

****Case Title: GAISANO SUPERSTORE, INC. (VALENCIA CITY BRANCH) vs. SPOUSES FRANK RHEDEY AND JOCELYN RHEDEY****

****Facts:****

1. ****September 2007 Incident:****

- Spouses Frank and Jocelyn Rhedey purchased Cadbury chocolate bars from Gaisano Superstore, Inc. (Valencia City Branch).
- Upon opening, they found the chocolates were infested with maggots and cobwebs.
- They informed Cadbury Adams Philippines, Inc. (Cadbury), which offered P7,000.00 as compensation.

2. ****January 29, 2008 Incident:****

- The Rhedeys bought eight Cadbury chocolate bars from the same Gaisano store, found them similarly infested, and contacted Cadbury, who promised an investigation.

3. ****Department of Health Complaint:****

- The Rhedeys filed a complaint with the Department of Health (DOH), Region 10.
- DOH bought a chocolate bar from Gaisano, which laboratory tests declared unfit for consumption.
- The complaint was dismissed by the DOH due to lack of jurisdiction over the P10,000,000.00 damage claim.

4. ****Regional Trial Court (RTC) Case:****

- The Rhedeys filed a damages case against Gaisano and Cadbury in RTC, Malaybalay City.
- The RTC archived the case against Cadbury for lack of service of summons.
- Gaisano claimed the action was barred by laches and prescription and disputed the absence of purchase receipts.

5. ****RTC Decision (December 9, 2016):****

- Ruled in favor of the Rhedeys.
- Awarded P50,000.00 as temperate damages and P10,000.00 as actual damages.
- Denied Gaisano's reconsideration motion (Order dated July 18, 2017).

6. ****Court of Appeals (CA) Proceedings:****

- Gaisano appealed the RTC decision.
- The CA affirmed RTC's decision (July 26, 2019) and dismissed Gaisano's subsequent Motion for Reconsideration (July 6, 2020).

****Issues:****

- Whether petitioner Gaisano Superstore is liable for damages despite respondents' failure to present receipts as proof of purchase of the Cadbury chocolates.

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

- The Supreme Court denied the petition filed by Gaisano Superstore, affirming the rulings of the lower courts.

1. ****Receipts Not Sole Evidence:****

- The Court held that a receipt is not the exclusive proof of purchase; substantiating testimony and exhibiting circumstantial evidence support the Rhedeys' claim.

2. ****Negligence and Fault:****

- Under Republic Act 7394 (Consumer Act of the Philippines) and Article 2176 of the Civil Code, Gaisano was liable due to negligence in selling contaminated goods causing loss to consumers.

- Temperate damages of P50,000.00 were awarded as actual loss could not be ascertained with certainty.

- The Supreme Court corrected the categorization of P10,000.00 from actual damages to attorney's fees.

3. ****Interest Imposition:****

- Legal interest of six percent (6%) per annum imposed on monetary awards from the resolution's finality until full payment, as per prevailing jurisprudence.

****Doctrine:****

- The principle of quasi-delict under Article 2176 of the Civil Code requires one who by act or omission causes damage to another due to negligence to compensate for damages.

- Temperate damages are permissible when exact pecuniary losses are unprovable, promoting reasonable judicial discretion.

****Class Notes:****

- ****Quasi-delict (Art. 2176, Civil Code):**** Obligation arises from damage caused by negligence without contractual relations.

- ****Temperate Damages (Art. 2224, Civil Code):**** Awarded when loss occurred but quantifiable proof is lacking.

- ****Consumer Protection (RA 7394):**** Sellers hold liability for harm due to defective products.

****Historical Background:****

- This case reflects evolving consumer protection jurisprudence in the Philippines, asserting consumer rights and seller accountability amidst increasing market activity. Such laws emerged to safeguard public welfare against negligent commercial practices, a crucial aspect in precluding harm from consumption of contaminated food products.