

**ISMAEL O. BALDADO & JOSEFINA LUZ G. BALDADO,
PLAINTIFFS-APPELLEES, VS. DIOGENES V. BAENA,
DEFENDANT-APPELLANT.**

Ponente: QUIJANO-PADILLA, J.

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QUIJANO-PADILLA, J.:

This is an appeal[1] from the Decision[2] dated October 17, 2008 of the Regional Trial Court (RTC), Branch 36, Dumaguete City in Civil Case No. 04-28-B for Damages. The assailed decision directed the defendant-appellant to pay the plaintiffs-appellees the amount of ten million pesos (P10,000,000.00) as moral damages, one million pesos (P1,000,000.00) as exemplary damages and two hundred thousand pesos (P200,000.00) as attorney's fees.

The Antecedents

This case stemmed from a Complaint[3] for Damages filed by plaintiffs-appellees, Spouses Ismael and Josefina Luz Baldado, against defendant-appellant Diogenes Baena. The Complaint alleges among others:

“That defendant is a lessor of a commercial building space in a building known as INDAY LOLENG Building, located at Bais City, and plaintiff Josefina Luz G. Baldado is the lessee of the same; Said defendant decided not to renew the lease contract, without legal basis by the end of December 2004, since the lease contract provides the right of the lessee to exercise her option to renew the lease contract. Angered by plaintiff Josefina Luz G. Baldado's decision to exercise her option to renew the lease contract, defendant wrote a letter dated October 14, 2004 addressed to both plaintiffs; The letter imputed to both plaintiffs of having committed illegal acts. And with manifest malicious intent to besmirched (sic), dishonor and discredit the reputation and good name of plaintiffs, defendant furnished copies of the said letter to the following: Mr. Gerry Teves, president of the Liga ng mga Barangay I, Bais City; Sr. Police Inspector Carlos Mantille Lacuesta, Jr., Chief of Police of Bais City; Bais City Prosecutor, and to the Bais City Engineer;

That the imputation contained in subject letter is not true, and even if true, the act of defendant in writing the subject letter and publishing the same by sending to persons not in anyway related to the matter, is without good motives and reasonable ends; the contents of said letter are laden with malicious intent to destroy the reputation of plaintiff Ismael O. Baldado as a member of the Philippine Bar and a Regional Trial Court Judge, and his wife who is a graduate of the College of Law and with good reputation in Bais City by the statement of defendant in said letter that he decided to make this matter public so that the people of Bais will know, and thereupon, sent copies of the said letter to the persons earlier mentioned.

Fuming with malice, defendant states in his letter that he is going to bring the matter to the Supreme Court; that the publication of the said letter is admitted by the defendant himself in his letter by stating therein to bring the libellous (sic) matter 'public';

That, as a result of the subject libellous (sic) letter and publication, the plaintiff Ismael O. Baldado as a member of the Philippine Bar and as a Judge of the Regional Trial Court, and plaintiff Josefina Luz G. Baldado a person of good standing in Bais City and in the province of Negros Oriental, have suffered besmirched reputations, sleepless nights, wounded feelings, and other forms of moral damages in an amount not less than TEN MILLION PESOS (Php 10,000,000.00), Philippine Currency. They further demand the sum

of ONE MILLION (Php 1,000,000.00) PESOS for exemplary damages, and the sum of TWO HUNDRED THOUSAND PESOS (Php 200,000.00) for attorney's fees and to pay and reimburse plaintiffs for filing and docket fees and other court expenses, and cost of suit.”[4]

For his part, defendant-appellant, in his Answer,[5] denied all the material allegations in the Complaint. Quoted hereunder is a portion of defendant-appellant's Answer:

“2. Paragraph three (3) is admitted with the modification that the contract of lease which was drafted and authored by plaintiff Ismael O. Baldado who is presently the Acting Presiding Judge of Branch 45, Regional Trial Court, Bais City, is strangely titled 'Renewal of Contract of Lease,' signed sometime in November, 2003 at Bais City, an electrostatic copy of which is herewith attached as Annex '1' to form an integral part hereof. The said contract specifies on page two (2), paragraph 3, that the LESSEE (who is plaintiff JOSEFINA LUZ BALDADO) covenants with the LESSOR (defendant Diogenes V. Baena); 'NOT TO MAKE ANY ALTERATION AND/OR IMPROVEMENTS ON THE STORE WITHOUT WRITTEN CONSENT OF THE LESSOR...'. ”

