

**PANGASINAN TRANSPORTATION CO., INC. (PANTRANCO),
PETITIONER, VS. HON. GREGORIO A. LEGASPI, JUDGE OF THE
COURT OF FIRST INSTANCE OF PANGASINAN, PUA PIAN, ROLLY PUA,
AIDA PUA, GLO...**

G.R. No. L-20916-17. December 23, 1964

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REGALA, J.;

The issue here is whether, in an action for damages for breach of contract of carriage, proof of the financial standing of the defendant is necessary so as to justify a request for the production of the financial statements relating to the business of the defendant under Rule 27 of the Revised Rules of Court.

Civil Case No. A-247 and Civil Case No. 248 were filed against the Pangasinan Transportation Co., Inc. (Pantranco) in the Court of First Instance of Pangasinan, for the recovery of damages for the death of Aurora Breguera and Welly Pua, wife and one-year old child, respectively, of respondent Pua Pian, and for the death of Memia Chua, 18-year old daughter of respondents Chua Teck and Crispina Breguera.

In separate complaints, respondents Pua Pian and his children Rolly, Aida and Gloria, as plaintiffs in Civil Case No. A-217, and Chua Teck and Crispina Breguera, as plaintiffs in Civil Case No. A-248, alleged that Aurora Breguera, Welly Pua and Memia Chua boarded at Dasol, Pangasinan, Pantranco Bus No. 334, bound for the town of Alaminos of the same province. They averred that before reaching Alaminos and just after rounding a blind curve, the bus driver, Arsenio Osorio, "by reason of his gross negligence, serious imprudence and wanton recklessness, collided with another oncoming passenger truck bus No. 306, likewise owned and operated by defendant (Pantranco)," causing Bus No. 334 to turn turtle several times and that as a result of the accident, Aurora Breguera and the child Welly Pua suffered injuries from which they die shortly after the accident, while Memia Chua died instantaneously.

Respondents prayed for various amounts of damages and alleged in their complaints "that defendant (Pantranco) is financially well-established having enormous assets and a huge income."

Answering the complaint, Pantranco contended that the accident was purely a force majeure beyond its control. It also alleged that "it is an established concern."

The issues having been joined, the cases were tried jointly. During the trial, respondents asked the court to order the office manager of Pantranco to produce in court on December 5, 6 and 7, 1962, between 8 a.m. and 4 p.m., the company's general ledgers and financial statements for the years 1959, 1960 and 1961, for respondents to inspect, examine or photograph. The motion was opposed by Pantranco on the ground that its financial capacity is not in issue.

In an order dated January 18, 1963, the court directed Pantranco to make the documents available in its office on January 29 and 30, 1963, without the need of producing them in court.

Pantranco asked for a reconsideration, but its motion was denied by the court in an order dated February 7, 1963, the court stating:

"The court has no quarrel with counsel for the defendant that, under the above-quoted section 1, Rule 21 (now Rule 27) of the Rules of Court, and decided cases, only documents, papers, books, accounts, letters, photographs, objects of tangible things 'not privileged, which constitute or contain evidence material to any matter involved in the action' and which are in the possession of the party concerned may upon motion of any party, be ordered produced, inspected, copied or photographed. The Court, however, is of the opinion that while the financial capacity of the defendant in these cases may not be necessary in the determination of the bare fact of whether or not it is liable for the death of three victims, but that such financial capacity becomes relevant and necessary in determining a reasonable equitable amount of compensation or damages that may be awarded to the heirs of the victims should the court be convinced that the defendant company is liable therefor.
x x x"

And so Pantranco filed this petition for certiorari, charging grave abuse of discretion on the part of the court.

We gave due course to the petition and upon the filing of a bond for P1.000 issued a writ of preliminary injunction.

Under Section 1 of Rule 27 of the Revised Rules of Court, a party may ask for the production of documents, papers, books, accounts, letters, photographs, objects or tangible things, not privileged, "which constitute or contain evidence material to any matter involved in the action and which are in his possession, custody or control."

The objection here is that the documents, consisting of general ledgers and financial statements of the company, are immaterial and irrelevant to the issue of negligence and that to allow their production would be to sanction inquisition or "fishing expedition" into the financial records of the Company.

We do not agree with petitioner. To be sure, Rule 27 permits "fishing" for evidence (2 Moran, Comments on the Rules of Court 109 [1963], the only limitation being that the documents, papers, etc. sought to be produced are not privileged, that they are in the possession of the party ordered to produce them and that they are material to any matter involved in the action.

This brings us to the main issue, namely, the materiality of the evidence of defendant's financial standing in an action for breach of contract of carriage. Article 2206 of the Civil Code states:

"The amount of damages for death caused by a crime or quasi-delict shall be at least three thousand pesos, even though there may have been mitigating circumstances. x x x"

Article 2206 applies in case of death caused by the breach of contract by the common carrier (Art. 1764). It fixes the minimum indemnity for death at P3,000, which the Courts may increase according to the circumstances. It is in fixing a greater amount of indemnity that courts may consider the financial capacity of the common carrier, along with such other factors as (1) the life expectancy of the deceased or of the beneficiary, whichever is shorter, (2) pecuniary loss to the plaintiff or beneficiary, (3) loss of support, (4) loss of service, (5) loss of society, (6) mental suffering of beneficiaries and (7) medical and funeral expenses. (See *Alcantara vs. Surro and Manila Electric Co.*, 93 Phil., 472 and Art. 2206, Civil Code)

Indeed, under Commonwealth Act No. 284, it is provided that-

"SECTION 1.-The civil liability for the death of a person shall be fixed by the competent court at a reasonable sum, upon consideration of the pecuniary situation of the party liable and other circumstances, but it shall in no case be less than two thousand pesos." (Italics ours).

