

## MANUEL LAGUNZAD, PETITIONER, VS. MARIA SOTO VDA. DE GONZALES AND THE COURT OF APPEALS, RESPONDENTS.

*G.R. No. L-32066. August 06, 1979*

Ponente: MELENCIO-HERRERA, J.

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### MELENCIO-HERRERA, J.:

Before us is a Petition for Review by Certiorari of the Decision of the Court of Appeals in CA-G.R. No. 34703, promulgated on January 13, 1970, affirming the Decision of the Court of First Instance of Negros Occidental, dated June 30, 1964, in Civil Case No. 6414 entitled "Maria Soto Vela, de Gonzales vs. Manuel Lagunzad" for a Sum of Money and Attachment.

The present controversy stems from a "Licensing Agreement" entered into by and between petitioner Manuel M. Lagunzad and private respondent Maria Soto Vda. de Gonzales on October 5, 1961, which contract petitioner claims to be null and void for having been entered into by him under duress, intimidation and undue influence.

The antecedental facts follow: Sometime in August, 1961, petitioner Manuel Lagunzad, a newspaperman, began the production of a movie entitled "The Moises Padilla Story" under the name of his own business outfit, the "MML Productions." It was based mainly on the copyrighted but unpublished book of Atty. Ernesto Rodriguez, Jr., entitled "The Long Dark Night in Negros" subtitled "The Moises Padilla Story,"[1] the rights to which petitioner had purchased from Atty. Rodriguez in the amount of P2,000.00.[2]

The book narrates the events which culminated in the murder of Moises Padilla sometime between November 11 and November 17, 1951. Padilla was then a mayoralty candidate of the Nacionalista Party (then the minority party) for the Municipality of Magallon, Negros Occidental, during the November, 1951 elections. Governor Rafael Lacson, a member of the Liberal Party then in power and his men were tried and convicted for that murder in *People vs. Lacson, et al.*[3] In the book, Moises Padilla is portrayed as "a martyr in contemporary political history."

Although the emphasis of the movie was on the public life of Moises Padilla, there were portions which dealt with his private and family life including the portrayal in some scenes, of his mother, Maria Soto Vda. de Gonzales, private respondent herein, and of one "Auring" as his girl friend.[4]

The movie was scheduled for a premiere showing on October 16, 1961, or at the very latest, before the November, 1961 elections.

On October 3, 1961, petitioner received a telephone call from one Mrs. Nelly Amante, half-sister of Moises Padilla, objecting to the filming of the movie and the "exploitation" of his life. Shown the early "rushes" of the picture, Mrs. Amante and her sister, Mrs. Gavieres, objected to many portions thereof notwithstanding petitioner's explanation that the movie had been supervised by Ernesto Rodriguez, Jr., based on his book "The Long Dark Night in Negros." On October 5, 1961, Mrs. Amante, for and in behalf of her mother, private respondent, demanded in writing for certain changes, corrections and deletions in the movie.[5] Petitioner contends that he

acceded to the demands because he had already invested heavily in the picture to the extent of mortgaging his properties,[6] in addition to the fact that he had to meet the scheduled target date of the premiere showing.

On the same date, October 5, 1961, after some bargaining as to the amount to be paid, which was P50,000.00 at first, then reduced to P20,000.00,[7] petitioner and private respondent, represented by her daughters and Atty. Ernesto Rodriguez, at the law office of Jalandoni and Jamir, executed a "Licensing Agreement" reading as follows:

"LICENSING AGREEMENT

"KNOW ALL MEN BY THESE PRESENTS:

"This Agreement, made and executed at the City of Manila, Philippines, this 5th day of October, 1961, by and between:

MANUEL M. LAGUNZAD, of legal age, married, presently engaged in the business of producing motion pictures under the style of "MML Productions" with residence at 76 Central Boulevard, Quezon City and with offices at 301 Cu Unjieng Bldg., Escolta, Manila and hereinafter referred to as LICENSEE,

- and -

MARIA SOTO VDA. DE GONZALES, of legal age, widow, resident of the Municipality of Moises Padilla, Province of Negros Occidental, represented in this Act by her Attorneys in-fact Atty. Ernesto Rodriguez, Jr. of legal age and resident of 393F-Buencamino St., San Miguel, Manila; Maria Nelly G. Amante, of legal age and resident of 121 South 13, Quezon City; and Dolores G. Gavieres, of legal age, and resident of 5 11 San Rafael Street. Quiapo. Manila, also duly authorized and hereinafter referred to as LICENSOR,