Paragraph four (4) is denied as false and without basis plaintiffs' allegations that the 'lease contract provides the right of the lessee to exercise option to renew the lease contract.' The pertinent provision on the renewal of the contract of lease in question, found on page three (3), paragraph 'M,' states clearly and unequivocally as follows:

'M. That within at least ninety (90) days prior to December 31, 2004 (expiration date of this lease contract), either the LESSOR or the LESSEE may notify in writing with the other, whether to exercise the option to renew the same, or not, ...'

That as early as June, 2004 defendant verbally informed the plaintiff that he is not renewing the contract of lease for many reasons, primarily because of plaintiffs' violation of the provisions of paragraph 3 on page two (2) of the contract of lease. Wherein defendant's attention was called by the Building Official concerned for 'Illegal Construction' in violation of Sec. 903 of the National Building Code (PD 1096). Causing fear to defendant that he might have committed a crime.

On July 12, defendant wrote plaintiff a letter reiterating that he was NOT RENEWING plaintiffs' contract of lease.

Defendants also alleged that because plaintiff is a judge, he thinks he has a 'judicial emperor' and the Bais City people his subjects so that with ease he tramples upon their rights and deprive them of the Constitutional guarantees of due process of law and the fundamental freedoms they are entitled to. Defendants' letter of October 14, 2004, was written with all candor and sincerity coupled with best intentions. The reason defendant furnished Mr. Gerry Teves, the Barangay Captain of Barangay I, where the leased premises in question are (sic) located is because he is supposedly the 'father of the Barangay' and the defendant had hoped that Mr. Teves could probably advise plaintiffs to solve the problem of the 'illegal construction' which had caused him sleepless nights, anxiety and depression;

That the reason why defendant furnished the letter dated Oct. 14, 2004 to the Chief of Police Montille Lacuesta, Jr., the Bais City Prosecutor and the Bais City Engineer, was because of his (defendant) belief that since the construction made by plaintiffs was 'illegal' that they being in charge of law and order and since something not legal had been committed by a Judge, they could probably talk to the judge and his wife about doing something towards solving the problem of the 'illegal construction' was termed by the Bais City building official.

That sometime in August 2004, when defendant went to see plaintiff Ismael O. Baldado and inform said plaintiff that the former is no longer renewing the lease contract, plaintiff Ismael O. Baldado advised defendant in a menacing manner to consult a lawyer if said defendant wants Judge Baldado to leave the (rented) premises.

Which defendant did. Defendant consulted five (5) lawyers, and all of them said that plaintiffs had indeed violated the lease contract. One of them said that defendant could bring the matter to the Supreme Court, which defendant did. Defendant filed a Petition for disbarment before the Supreme Court.

Defendant's special affirmative defences (sic) alleged: That plaintiffs filed this action in a desperate (sic) move to hold on to the premises leased to them but the bare fact remains that the contract of lease expires on December 31, 2004 and the defendant has exercised the option not to renew it because of, among others, plaintiffs' violation of its provisions. Which acts of 'illegal improvements' have caused the defendant to incur violations of the Building Code as stated by the City Engineer's Building Official. Since plaintiffs have eloquently expressed that they are going to further violate the provisions of their agreement by refusing to leave the leased premises owned by the defendant, they are filing an ejectment suit with a prayer for preliminary mandatory injunction as soon as immediately possible.

xxx.”[6]

Pre-trial conference was conducted on January 8, 2008 wherein both the parties agreed on this sole issue for resolution by the trial court, that is, whether the plaintiffs-appellees suffered damages as a result of the libelous statements made by defendant-appellant which is the subject of Criminal Case No. 18022 for Libel.[7] After pre-trial conference, the trial court proceeded to try the case on the merits.

