

## Case Brief: YHT Realty Corporation, et al. v. Court of Appeals and Maurice McLoughlin

### Title:

YHT Realty Corp. v. Court of Appeals & McLoughlin (492 Phil. 29)

### Facts:

Private respondent Maurice McLoughlin, an Australian businessman, had routine stays at Tropicana Copacabana Apartment Hotel (Tropicana), owned by YHT Realty Corporation. McLoughlin always rented a safety deposit box at Tropicana which could only be opened with two keys—one held by the guest and the other by the hotel management.

**\*\*Chronology of Key Events:\*\***

- **\*\*October 30, 1987:\*\*** McLoughlin registered at Tropicana and rented a safety deposit box.
- **\*\*December 12, 1987:\*\*** Noticed \$2,000 missing from his \$5,000 envelope upon reaching Hong Kong.
- **\*\*December 18, 1987:\*\*** Discovered a shortfall of \$5,000 from his \$10,000 envelope and missing jewelry (except for a diamond bracelet) after returning to Australia.
- **\*\*April 4, 1988:\*\*** Returned to Tropicana, rented another safety deposit box.
- **\*\*April 16, 1988:\*\*** Missing \$2,000 and AUS\$4,500 discovered. Staff Lainez and Payam facilitated Tan, a hotel staff, to access McLoughlin's safety deposit box illegally.
- **\*\*April 21, 1988:\*\*** Promissory note signed by Tan for AUS\$4,000 and \$2,000, but hotel management refused liability.
- **\*\*May 17, 1988:\*\*** McLoughlin's letter referred to various governmental departments with no substantial action.

### Procedural Posture:

1. **\*\*Complaint Filed (December 3, 1990):\*\*** McLoughlin filed for damages against YHT Realty, Lopez, Lainez, Payam, and Tan.
2. **\*\*RTC Ruling (December 16, 1991):\*\*** RTC held defendants solidarily liable.
3. **\*\*Appeal to CA:\*\*** Defendants contested RTC's ruling.
4. **\*\*CA Verdict (October 19, 1995):\*\*** Affirmed RTC but modified the damages amounts.
5. **\*\*Petition to Supreme Court:\*\*** Petitioners sought reversal at the SC questioning the lower courts' findings.

### Issues:

1. **\*\*Existence of Lost Dollars and Jewelry:\*\*** Whether there was sufficient proof of the lost

amounts and jewelry.

2. **Negligence by Innkeepers:** Whether the petitioners (hotel management and staff) were grossly negligent.
3. **Validity of Waiver Agreement:** Whether McLoughlin's signed "Undertaking For the Use of Safety Deposit Box" releasing hotel liability was void under Article 2003 of the Civil Code.
4. **Appropriateness of Damages Award:** Whether the damages awarded were justified and aptly calculated.

### ### Court's Decision:

1. **Existence of Lost Items:** Upheld lower courts' findings that McLoughlin's testimony was credible. Both the RTC and CA concluded his claim was sufficiently proven.
2. **Negligence of Innkeeper:** Affirmed gross negligence on the part of Tropicana, as employees facilitated unauthorized access to McLoughlin's box, failing their duty of care.
3. **Waiver Agreement:** Declared void as per Article 2003, ensuring hotel's inability to disclaim liability through waivers.
4. **Damage Awards:** Affirmed CA's determination regarding compensatory and moral damages, modifying them to appropriate sums reflecting the severity and proof of losses.

### ### Doctrine:

**Article 2003 of the Civil Code:** Hotel-keepers cannot exempt themselves from liability through waivers for losses concerning guest belongings due to negligence or internal wrongdoing. The public policy embedded in Article 2003 ensures hotels maintain accountability for guests' property.

### ### Class Notes:

1. **Innkeeper's Liability:** Hotels must protect guest belongings unless exceptions like force majeure occur (Art. 2003).
2. **Concurrent Negligence:** Separate negligence by a guest doesn't exempt a hotel from its duty (Art. 2002).
3. **Solidary Liability:** Employers share liability with negligent employees (Art. 2180, 2193).
4. **Public Interest Doctrine:** Hospitality businesses carry an inherent duty of care beyond contractual obligations (akin to common carriers).

### ### Historical Background:

This case highlights evolving standards and the judicial emphasis on upholding public

policies that protect consumer rights in travel and lodging industries. By holding hotels accountable for losses and rejecting waivers of liability, the courts ensure that establishments maintain high standards of security and ethics, reflective of enhanced consumer protection norms post-civil code incorporation.