Of course the minimum amount of P2,000 as fixed in this law (Commonwealth Act No. 284) must now be deemed increased to P3,000, but the point is that in fixing a greater amount of indemnity, the pecuniary situation of the party liable may well be considered along with other elements. (See *Alcantara vs. Surro and Manila Electric Co.*, 93 Phil. 472). This point should dispose of petitioner's contention that the liability of the common carrier cannot be made to depend on its pecuniary capacity. Of course, independently, of its financial capacity, the common carrier, if liable, must be made to pay the minimum amount. But if its financial ability is such that it can pay a greater amount of indemnity as demanded by the circumstances of the case, then certainly it should be made to pay more than P3,000. Its financial standing in such a case is material.

Parenthetically, it may be added that a study of the revised Civil Code shows that a new title on damages (Title XVIII, Articles 2195-2235) has been added. This evidences a great expansion of the classes of damages under the revised Civil Code in line with the modern trend on social legislation. These new provisions embody some principles of the American law on the subject. (See *Vicente G. Sinco*, *Civil Code of the Philippines*, pp. 882-886)

This is what respondents, as plaintiffs in the civil cases below, have sought to do. As earlier stated, they sought the production of the ledgers and financial statements of Pantranco in connection with their allegation that "defendant (Pantranco) is financially well-established having enormous assets and a large income." That is why in the prayer of their complaints, they asked the court, not for the minimum indemnity of P3,000, but "for such indemnity for the death of Aurora Breguera, Welly Pua and Memia Chua, as the Court may find proper and reasonable." Their request therefore was for a good cause and the respondent Judge committed no abuse of discretion in granting it.

WHEREFORE, the petition for certiorari is dismissed and the writ of preliminary injunction is dissolved without pronouncement as to costs.

Bengzon, C. J., Paredes, Dizon, Makalintal, Bengzon, J. P., and Zaldivar, JJ., concur.

Bautista Angelo, J., concurs in the result.

Reyes J. B. L. J., concurring and dissenting in part:

I concur in the denial of the writ but solely on the basis that the original complaint for damages (Answer, Annex "I") expressly pleaded (paragraph V) "cross negligence, serious imprudence and wanton recklessness" of the driver of the petitioner company as cause of the mishap that occasioned the death of passenger Aurora Breguera and the serious injuries of passenger Welly Pua. The circumstances thus averred, if duly proved, would justify the award of damages "by way of example or correction, for the public good, in addition to the moral x x x of compensatory damages" (Art. 2229 in connection with Art. 2232). Since such additional corrective damages are at the discretion of the Court (Art. 2233), the latter may properly inquire in this case into the pecuniary ability of the defendant in order to determine what amount should be added to the normal indemnity, to serve as effective deterrent to induce defendant to exert more diligence and care in the future. A small award of corrective damages would be ineffective for the purpose if the defendant possessed ample means; or it might prove excessive if the defendant were poor.

But I must dissent in so far as the decision implies that Inquiries into the resources of a defendant would be permissible whenever damages, pecuniary or moral, are sought. We can not lose sight of the fact that the purpose of moral damages is essentially indemnity or reparation, not punishment or correction. Moral damages are emphatically not intended to enrich a complainant at the expense of a defendant; they are awarded only to enable the injured party to obtain means, diversions or amusements that will serve to alleviate the moral suffering he has undergone, by reason of the defendant's culpable action. As stated by Enoch Aguiar (*Hechos y Actos Juridicos*,

Tonio IV, Vol. 1, p. 247), "predomina en el rearcimiento del daño moral un caracter eminentemente reparativo, en cuanto el dinero con el cual se opera puede procurar al lesionado satisfacciones morales ó materiales que atenúen ó hagan desaparecer las molestias que constituyeron". In other words, the award of moral damages is aimed at a restoration, within the limits of the possible, of the spiritual status quo ante: and, therefore, it must be proportionate to the suffering inflicted. The intensity of the pain experienced by the relatives of the victim is proportionate to the intensity of the affection for him and bears no relation whatever with the wealth or means of the offender. The death caused by a beggar is felt by the parents of the victim as intensely as that caused by the scion of a wealthy family.

To recapitulate: compensatory and moral damages can only be awarded to indemnify the victim or his relatives for the prejudice suffered, and the financial standing of the Person responsible is irrelevant to their evaluation. The omission in the Civil Code of any reference to the defendant's pecuniary ability, as was heretofore done by Commonwealth Act No. 284, confirms this thesis. The ruling in *Alcantara vs. Surro*, 93 Phil. 472, is predicated precisely on that Commonwealth Act, and not on the Civil Code now in force, and is inapplicable. In so far as the award exceeds indemnification, it trenches on the sphere of corrective damages that are justified by other special circumstances set out by the Civil Code.

I am constrained to insist on these principles, because the cases brought to this Court show a lamentable disregard of the carefully structured system of damages of our Civil Code. A prime illustration is the complaint that initiated this case in the court below, where nominal and compensatory damages are both prayed for; yet a modicum of common sense ought to show that damages can not be both nominal and actual at the same time (Civil Code, Article 2221).

Concepcion, J., concur.

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