The Ruling of the RTC

After trial on the merits and submission by the parties of their respective exhibits, the RTC rendered on October 17, 2008 its challenged Decision,[8] which disposed as follows:

WHEREFORE, in view of the foregoing, judgment is hereby rendered:

- Directing the defendant to pay the plaintiffs the sum of TEN MILLION PESOS (Php 10,000,000.00) for moral damages. Considering that defendant's wrongful act is the proximate cause of plaintiffs' social humiliation;
- To pay the plaintiffs' the sum of ONE MILLION PESOS (Php 1,000,000.00) for exemplary damages;
- To reimburse plaintiffs to plaintiffs (sic) the sum of TWO HUNDRED THOUSAND PESOS (Php 200,000.00) for attorney's fees.[9]

Dissatisfied with the foregoing decision, defendant-appellant appealed before Us assigning this sole error:

THE COURT A QUO ERRED WHEN IT AWARDED DAMAGES TO THE PLAINTIFFS/APPELLEES WITHOUT DUE REGARD TO THE FACT THAT IT HAS ABSOLUTELY NO BASIS TO DO SO. [10]

This Court's Ruling

The instant appeal is bereft of merit.

Trial Court's Findings Of Facts Are Accorded Due Respect On Appeal

Defendant-appellant's arguments rest on the oft-repeated pronouncement that the conclusions and findings of fact by the trial court are entitled to great weight on appeal and should not be disturbed unless for strong and cogent reasons because the trial court is in a better position to examine real evidence as well as observe the demeanor of the witnesses while testifying.[11]

The rule that the trial court's findings of facts are accorded due respect on appeal is not without exceptions. It is not applicable where there are strong and cogent reasons as when the trial court's findings are not supported by the evidence or when the trial court failed to consider material facts which would have led to a conclusion different

from what was stated in its judgment or when the trial court's decision was attended by grave abuse of discretion amounting to lack of jurisdiction.[12]

Unfortunately for the defendant-appellant, however, We have made a close hard look into the bases for the trial court's decision and found none of the foregoing exceptions as obtaining herein to warrant a re-examination or reversal of the trial court's finding.

For Our resolution is the issue of whether or not plaintiffs-appellees are entitled to damages occasioned by the spreading of the letter dated October 14, 2004, containing libelous statements, authored and furnished by the defendant-appellant to the following persons: Mr. Gerry Teves, President of the Liga ng mga Barangay, Barangay I, Bais City; S. Police Inspector Carlos Montille Lacuesta, Jr., Chief of Police of Bais City; Bais City Prosecutor, Bais City; and to the Bais City Engineer, Bais City.

It is defendant-appellant's submission that the letter was never meant to malign the plaintiffs-appellees but were all done in good faith to protect his property rights. That the act of the plaintiffs-appellees in introducing improvements and making alterations on the store building of the defendant-appellant despite the prohibition against it in the lease contract is clearly a breach of their contractual commitment to the defendant-appellant. In writing the letter, defendant-appellant only responded to the breach committed by the plaintiffs-appellees and purposely to deter or refrain the latter from committing further acts of destruction on the property of defendant-appellant. As such, defendant-appellant submits that the plaintiffs-appellees have nobody else to blame but themselves and that there was nothing offensive about the letter and plaintiff-appellee Ismael Baldado, being a public official, should not be too onion-skinned and should be prepared to respond to public criticism.

We are not persuaded.

The rationale adopted by the trial court in holding defendant-appellant liable for damages in this case is quoted hereunder:

“Perusal of the subject letter dated October 14, 2004 revealed that it is the expression of defendant Diogenes V. Baena, of his rights as owner of the premises leased by the plaintiffs. The defendant Diogenes V. Baena called plaintiffs attention with regard to the alleged illegal construction made by the plaintiffs spouses Ismael O. Baldado and Luz G. Baldado, and further informing the latter (plaintiffs-appellees) that he is no longer renewing the lease contract.

x x x

Defendant's act of expressing his sentiments and rights as owner of the leased premises through the subject (October 14, 2004 letter), which was written with all candor and sincerity, is a legal act. However, the act of spreading the subject letter to people other than the plaintiffs themselves, is improper, and is contrary to morals and good customs. The act of defendant Diogenes V. Baena in furnishing his October 14, 2004 letter to several persons who are not in any manner connected or privy to the said issue, 'is an act of rudeness or lack of consideration of one person, which calls not only protection of human dignity but respect of such dignity. Any sentiments must be expressed within the proper forum and with proper regard for the rights of others.

x x x

Nevertheless, defendant claimed in his “Answer”, that the subject letter was written with all candor and sincerity coupled with best intentions, and with the hope of solving the problem of the alleged 'illegal construction' made by the lessees the herein plaintiffs, on the leased premises owned by said defendant.

