

PEOPLE & S CAR, INC., PLAINTIFF-APPELLANT, VS. COMMANDO SECURITY SERVICE AGENCY, DEFENDANT-APPELLEE.*G.R. No. L-36840. May 22, 1973*

Ponente: TEEHANKEE, J.

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In this appeal from the adverse judgment of the Davao court of first instance limiting plaintiff-appellant's recovery under its complaint to the sum of P1,000.00 instead of the actual damages of P8,489.10 claimed and suffered by it as a direct result of the wrongful acts of defendant security agency's guard assigned at plaintiff's premises in pursuance of their "Guard Service Contract", the Court finds merit in the appeal and accordingly reverses the trial court's judgment.

The appeal was certified to this Court by a special division of the Court of Appeals on a four-to-one vote as per its resolution of April 14, 1973 that "since the case was submitted to the court a quo for decision on the strength of the stipulation of facts, only questions of law can be involved in the present appeal."

The Court has accepted such certification and docketed this appeal on the strength of its own finding from the records that plaintiff's notice of appeal was expressly to this Court (not to the appellate court) "on pure questions of law"[1] and its record on appeal accordingly prayed that "the corresponding records be certified and forwarded to the Honorable Supreme Court." [2] The trial court so approved the same [3] on July 3, 1971 instead of having required the filing of a petition for review of the judgment sought to be appealed from directly with this Court, in accordance with the provisions of Republic Act 5440. By some unexplained and hitherto undiscovered error of the clerk of court, furthermore, the record on appeal was erroneously forwarded to the appellate court rather than to this Court.

The parties submitted the case for judgment on a stipulation of facts. There is thus no dispute as to the factual bases of plaintiff's complaint for recovery of actual damages against defendant, to wit, that under the subsisting "Guard Service Contract" between the parties, defendant-appellee as a duly licensed security service agency undertook in consideration of the payments made by plaintiff "to safeguard and protect the business premises of (plaintiff) from theft, pilferage, robbery, vandalism and all other unlawful acts of any person or persons prejudicial to the interest of (plaintiff)." [4]

On April 5, 1970 at around 1:00 A.M., however, defendant's security guard on duty at plaintiff's premises, "without any authority, consent, approval, knowledge or orders of the plaintiff and/or defendant brought out of the compound of the plaintiff a car belonging to its customer, and drove said car for a place or places unknown, abandoning his post as such security guard on duty inside the plaintiff's compound, and while so driving said car in one of the City streets lost control of said car, causing the same to fall into a ditch along J.P. Laurel St., Davao City by reason of which the plaintiff's complaint for qualified theft against said driver, was blotted in the office of the Davao City Police Department." [5]

As a result of these wrongful acts of defendant's security guard, the car of plaintiff's customer, Joseph Luy, which

had been left with plaintiff for servicing and maintenance, "suffered extensive damage in the total amount of P7,079.10"[6] besides the car rental value "chargeable to defendant" in the sum of P1,410.00 for a car that plaintiff had to rent and make available to its said customer to enable him to pursue his business and occupation for the period of forty-seven (47) days (from April 25 to June 10, 1970) that it took plaintiff to repair the damaged car,[7] or total actual damages incurred by plaintiff in the sum of P8,489.10.

Plaintiff claimed that defendant was liable for the entire amount under paragraph 5 of their contract whereunder defendant assumed "sole responsibility for the acts done during their watch hours" by its guards, whereas defendant contended, without questioning the amount of the actual damages incurred by plaintiff, that its liability "shall not exceed one thousand (P1,000.00) pesos per guard post" under paragraph 4 of their contract.

The parties thus likewise stipulated on this sole issue submitted by them for adjudication, as follows:

"Interpretation of the contract, as to the extent of the liability of the defendant to the plaintiff by reason of the acts of the employees of the defendant is the only issue to be resolved.

"The defendant relies on Par. 4 of the contract to support its contention while the plaintiff relies on Par. 5 of the same contract in support of its claims against the defendant. For ready reference they are quoted hereunder:

'Par. 4 - Party of the Second Part (defendant) through the negligence of its guards, after an investigation has been conducted by the Party of the First Part (plaintiff) wherein the Party of the Second Part has been duly represented, shall assume full responsibilities for any loss or damages that may occur to any property of the Party of the First Part for which it is accountable, during the watch hours of the Party of the Second Part, provided the same is reported to the Party of the Second Part within twenty-four (24) hours of the occurrence, except where such loss or damage is due to force majeure, provided however that after the proper investigation to be made thereof that the guard on post is found negligent and that the amount of the loss shall not exceed ONE THOUSAND (P1,000.00) PESOS per guard post.'

