

Title: Blossom & Company, Inc. vs. Manila Gas Corporation

Facts:

This case involves Blossom & Company, Inc. (plaintiff and appellant) seeking to recover damages from Manila Gas Corporation (defendant and appellee) for breaches of a contract originally entered into on September 10, 1918, and modified on January 1, 1919. The contract, set to last ten years, involved the sale of coal and water gas tar from the defendant to the plaintiff. The plaintiff alleged that around July 1920, the defendant willfully breached the contract by refusing to make any deliveries under the said agreement. Consequently, the plaintiff filed an action in the Court of First Instance (case No. 25352), resulting in a judgment in favor of the plaintiff for damages amounting to P26,119.08 for breaches up until September 1923. This judgment was affirmed by the Supreme Court. The present action seeks to recover damages for breaches after September 1923 for the remainder of the contract term.

The journey to the Supreme Court for this case began with the initial filing in the Court of First Instance regarding defendant's refusal to deliver coal and water gas tar as per contract, leading to a favorable judgment for the plaintiff that was later upheld by the Supreme Court. Despite this previous judgment, Blossom & Company pursued further damages for consequent breaches post-September 1923, arguing that the earlier case did not preclude seeking redress for ongoing violations of the contract's terms.

Issues:

1. Whether the former judgment for damages suffered up to September, 1923, operates as a bar against the plaintiff's current action for subsequent breaches of the same contract.

Court's Decision:

The Supreme Court held that the plea of *res judicata* (a matter judged) must be sustained, meaning the former judgment is a bar against the plaintiff's current action for subsequent breaches. The decision rested on the principle that the recovery of damages for a breach constitutes an indivisible demand and, once settled in court, precludes subsequent actions for damages arising from the same breach. It was determined that since the initial judgment covered breaches under the contract, further claims related to the same contract and breaches were barred.

Doctrine:

The principle of *res judicata* was reiterated in this case, emphasizing that a judgment in a

previous action between the same parties over the same contract and breaches precludes further actions based on the same breaches. Additionally, the Court noted the doctrine that a contract to do several things at several times is divisible in nature, allowing for successive actions only if the breaches are distinct and not adjudicated. However, where the contract is entire and the breach total, only one action for damages is permissible.

Class Notes:

- Res Judicata: Once a claim or cause of action has been adjudicated by a competent court, the same parties cannot be made to litigate the same issue again in a future lawsuit.
- Divisible Contracts: Contracts that entail multiple performances over time can be subject to successive actions for distinct breaches unless considered an entire contract with a total breach, which allows for only a single action.
- Entire Contracts and Total Breaches: In situations where a contract is considered entire and there is a total breach, plaintiffs must seek all damages in one action rather than splitting the claim into successive lawsuits.

Historical Background:

This case sheds light on the judicial interpretation of contract law and the principle of res judicata in Philippine jurisprudence. At the time, the economic and legal environment necessitated clear rules regarding contractual obligations and remedies for breaches, particularly in long-term commercial contracts. The resolution of this case reflects the Court's stance on ensuring certainty and finality in legal proceedings, thereby preventing repetitive litigation on the same issue and encouraging parties to present all their claims in a single action.