The court is not convinced that the defendant acted with candor. The court notes the praise (sic) in the letter dated October 14, 2004 to wit: 'Since you have kept silent to these 2 letters I have decided to make this matter public so that the people in Bais will know what is going on'.

Exhibit 'J' and Exhibit 'K' inclusive of their sub-markings are letters addressed to Mr. Gerry Teves and to Sr. Insp. Carlos Lacuesta Jr. respectively, prove that defendant Baena acted with bad faith and intent to inflict damage to the reputation and honor of the plaintiffs by sending the said letters to persons who have no relation to the transaction between the parties.

Furthermore in the counter affidavit executed by Diogenes V. Baena dated November 22, 2004 marked as Exhibit 'D' some declarations of the defendant are herein quoted:

- 'xxx They should know that Mr. Baldado has already been suspended by the Supreme Court. Only heaven knows how many errors in judgment Mr. Baldado has made in the name of justice. As public officials, the Chief of Police and Mr. Gerry Teves should be aware of the unpleasant things supposedly committed by Mr. Baldado, instead of praising him to high heavens,' (par. 4)

- 'xxx A businessman who has sold feeds to their store has not been paid until now. xxx' (par. 5)

x x x

It is the finding of this Court that such act is contrary to morals, good customs and public policy, for which defendant Diogenes V. Baena should compensate the plaintiffs Ismael O. Baldado and Josefina Luz G. Baldado for damages suffered by the latter as a consequence therefore. Even in the exercise of a formal right, one cannot with impunity intentionally cause damage to another in a manner contrary to morals and good customs.”[13]

In ruling favorably for the plaintiffs-appellees, the trial court applied the principle of abuse of rights as enshrined in Article 19 of the New Civil Code. Article 19 states:

Art. 19. Every person must, in the exercise of his rights and in the performance of his duties, act with justice, give everyone his due, and observe honesty and good faith.

Elsewhere, it has been explained that when "a right is exercised in a manner which does not conform with the norms enshrined in Article 19 and results in damage to another, a legal wrong is thereby committed for which the wrongdoer must be responsible." The object of this article, therefore, is to set certain standards which must be observed not only in the exercise of one's rights but also in the performance of one's duties. These standards are the following: act with justice, give everyone his due and observe honesty and good faith. Its antithesis, necessarily, is any act evincing bad faith or intent to injure. Its elements are the following: (1) there is a legal right or duty; (2) which is exercised in bad faith; (3) for the sole intent of prejudicing or injuring another. When Article 19 is violated, an action for damages is proper under Articles 20 or 21 of the Civil Code.[14] Article 20 pertains to damages arising from a violation of law which states:

Art. 20. Every person who, contrary to law, willfully or negligently causes damage to another, shall indemnify the latter for the same.

Article 21, on the other hand, states:

Art. 21. Any person who willfully causes loss or injury to another in a manner that is contrary to morals, good customs or public policy shall compensate the latter for the damage.

As applied in the herein case and as earlier discussed, while the defendant-appellant's act of expressing his sentiments and rights as owner of the leased premises through the subject letter is a legal act, his act of spreading the subject letter to several persons who are not in any manner connected or privy to her contractual relationship with plaintiffs-appellees is uncalled for. The act of defendant-appellant is a cause of action which is predicated upon mere rudeness or lack of consideration of one person, which calls not only protection of human dignity but respect of such dignity. For his part, defendant-appellant argues that the subject letter was written with all candor

and sincerity coupled with best intentions and with the hope of solving the problem of the alleged illegal construction made by the plaintiffs-appellees on the leased premises owned by him. The lameness of this argument need not be belabored. Defendant-appellant purposely circulated and published the subject letter with the intent of making the matter public so that the people of Bais City will know. We find this actuation of defendant-appellant to be impelled with bad faith and with intent to inflict damage to the reputation and honor of the plaintiffs-appellees.

We have perused the records and We hold that the defendant-appellant failed to persuade Us to overturn the findings of the trial court.