W1TNESSETH:

"That, the LICENSEE is currently producing a motion picture entitled "The Moises Padilla Story" (hereinafter referred to as the PICTURE, for short) based on certain episodes in the life of Moises Padilla, now deceased;

"That the LICENSOR is the legitimate mother and only surviving compulsory heir of Moises Padilla, the latter not having married during his lifetime and having died without any descendants, legitimate or illegitimate;

"That, in the PICTURE and in all incidents thereof, such as scenarios, advertisements, etc., the LICENSEE has, without the prior consent and authority of LICENSOR, exploited the life story of Moises Padilla for pecuniary gain and other profit motives, and has, furthermore encroached upon the privacy of Moises Padilla's immediate

family, and has in fact, included in the PICTURE'S cast, persons portraying some of MOISES PADILLA's kin, including LICENSOR herself;

"That, for and in consideration of the foregoing premises and the other covenants and conditions hereunder stated, the LICENSOR hereby grants authority and permission to LICENSEE to exploit, use, and develop the life story of Moises Padilla for purposes of producing the PICTURE, and in connection with matters incidental to said production, such as advertising and the like, as well as authority and permission for the use of LICENSOR'S name in the PICTURE and have herself portrayed therein, the authority and permission hereby granted, to retro act to the date when LICENSEE first committed any of the acts herein authorized.

"THE CONDITIONS AND OTHER COVENANTS OF THIS AGREEMENT ARE AS FOLLOWS;

"1. For and in consideration of the authority and permission hereby granted by LICENSOR to LICENSEE. LICENSEE shall pay LICENSOR, through Atty. Lope E. Adriano at the Pelaez and Jalandoni Law Office. 6th Floor. Magsaysay Bldg., San Luis, Ermita. Manila, the following:

"a) The sum of TWENTY THOUSAND PESOS (P20,000.00), Philippine Currency, payable without need of further demand, as follows: P5,000.00 on or before Oct. 10, 1961; P10,000.00 on or before Oct. 31, 1961; and P5,000.00 on or before November 30, 1961. In default of the payment of any of these amounts as they fall due, the others become immediately due and demandable.

"b) A royalty in such amount corresponding to TWO AND A HALF PER CENTUM (2-1/2%) of all gross income or receipts derived by, and/or for and in behalf of, LICENSEE as rentals and/or percentage of box office receipts from exhibitors and others for the right to exploit, use, distribute and/or exhibit the picture anywhere here in the Philippines or abroad.

"2) The LICENSEE agrees to keep complete, true and accurate books of accounts, contracts and vouchers relating to the exploitation, distribution and exhibition of the PICTURE, the bookings thereof and the rentals and gross receipts therefrom, and to give to LICENSOR and/or her accredited representatives, full access at all reasonable times to all of the said books, accounts, records, vouchers and all other papers.

"3) The LICENSEE shall furnish LICENSOR monthly statements in duplicate, showing in detail the gross receipts accruing from the picture, which monthly statements shall be delivered to the LICENSOR with reasonable promptness, and upon verification and approval of said statements by LICENSOR, the LICENSEE shall pay the corresponding royalties due to the LICENSOR.

"4) The authority and permission herein granted is subject to the condition that LICENSEE shall change, delete, and/or correct such portions in the PICTURE as the LICENSOR may require, in writing before final printing of the PICTURE, and shall, furthermore, not be understood as a consent to anything in the picture that is, or tends to be, derogatory to the deceased MOISES PADILLA or to LICENSOR.

"5) The LICENSOR shall not in any way be liable on any claim from third persons as a result of, or arising from, the manner by which the PICTURE is put together, nor on any claim arising from the production, distribution and exhibition of the PICTURE, and in the event of any such claim being asserted against LICENSOR, the LICENSEE undertakes to hold LICENSOR harmless thereon.

"6) . This agreement shall be binding upon the parties hereto, their representatives, administrators, successors and assigns.

"IN WITN ESS WHEREOF, the parties have hereunto set their hands on the date and at the place first above stated.

"MARIA SOTO VDA. DE GONZALES

Licensor

MANUEL M. LAGUNZAD

Licensee

By:

(Sgd.) ERNESTO R. RODRIGUEZ, Jr.