'Par. 5 - The party of the Second Part assumes the responsibility for the proper performance by the guards employed, of their duties and (shall) be solely responsible for the acts done during their watch hours, the Party of the First Part being specifically released from any and all liabilities to the former's employee or to the third parties arising from the acts or omissions done by the guards during their tour of duty.'"[8]

The trial court, misreading the above-quoted contractual provisions, held that "the liability of the defendant in favor of the plaintiff falls under paragraph 4 of the Guard Service Contract" and rendered judgment "finding the defendant liable to the plaintiff in the amount of P1,000.00 with costs."

Hence, this appeal, which, as already indicated, is meritorious and must be granted.

Paragraph 4 of the contract, which limits defendant's liability for the amount of loss or damage to any property of plaintiff to "P1,000.00 per guard post," is by its own terms applicable only for loss or damage "through the negligence of its guards x x x during the watch hours" provided that the same is duly reported by plaintiff within 24 hours of the occurrence and the guard's negligence is verified after proper investigation with the attendance of both contracting parties. Said paragraph is manifestly inapplicable to the stipulated facts of record, which involve neither property of plaintiff that has been lost or damaged at its premises nor mere negligence of defendant's security guard on duty.

Here, instead of defendant, through its assigned security guards, complying with its contractual undertaking "to safeguard and protect the business premises of (plaintiff) from theft, robbery, vandalism and all other unlawful acts of any person or persons," defendant's own guard on duty unlawfully and wrongfully drove out of plaintiff's premises a customer's car, lost control of it on the highway causing it to fall into a ditch, thereby directly causing plaintiff to incur actual damages in the total amount of P8,489.10.

Defendant is therefore undoubtedly liable to indemnify plaintiff for the entire damages thus incurred, since under paragraph 5 of their contract it "assumed the responsibility for the proper performance by the guards employed of their duties and (contracted to) be solely responsible for the acts done during their watch hours" and "specifically released (plaintiff) from any and all liabilities x x x to the third parties arising from the acts or omissions done by the guards during their tour of duty." As plaintiff had duly discharged its liability to the third party, its customer, Joseph Luy, for the undisputed damages of P8,489.10 caused said customer, due to the wanton and unlawful act of defendant's guard, defendant in turn was clearly liable under the terms of paragraph 5 of their contract to indemnify plaintiff in the same amount.

The trial court's approach that "had plaintiff understood the liability of the defendant to fall under paragraph 5, it should have told Joseph Luy, owner of the car, that under the Guard Service Contract, it was not liable for the damage but the defendant and had Luy insisted on the liability of the plaintiff, the latter should have challenged him to bring the matter to court. If Luy accepted the challenge and instituted an action against the plaintiff, it should have filed a third-party complaint against the Commando Security Service Agency. But if Luy instituted the action against the plaintiff and the defendant, the plaintiff should have filed a crossclaim against the latter,"[9] was unduly technical and unrealistic and untenable.

Plaintiff was in law liable to its customer for the damages caused the customer's car, which had been entrusted into its custody. Plaintiff therefore was in law justified in making good such damages and relying in turn on defendant to honor its contract and indemnify it for such undisputed damages, which had been caused directly by the unlawful and wrongful acts of defendant's security guard in breach of their contract. As ordained in Article 1159, Civil Code, "obligations arising from contracts have the force of law between the contracting parties and should be complied with in good faith."

Plaintiff in law could not tell its customer, as per the trial court's view, that "under the Guard Service Contract it was not liable for the damage but the defendant" — since the customer could not hold defendant to account for the damages as he had no privity of contract with defendant. Such an approach of telling the adverse party to go to court, notwithstanding his plainly valid claim, aside from its ethical deficiency among others, could hardly create any goodwill for plaintiff's business, in the same way that defendant's baseless attempt to evade fully discharging its contractual liability to plaintiff cannot be expected to have brought it more business. Worse, the administration of justice is prejudiced, since the court dockets are unduly burdened with unnecessary litigation.

ACCORDINGLY, the judgment appealed from is hereby reversed and judgment is hereby rendered sentencing defendant-appellee to pay plaintiff-appellant the sum of P8,489.10 as and by way of reimbursement of the stipulated actual damages and expenses, as well as the costs of suit in both instances.

IT IS SO ORDERED.

Makalintal, Acting C.J., Zaldivar, Ruiz Castro, Fernando, Barredo, Makasiar, Antonio, and Esguerra, JJ., concur.

[1] Rec. on appeal, p. 39.

[2] Idem., pp. 40-41.

[3] Idem., p. 42.

[4] Annex A, complaint, Rec. on appeal, pp. 8-13.

[5] Par. 1, Stipulation of Facts, Rec. on appeal, p. 24.

[6] Par. 2, *idem*.

[7] Par. 3, *idem*.

[8] Rec. on appeal, pp. 26-27; notes in parentheses supplied.

[9] Decision, Rec. on Appeal, pp. 29-30.

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