Consequently, the trial court correctly awarded moral damages to plaintiffs-appellees. Such damages may be awarded when the transgression is the cause of plaintiffs-appellees' anguish.[15]

However, despite the foregoing, the damages awarded to plaintiffs-appellees appear to be too excessive and warrants a second hard look by this Court.

While there is no hard-and-fast rule in determining what would be a fair and reasonable amount of moral damages, the same should not be palpably and scandalously excessive. Moral damages are not intended to impose a penalty to the wrongdoer, neither to enrich the claimant at the expense of the defendant.[16]

Moral damages are not a bonanza. They are given to ease the defendant's grief and suffering. Moral damages should be reasonably approximate to the extent of the hurt caused and the gravity of the wrong done.[17] This Court, therefore, finds the award of moral damages in the amount of P10,000,000.00 to be too excessive and holds that an award of P1,000,000.00 as moral damages is more reasonable.

As for exemplary damages, Article 2229 provides that exemplary damages may be imposed by way of example or correction for the public good. Nonetheless, exemplary damages are imposed not to enrich one party or impoverish another, but to serve as a deterrent against or as a negative incentive to curb socially deleterious actions.¹⁸ On this basis, the award of exemplary damages in the amount of P1,000,000.00 is reduced to P500,000.00.

On the matter of attorney's fees, Article 2208 of the same Code provides, among others, that attorney's fees and expenses of litigation may be recovered in cases when exemplary damages are awarded and where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered. In any event, however, such award must be reasonable, just and equitable.[19] We find the award of attorney's fees in the amount of P200,000.00 to be just and equitable.

WHEREFORE, premises considered, the instant appeal is DENIED. The Decision dated October 17, 2008 of the RTC, Branch 36, Dumaguete City in Civil Case No. 04-28-B is hereby AFFIRMED WITH MODIFICATION that the award of moral and exemplary damages be reduced to P1,000,000.00 and P500,000.00, respectively.

SO ORDERED.

Delos Santos, J., Chairperson and Azcarraga-Jacob, JJ., concur.

[1] See Notice of Appeal, records, pages 288-292.

[2] Penned by Judge Cesar Manuel Cadiz, Jr., records, pages 275-283.

[3] Records, pages 1-31.

- [4] Pages 1-2 of RTC Decision, records, pages 275-276; See also Complaint, *supra*.
- [5] Records, pages 39-46.
- [6] Pages 2-3 of RTC Decision, records, page 276-277; See also Answer, *supra*.
- [7] Pre-trial Order, records, pages 212-213.
- [8] *Supra*, at note 2.
- [9] See page 8 of RTC Decision, records, page 282.
- [10] Page 16 of Appellant's Brief, rollo, page 101.
- [11] *Capco v. Macasaet*, G.R. No. 90888, September 13, 1990; *Chase v. Buencamino*, 136 SCRA 605 (1985).
- [12] *Capco v. Macasaet*, *supra*.
- [13] Pages 5-8 of RTC Decision, records, pages 279-282.
- [14] *Nikko Hotel Manila Garden v. Reyes*, G.R. No. 154259, February 28, 2005.
- [15] Civil Code, Art. 2217. Moral damages include physical suffering, mental anguish, fright, serious anxiety, besmirched reputation, wounded feelings, moral shock, social humiliation, and similar injury. Though incapable of pecuniary computation, moral damages may be recovered if they are the proximate result of the defendant's wrongful act or omission.
- [16] *Yuchengco v. The Manila Chronicle Publishing Corp.*, G.R. No. 184315, November 28, 2011; *Cebu Country Club, Inc. v. Elizagaque*, G.R. No. 160273, January 18, 2008.
- [17] *Yuchengco v. The Manila Chronicle Publishing Corp.*, *supra*; *Philippine Commercial International Bank v. Alejandro*, G.R. No. 175587, September 21, 2007.
- [18] *Yuchengco v. The Manila Chronicle Publishing Corp.*, *supra*; *Country Bankers Insurance Corporation v. Lianga Bay and Community Multi-Purpose Cooperative, Inc.*, 425 Phil. 511, 524 (2002).
- [19] *Yuchengco v. The Manila Chronicle Publishing Corp.*, *supra*; *Cebu Country Club, Inc. v. Elizagaque*, *supra*.

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