

****Title:**** Mercury Drug Corporation vs. Sebastian M. Baking (G.R. No. 149052)

****Facts:****

On November 25, 1993, Sebastian M. Baking visited Dr. Cesar Sy for a medical check-up. Following various tests, Dr. Sy prescribed Diamicron for Baking's blood sugar and Benalize tablets for his triglyceride levels. Baking went to the Alabang branch of Mercury Drug Corporation to purchase the medications. However, a saleslady misread the prescription and sold him Dormicum, a potent sleeping tablet, instead of Diamicron.

Unaware of the error, Baking consumed Dormicum on three consecutive days: November 6, 1993, at 9:00 p.m., November 7 at 6:00 a.m., and November 8 at 7:30 a.m. On November 8, while driving, Baking fell asleep and collided with another vehicle. Upon suspecting that the medication might be the cause, Baking consulted Dr. Sy who confirmed that he was erroneously given Dormicum.

On April 14, 1994, Baking filed a complaint for damages against Mercury Drug Corporation in the Regional Trial Court (RTC) of Quezon City, Branch 80 (Civil Case No. Q-94-20193). After a hearing, the RTC ruled in favor of Baking and awarded him P250,000 in moral damages, P20,000 in attorney's fees, and litigation expenses.

Mercury Drug appealed to the Court of Appeals (CA-G.R. CV No. 57435), which affirmed the trial court's decision. The corporation's motion for reconsideration was denied on November 5, 2002, leading to the present appeal to the Supreme Court.

****Issues:****

1. Whether Mercury Drug Corporation was negligent, and if so, whether such negligence was the proximate cause of Baking's accident.
2. Whether the award of moral damages, attorney's fees, litigation expenses, and the cost of the suit was justified.

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

1. ****Negligence and Proximate Cause:****

- The Court affirmed the findings of the RTC and CA that Mercury Drug, through its saleslady, was grossly negligent by selling the wrong medication. The incorrect dispensing of Dormicum instead of Diamicron was directly linked to Baking's accident, as the potent effects of Dormicum caused him to fall asleep while driving. The negligent act fulfilled the requisites under Article 2176 of the New Civil Code, constituting a quasi-delict. Furthermore, under Article 2180, employers are liable for damages caused by their

employees in the course of their employment.

2. **Moral and Exemplary Damages:**

- The Court found the awarded moral damages of P250,000 to be exorbitant and reduced it to P50,000 after considering the circumstances. Moral damages were deemed appropriate as Baking suffered mental anguish and anxiety due to the accident. The Court added exemplary damages of P25,000 to set an example and correct behavior in the public interest, especially considering the nature of the pharmaceutical business.

3. **Attorney's Fees and Litigation Expenses:**

- The award for attorney's fees and litigation expenses was deleted as the trial court's decision did not provide a basis for such awards. The Supreme Court reiterated the requirement that reasons for such awards must be stated in the court's decision, and this standard was not met.

Doctrine:

- **Quasi-Delict under Article 2176 (New Civil Code):** Damage due to fault or negligence without pre-existing contractual relation.
- **Employer's Liability under Article 2180:** Employers are liable for their employees' actions within the scope of their tasks, and presumed negligent selection or supervision unless otherwise proven.
- **Moral Damages:** Awarded for mental suffering and analogous cases; must be commensurate to the injury suffered.
- **Exemplary Damages under Article 2229:** Granted as a form of correction for public good; applicable in businesses with public interest.

Class Notes:

- **Quasi-Delict Elements:** Damage, defendant's fault or negligence, causal connection.
- **Employer's Liability:** Presumption of employer negligence, rebuttable by proof of due diligence.
- **Moral Damages:** Award based on mental or emotional suffering caused by wrongful acts.
- **Exemplary Damages:** Purpose for public good, applicable in cases of gross negligence or malicious intent.
- **Attorney's Fees:** Must be justified in court's decision body, not just in the dispositive portion.
- **Statutory Provisions Verbatim:** Article 2176, Article 2180, Article 2219, Article 2229 of

the New Civil Code of the Philippines.

****Historical Background:****

This case underscored the critical importance of accuracy and diligence in the pharmaceutical industry, which is inherently linked to public health and safety. The Supreme Court's decision reinforced the stringent standards expected from drugstore employees and held employers accountable for lapses in supervision, thus aiming to prevent similar incidents and safeguard public welfare.