

BELLA FOODS, INC. REPRESENTED BY ITS PRESIDENT, ANGEL M. NATIVIDAD, PLAINTIFF-APPELLEE, VS. PHILIPPINE INTERNATIONAL DEVELOPMENT CO., INC., REPRESENTED BY ITS PRESIDENT, EFREN W...

Ponente: LLOREN, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/5f44b6a081f4/>

LLOREN, J.:

This is an appeal from the Decision[1] dated May 21, 2012 of the Regional Trial Court, 9[th] Judicial Region, Branch 12, Zamboanga City, in Civil Case No. 5760.

The Philippine International Development Co., Inc. (defendant-appellant) is the owner of a three-storey building (property) located at Zamboanga City.[2]

On July 14, 2004, defendant-appellant entered into a Contract of Lease[3] involving the property with Bella Foods, Inc. (plaintiff-appellee) for a period of 10 years starting June 1, 2004 until May 31, 2014.[4] At the commencement of the lease contract, plaintiff-appellee paid defendant-appellant P250,000.00 as advance rental and P750,000.00 as security deposit, equivalent to three months rental.[5] Plaintiff-appellee used the ground floor as Chow King restaurant and the second and third floors as pension house.[6] On August 10, 2005, however, an explosion occurred in the property rendering the same untenable.[7]

Meanwhile, plaintiff-appellee agreed to shoulder the cost of the repair of the property up to the maximum amount of P200,000.00. In the course of the repair, however, other defects were discovered thereby increasing the cost to P800,000.00.[8]

Defendant-appellant notified plaintiff-appellee of the whole cost of the repair. On December 9, 2005, however, the latter informed the former that it could no longer afford to continue with the lease since the former was not amenable to a lower rental of P150,000.00 or the same rental of P250,000.00 with permission to sublease. The latter also demanded the return of the security deposit in the amount of P750,000.00.[9]

Contending that plaintiff-appellee pre-terminated the lease contract, defendant-appellant refused to return the security deposit.[10] This prompted plaintiff-appellee to file a Complaint,[11] which was later amended,[12] for Breach of Contract with Damages.

After trial on the merits, the trial court rendered the assailed judgment with the following dispositive portion:

WHEREFORE, in view of the foregoing, judgment is hereby rendered ordering defendant Philippine International Development Co., Inc., through its President, Efren Y. Wee, to return to plaintiff the sum of P750,000.00 representing the security deposit of plaintiff pursuant to that Contract of Lease dated July 14, 2004 with legal interest of 12% per annum to be reckoned from August 10, 2005 until the same is fully paid and to pay the costs of this suit.

Plaintiff's claim for payment of unrecovered improvements as well as attorney's fees and exemplary damages are hereby denied for insufficient evidence. Defendant's counterclaim is likewise denied.

SO ORDERED.

Defendant-appellant moved for reconsideration[13] but the trial court denied the motion.[14]

Defendant-appellant now comes before this Court with the following assigned errors:

I

THE COURT A QUO ERRED IN FINDING THAT THE LEASE CONTRACT BETWEEN THE PARTIES AUTOMATICALLY TERMINATED AFTER A BOMB EXPLOSION DAMAGED THE BUILDING RENDERING IT UNTENANTABLE;

II

THE COURT A QUO GRAVELY ERRED IN FINDING THE PLAINTIFF-APPELLEE WITHOUT ANY NEGLIGENCE WHATSOEVER IN CONNECTION WITH THE BOMB THAT EXPLODED INSIDE ITS LEASED PREMISES; and

III

THE COURT A QUO ERRED IN FINDING THAT THE PLAINTIFF-APPELLEE IS ENTITLED TO THE RETURN OF ITS SECURITY DEPOSIT.[15]

The pivotal issue is whether the damage to the property is attributable to plaintiff-appellee's negligence.

The concept of negligence has been clarified as follows:

x x x Negligence, as commonly understood, is conduct which naturally or reasonably creates undue risk or harm to others. It may be the failure to observe that degree of care, precaution, and vigilance which the circumstances just(l)y demand, or the omission to do something which a prudent and reasonable man, guided by considerations which ordinarily regulate the conduct of human affairs, would do. x x x

Article 1667 of the Civil Code pertinently reads:

ART. 1667. The lessee is responsible for the deterioration or loss of the thing leased, unless he proves that it took place without his fault. x x x

The foregoing imposes upon the lessee the responsibility for the deterioration or loss of the thing leased. To avoid responsibility, he must prove that the deterioration or loss took place without his fault or negligence. In other words, the lessee has the burden of proving that he was not negligent.

