Courts* – There shall be established for every 2 Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts a Small Claims Court to be presided by a Small Claims Court Judge

Section 4. *Qualifications* – No person shall be appointed as a Small Claims Court Judge unless he / she/ is a natural-born citizen of the Philippines, at least thirty (30) years of age, member of the Philippine Bar in good standing, 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 5. *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 One Hundred Thousand Pesos (P100,000.00). *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 claim in all causes of action, irrespective of whether the causes of action arose out of the same or different transactions.

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 may be a party to a small claims action. A minor or incompetent person may appear assisted by either a parent, legal guardian, or 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 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, initiate an action or defend himself / herself against any small claims action that has been filed against him / her: Provided, further, that the party in whose favor the judgment has been rendered 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 8. *Nature of Proceedings* – The hearing and disposition of small claims actions shall be informal without strict application of 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. *Mandatory Mediation Conference* – Prior to any hearing of any small claims action, the Judge 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. 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 Judge.

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

Section 10. *Judgments and Processes* – All judgments determinative of the merits of the case shall be in writing, stating clearly the facts and the ground on which they are based, signed by the Judge and filed with the Clerk of Court.

Section 11. Appeals. - 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 authorized as determined by the Supreme Court.

Section 13. *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 14. *Appropriations* – To carry out the provisions of this Act, there is hereby appropriated the sum of Fifty Million Pesos (P50,000,000.00) 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 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 on the Official Gazette or in two (2) newspapers of general circulation.