

### Title: Metropolitan Waterworks and Sewerage System vs. Act Theater, Inc.

### Facts:

This case emanates from two consolidated cases: a criminal case (People of the Philippines v. Rodolfo Tabian et al., for water meter tampering) and a civil case (Act Theater, Inc. v. Metropolitan Waterworks and Sewerage System (MWSS) for arbitrary water disconnection and damages). On September 22, 1988, four employees of Act Theater, Inc. were apprehended for allegedly tampering a water meter, leading to a water service cut-off by MWSS. Act Theater contested the disconnection claiming it was executed without prior notice, negatively affecting health and sanitation for its patrons and surrounding areas, and filed for damages. The Regional Trial Court acquitted the employees in the criminal case and ruled in favor of Act Theater in the civil case, awarding damages and attorney's fees. MWSS appealed the civil decision to the Court of Appeals, which affirmed the trial court's decision. MWSS then sought review from the Supreme Court challenging the appellate court's decision, particularly on the affirmation of damages and attorney's fees award, and the applicability of Article 429 of the Civil Code in justifying the water disconnection.

### Issues:

1. Whether the Court of Appeals erred in affirming the damages and attorney's fees awarded by the Regional Trial Court.
2. Whether the disconnection of water service without prior notice was justifiable under Article 429 of the Civil Code.
3. Whether the application of Article 19 of the Civil Code was appropriate in awarding damages for MWSS's arbitrary act.

### Court's Decision:

The Supreme Court denied the petition, affirming the decision of the Court of Appeals in toto. The Court held that MWSS's act of cutting off the water service without due notice was arbitrary, justifying the award of damages under Article 19 of the Civil Code. The Court clarified the distinction between having a right and the manner of exercising it, emphasizing that rights must be exercised with justice, honesty, and good faith. It was found that Act Theater was deprived of due process, as evidenced by the inadequate notice and unreasonable treatment, supporting the award of damages. The Court also corrected the clerical error on the amount of attorney's fees awarded, confirming it was P5,000, not P500,000, as mistakenly stated by the appellate court.

### Doctrine:

1. **Exercise of Rights**: This case reiterated the principle that while an entity may have a right (e.g., to cut off water services), the exercise of such a right must be done with justice, giving everyone their due, and observing honesty and good faith (Article 19 of the Civil Code). Failure to observe these norms when exercising rights may lead to damages.
2. **Due Process in Utility Services Disconnection**: Utility providers must afford due process to consumers before disconnection of services, including adequate notice and opportunity to be heard, to avoid arbitrary and unjust actions.

**Class Notes:**

1. **Rights and Responsibilities Under the Civil Code**: Understand the balance between having rights and exercising them within the bounds of justice and good faith (Article 19 of the Civil Code).
2. **Due Process in Administrative Actions**: Even in non-judicial contexts, entities must observe principles of fairness and due process, especially in actions that affect individuals' or businesses' rights or operations.
3. **Damages for Arbitrary Acts**: An entity acting arbitrarily, especially without due notice, may be liable for damages to those adversely affected by such actions.

**Historical Background:**

This case underscores the procedural and substantive requirements that utility providers must follow before disconnecting services, highlighting the protection afforded to consumers and businesses under Philippine law. It reflects on the broader jurisprudence regarding the balance of rights between service providers and recipients, and the importance of due process and fair treatment.