In the present case, plaintiff-appellee had shown that it entered into Security Service Agreement[16] with a security agency to secure the property. In addition, it engaged the services of a Chief Security Officer to supervise the implementation of its safety rules and regulations.[17] It was also shown by the Security Operation Officer of the security agency hired by plaintiff-appellee that he regularly visited the security guards at their respective assignments. He stated that the security agency recruited security guards who graduated from a security training agency.[18]

The foregoing shows that plaintiff-appellee took the necessary precaution to safeguard the property. That it exercised reasonable diligence and care under the circumstances may also be deduced from the fact that its negligence would affect not only the property but also its business interest therein.

The burden of proof never parts with the party upon whom it is imposed. However, the burden of evidence shifts from party to party in the course of the trial.[19] With plaintiff-appellee having showed that it was not negligent,

it is incumbent upon defendant-appellant to controvert the former's evidence. There is no showing, however, that defendant-appellant had done so.

Paragraph 6 of the lease contract pertinently reads:

- **DAMAGE TO OR DESTRUCTION OF BUILDING/IMPROVEMENTS:** In the event that the building or the Leased Premises is damaged or destroyed, in whole or in part due to force majeure, such as typhoon, fire, earthquake, or other casualty or by causes not arising from the fault or negligence of either party rendering premises unfit for occupancy, Lease is automatically terminated. x x x

The damage to the property, which rendered it untenable, was not due to the fault or negligence of either party. Hence, the lease automatically terminated.

The following is instructive:

Considering that the parties entered into a contract, it shall constitute the law between them. The agreement between the parties is the formal expression of the parties' rights, duties and obligations. Being the primary law between the parties, it governs the adjudication of their rights and obligations. When the terms of the contract are clear and leave no room for interpretation, the literal meaning of its stipulations shall, therefore, control. A court has no alternative but to enforce the contractual stipulations in the manner they have been agreed upon and written. The petitioner was, therefore, bound to respect the decision of the respondent not to continue on with the lease. Absent any allegation that a stipulation is contrary to law, morals, good customs, public order or public policy, it must be complied with in good faith.[20]

There is no merit to defendant-appellant's claim that plaintiff-appellee, as shown by its actuations and failure to immediately invoke paragraph 6 of the lease contract, had also construed the same to be inapplicable. Paragraph 19 thereof reads:

- **NON-WAIVER:** The failure of any of the parties to insist upon a strict performance of any of the terms and conditions if this Contract shall not be deemed a relinquishment or waiver of any of the rights or remedy that one of the parties may have against the other, or of any of the subsequent breach or default by one of the parties of the terms and conditions of this Contract. No waiver by the parties of any of their rights under this Contract shall be deemed to have been made, unless expressed in writing and signed by the waiving party.

With the automatic termination of the lease, there is no basis to defendant-appellant's claim that plaintiff-appellee pre-terminated the lease contract. There is also no basis to withhold the security deposit as there is no occasion to apply paragraph 17 of the lease contract which provides:

- **PRE-TERMINATION:** LESSEE can pre-terminate this lease, in whole or in part, for causes other than those stated herein by serving written notice thereof upon LESSOR at least three (3) months prior to intended date of termination. Or, in lieu of the notice, LESSEE may pre-terminate by paying three (3) months rent for the immediate termination of the lease. In the event of partial termination, rent and other charges shall be subject to negotiation and agreement between the parties.

WHEREFORE, the appeal is DENIED. The Decision dated May 21, 2012 of the Regional Trial Court, 9th Judicial Region, Branch 12, Zamboanga City, in Civil Case No. 5760 is AFFIRMED.

SO ORDERED.**CERTIFICATION**

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

Azacarraga-Jacob and Contreras, JJ., concur.

[1] Records, pp. 264-277; Penned by Judge Gregorio V. De La Peña, III

[2] Rollo, pp. 20

[3] Exhibit 2, pp. 77-82

[4] Rollo, pp. 20 & 84

[5] Rollo, p. 84

[6] Id., p. 20

[7] Id., pp. 20 & 84

[8] Id., p. 20

[9] Id., p. 21

[10] Ibid.

[11] Records, pp. 2-16

[12] Id., pp. 24-38

[13] Records, pp. 256-260

[14] Id., p. 263

[15] Rollo, p. 17

[16] Exhibit E, pp. 9-13

[17] TSN dated December 3, 2008, p. 17; Records, p. 268

[18] TSN dated February 2, 2009, p. 7-8; Records, p. 270

[19] Bautista v. Sarmiento, G.R. No. L-45137, September 23, 1985 (citation omitted)

[20] FELSAN Realty and Dev't. Corp. v. Commonwealth of Australia, G.R. No. 169656, October 11, 2007 (citations omitted)

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.