(Sgd.) MARIA NELLY G. AMANTE

(Sgd.) DOLORES G. GAVIERES

Attorneys-in-fact

SIGNED IN THE PRESENCE OF:

LOPE E. ADRIANO ILLEGIBLE

ACKNOWLEDGMENT"

Petitioner takes the position that he was pressured into signing the Agreement because of private respondent's demand, through Mrs. Amante, for payment for the "exploitation" of the life story of Moises Padilla, otherwise, she would "call a press conference declaring the whole picture as a fake, fraud and a hoax and would denounce the whole thing in the press, radio, television and that they were going to Court to stop the picture." [8]

On October 10, 1961, petitioner paid private respondent the amount of P5,000.00 but contends that he did so not pursuant to their Agreement but just to placate private respondent.[9]

On October 14, 1961, the filming of the movie was completed. On October 16, 1961, a premiere showing was held at the Hollywood Theatre, Manila, with the Moises Padilla Society as its sponsor.[10] Subsequently, the movie was shown in different theaters all over the country.

Because petitioner refused to pay any additional amounts pursuant to the Agreement, on December 22, 1961, private respondent instituted the present suit against him praying for judgment in her favor ordering petitioner 1) to pay her the amount of P15,000.00, with legal interest from the filing of the Complaint; 2) to render an accounting of the proceeds from the picture and to pay the corresponding 2-1/2% royalty therefrom; 3) to pay attorney's fees equivalent to 20% of the amounts claimed; and 4) to pay the costs.

Traversing the Complaint, petitioner contended in his Answer that the episodes in the life of Moises Padilla depicted in the movie were matters of public knowledge and occurred at or about the same time that the deceased became and was a public figure; that private respondent has no property right over those incidents; that the Licensing Agreement was without valid cause or consideration and that he signed the same only because private respondent threatened him with unfounded and harassing action which would have delayed production; and that he paid private respondent the amount of P5,000.00 in October, 1961, only because of the coercion and threat employed upon him. By way of counterclaim, petitioner demanded that the Licensing Agreement be declared null and void for being without any valid cause; that private respondent be ordered to return to him the amount of P5,000.00; and that he be paid P50,000.00 by way of moral damages, and P7,500.00 as attorney's fees.

Private respondent duly filed her Answer to Counterclaim alleging that the transaction between her and petitioner was entered into freely and voluntarily.

On June 30, 1964, the trial Court rendered a Decision, and decreed in its dispositive portion:

"WHEREFORE, judgment is hereby rendered ordering the defendant Manuel Lagunza to pay the plaintiff the sum of P15,000.00 with interest at the rate of 6% per annum from December 22, 1961 up to its complete payment; to order the defendant to render an accounting of the gross income or proceeds derived from the exhibition, use and or rental of the motion picture of "The Moises Padilla Story" and to pay the plaintiff 2-1/2% of said gross income; to pay the plaintiff the amount equivalent to 20% of the amount due the plaintiff under the first cause of action as attorney's fees; and to pay the costs."

On appeal to the Court of Appeals, the latter Court affirmed the judgment. Reconsideration having been denied by the Court, petitioner filed the instant Petition for Review on Certiorari.

Initially, or on June 16, 1970, this Court denied the Petition for lack of merit, but resolved subsequently to give it due course after petitioner moved for reconsideration on the additional argument that the movie production was in exercise of the constitutional right of freedom of expression, and that the Licensing Agreement is a form of restraint on the freedom of speech and of the press.

In his Brief, petitioner assigns the following errors to the appellate Court:

"I. THE COURT OF APPEALS ERRED IN EXERCISING JURISDICTION IN THE CASE BECAUSE THE JUDGMENT APPEALED FROM WAS INTERLOCUTORY IN NATURE AND CHARACTER;

"II. THE COURT OF APPEALS ERRED IN ITS FAILURE TO MAKE COMPLETE FINDINGS OF FACTS ON ALL ISSUES BEFORE IT;

"III. THE COURT OF APPEALS ERRED IN NOT DECLARING THE LICENSING AGREEMENT, EXHIBIT"A", NULL AND VOID FOR LACK OF, OR FOR HAVING AN ILLEGAL CAUSE OR CONSIDERATION OF CONTRACT, PETITIONER HAVING PREVIOUSLY OBTAINED THE AUTHORITY AND/OR PERMISSION PURPOSELY GRANTED TO HIM BY RESPONDENT UNDER SAID LICENSING AGREEMENT;

"IV. THE COURT OF APPEALS ERRED IN NOT FINDING THAT THE LICENSING AGREEMENT, EXHIBIT"A" IS NULL AND VOID; RESPONDENT NOT HAVING HAD ANY PROPERTY RIGHTS OVER THE INCIDENTS IN THE LIFE OF MOISES PADILLA WHO WAS A PUBLIC FIGURE.

