

****Title:**** Sevilla vs. Tourist World Service, Inc.

****Facts:****

The case revolves around a dispute that arose from a contractual relationship between Dr. Carlos L. Sevilla and Lina O. Sevilla (petitioners/appellants) and Tourist World Service, Inc. (TWS), Eliseo S. Canilao, and Segundina Noguera (respondents/appellees). On October 19, 1960, a contract was entered into wherein Segundina Noguera leased a premise in Manila to TWS for it to be used as a branch office, with Lina Sevilla held solidarily liable for the rental payments. The operation of the branch was managed by Lina Sevilla, who received commissions for her contributions but was not on TWS payroll as an employee.

Subsequent to the lease and operation agreement, a misunderstanding arose when TWS learned that Lina Sevilla was allegedly connected with a rival firm. Following this, TWS decided to close down the Ermita branch. Without Sevilla's consent, Canilao, acting for TWS, padlocked the premises on June 4, 1962, and previously, TWS had unilaterally terminated the telephone services. These actions prompted Sevilla to file a complaint, alleging illegal lockout and claiming damages.

The trial court dismissed the complaint for lack of merit, a decision which was affirmed by the Court of Appeals (CA). The CA held that the petitioner, being a mere employee of TWS, was bound by the acts of her employer, including the decision to terminate the lease and cease operations.

****Issues:****

1. Whether the relationship between Lina Sevilla and TWS was that of an employer-employee or a joint venture/agency.
2. Whether TWS unlawfully terminated the relationship by padlocking the premises without Sevilla's consent.
3. Whether the actions of TWS and Canilao in handling the closure of the Ermita branch warranted the award of damages for Sevilla.

****Court's Decision:****

The Supreme Court (SC) reversed the CA's decision, finding that Sevilla's relationship with TWS was more akin to an agency rather than an employment. The SC emphasized that Sevilla had a stake in the business, evidenced by her solidary liability for the lease and her receipt of commissions, indicative of her autonomy in the operation and not mere employment. The court held that as an agent with interest, the agency relationship could

not be revoked at the pleasure of TWS. The SC concluded that TWS and Canilao's actions constituted abuse of right under Articles 19, 20, and 21 of the Civil Code and awarded moral, exemplary, and nominal damages to Sevilla.

****Doctrine:****

The decision establishes that an agency relationship, especially one that is coupled with interest, cannot be unilaterally revoked without due process and without cause. Moreover, the case reinforces the principle that any person who willfully causes loss or injury to another in a manner contrary to morals, good customs, or public policy shall compensate the latter for damages.

****Class Notes:****

1. Agency vs. Employment: Determined by the control test and the economic conditions prevailing between the parties. This case shifts focus to mutual interests and liabilities in identifying an agency relationship.
2. Agency Coupled with Interest: An agency that can't be unilaterally revoked because it is created for mutual interests of both agent and principal, and the agent has acquired an interest in the subject matter of the agency.
3. Damages for Unlawful Acts: Affirms that moral damages can be awarded for breaches of contract where the defendant acted in bad faith, as well as for acts "contrary to morals, good customs or public policy" under Articles 19, 20, and 21 of the Civil Code.

****Historical Background:****

The Sevilla vs. Tourist World Service, Inc. case is exemplary of the Philippine judiciary's approach to disputes involving complex business arrangements beyond traditional employment relationships. The decision underscores the judiciary's recognition of the evolving nature of work relationships and its readiness to adjudicate based on equity, fairness, and the substantive merits of each case. This case also reflects the legal system's emphasis on honor, dignity, and moral rights in contractual and commercial relationships, consistent with the Filipino values of fairness and justice.