"V. THE COURT OF APPEALS ERRED IN NOT FINDING THAT THE LICENSING AGREEMENT, EXHIBIT"A", WAS NULL AND VOID. PETITIONER'S CONSENT HAVING BEEN PROCURED BY MEANS OF DURESS, INTIMIDATION AND UNDUE INFLUENCE;

"VI. THE COURT OF APPEALS, IN UPHOLDING THE RIGHT TO PRIVACY OF RESPONDENT AS DEFINED IN ART. 26 OF THE NEW CIVIL CODE OVER THE RIGHT OF PETITIONER TO FILM THE PUBLIC LIFE OF A PUBLIC FIGURE, INFRINGED UPON THE CONSTITUTIONAL RIGHT OF PETITIONER TO FREE SPEECH AND FREE PRESS."

We find the assigned errors bereft of merit.

Petitioner's contention that because an accounting had been ordered, respondent Court of Appeals did not have jurisdiction over the case as the Decision of the lower Court was not yet final and appealable, is untenable. The doctrine enunciated in *Fuentebella vs. Carrascoso*[11] relied upon by petitioner, which held that whether or not the action for accounting is the principal or is incidental to another, the judgment requiring such accounting cannot be final, has been abandoned in *Miranda vs. Court of Appeals*[12] which ruled:

"For the guidance of bench and bar, the Court declares as abandoned the doctrine of *Fuentebella vs. Carrascoso* and adopts the opposite rule that judgments for recovery with accounting are final and appealable (without need of awaiting the accounting) and would become final and executory if not appealed within the reglementary period."

In other words, where there is complete adjudication and determination of the rights and obligations of the parties, as in the instant case, an order for accounting in that judgment does not affect its final character, said accounting being merely incidental to the judgment.

Petitioner's contention that respondent Court failed to make complete findings of fact on all issues raised before it is without basis. A careful study of the Decision reveals that respondent Court has substantially and sufficiently complied with the injunction that a decision must state clearly and distinctly the facts and the law on which it is based. The rule remains that the ultimate test as to the sufficiency of a Court's findings of fact is "whether they are comprehensive enough and pertinent to the issues raised to provide a basis for decision." [13] The judgment

sought to be reviewed sufficiently complies with this requirement.

Neither do we agree with petitioner's submission that the Licensing Agreement is null and void for lack of, or for having an illegal cause or consideration. While it is true that petitioner had purchased the rights to the book entitled "The Moises Padilla Story," that did not dispense with the need for prior consent and authority from the deceased heirs to portray publicly episodes in said deceased's life and in that of his mother and the members of his family. As held in *Schuyler v. Curtis*,<sup>[14]</sup> "a privilege may be given the surviving relatives of a deceased person to protect his memory, but the privilege exists for the benefit of the living, to protect their feelings and to prevent a violation of their own rights in the character and memory of the deceased."

Petitioner's averment that private respondent did not have any property right over the life of Moises Padilla since the latter was a public figure, is neither well taken. Being a public figure ipso facto does not automatically destroy in toto a person's right to privacy. The right to invade a person's privacy to disseminate public information does not extend to a fictional or novelized representation of a person, no matter how public a figure he or she may be.<sup>[15]</sup> In the case at bar, while it is true that petitioner exerted efforts to present a true-to-life story of Moises Padilla, petitioner admits that he included a little romance in the film because without it, it would be a drab story of torture and brutality.<sup>[16]</sup>

We also find it difficult to sustain petitioner's posture that his consent to the Licensing Agreement was procured thru duress, intimidation and undue influence exerted on him by private respondent and her daughters at a time when he had exhausted his financial resources, the premiere showing of the picture was imminent, and "time was of the essence." As held in *Martinez vs. Hongkong & Shanghai Bank*,<sup>[17]</sup> it is necessary to distinguish between real duress and the motive which is present when one gives his consent reluctantly. A contract is valid even though one of the parties entered into it against his own wish and desires, or even against his better judgment. In legal effect, there is no difference between a contract wherein one of the contracting parties exchanges one condition for another because he looks for greater profit or gain by reason of such change, and an agreement wherein one of the contracting parties agrees to accept the lesser of two disadvantages. In either case, he makes a choice free and untrammelled and must accordingly abide by it. The Licensing Agreement has the force of law between the contracting parties and since its provisions are not contrary to law, morals, good customs, public order or public policy (Art. 1306, Civil Code), petitioner should comply with it in good faith.

Lastly, neither do we find merit in petitioner's contention that the Licensing Agreement infringes on the constitutional right of freedom of speech and of the press, in that, as a citizen and as a newspaperman, he had the right to express his thoughts in film on the public life of Moises Padilla without prior restraint. The right of freedom of expression, indeed, occupies a preferred position in the "hierarchy of civil liberties."<sup>[18]</sup> It is not, however, without limitations. As held in *Gonzales vs. Commission on Elections*, 27 SCRA 835, 858 (1969):

"From the language of the specific constitutional provision, it would appear that the right is not susceptible of any limitation. No law may be passed abridging the freedom of speech and of the press. The realities of life in a complex society preclude however, a literal interpretation. Freedom of expression is not an absolute. It would be too much to insist that at all times and under all circumstances it should remain unfettered and unrestrained. There are other societal values that press for recognition.

The prevailing doctrine is that the clear and present danger rule is such a limitation. Another criterion for permissible limitation on freedom of speech and of the press, which includes such vehicles of the mass media as radio, television and the movies, is the "balancing-of-interests test."<sup>[19]</sup> The principle "requires a court to take conscious and detailed consideration of the interplay of interests observable in a given situation or type of

situation."[20]

In the case at bar, the interests observable are the right to privacy asserted by respondent and the right of freedom of expression invoked by petitioner. Taking into account the interplay of those interests, we hold that under the particular circumstances presented, and considering the obligations assumed in the Licensing Agreement entered into by petitioner, the validity of such agreement will have to be upheld particularly because the limits of freedom of expression are readied when expression touches upon matters of essentially private concern.

WHEREFORE, the Petition for Review is denied and the judgment appealed from hereby affirmed.

Costs against petitioner.

**SO ORDERED.**

Makasiar, Fernandez, Guerrero, and De Castro, JJ., concur.

Teehankee (Chairman), J., concurs in the result.

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[1] T.s.n., Oct. 2, 1962. p. 6. see also Exh. I. p. 49. Folder of Exhibits.

[2] T.s.n., October 2, 1962. p. 18.

[3] 111 Phil. (1961).

[4] Exh. 2. Film Treatment, p. 76. Folder of Exhibits.

[5] Exh. B - Deposition, pp. 170-171. *ibid*.

[6] T.s.n., October 2, 1962. p. 38.

[7] T.s.n., Oct. 2, 1962. p. 40; T.s.n.. Jan. 10, 1963. p. 14.

[8] T.s.n., Oct. 2, 1962. pp. 35-37.

[9] T.s.n., Oct. 2, 1962. pp. 43-44.

[10] p. 114, Folder of Exhibits.

[11] G.R. No. L-48102. May 27, 1942. Unreported.

**[12] 71 SCRA 295 (1976).**

[13] *Ceriñan vs. Consolacion*, 5 SCRA 722 (1962).

[14] (1895). 147 NY 434. 42 NE. 31 LRA 286. 49 Am St Rep 671.

[15] *Garner vs. Triangle Publications*, DCNY, 97 F. Supp.. 564, 549 (1951).

[16] T.s.n., Oct. 2, 1962, p. 21.

[17] 15 Phil. 252 (1910).

[18] *Philippine Blooming Mills Employees Organization vs. Philippine Blooming Mills Co., Inc.*, 51 SCRA 191 (1963).

[19] Chief Justice Enrique M. Fernando on the Bill of Rights, 1970 ed., p. 79.

[20] Separate Opinion of the late Chief Justice Castro in *Gonzales vs. Commission on Elections*. *supra*, p. 899.

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