

SPOUSES ANTONIO CHUA AND VIRGINIA CHUA, PETITIONERS, VS. COURT OF APPEALS AND RUFINO CO, RESPONDENTS.

G.R. No. 112660. March 14, 1995

Ponente: PADILLA, J.

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PADILLA, J.:

This petition for review under Rule 45 of the Rules of Court, filed by the spouses Antonio and Virginia Chua, seeks a reversal of the decision[*] of the Court of Appeals in CA-G.R. SP No. 29391 dated 30 June 1993.

The relevant facts of the case are as follows:

Private respondent Rufino Co is the lessee of the second floor of the building located at No. 804 Ilaya St., Binondo, Manila where he conducts his garments manufacturing business.

Petitioner spouses, Antonio and Virginia Chua, manage a "Jollibee Yumburger" establishment on the ground floor of the same building. The spouses Chua are engaged in the sale of hamburgers, drinks and other food items.

On 27 September 1984, Rufino Co filed a complaint with the Industrial Safety Division of the Manila City Engineer's Office against the spouses Chua based on allegations that the installation of airconditioning units, a water tank and exhaust fans for the spouses' business on the ground floor obstructed the second floor and created heat and noise therein. The City Engineer directed the spouses to stop the installation of air-conditioning units until a permit shall have been issued by his office. Rufino Co reiterated his complaint when the spouses failed to comply with the aforementioned directive and as a consequence, the Secretary to the Mayor, upon recommendation of the City Engineer, issued an order to immediately close the spouses' business establishment.

On the basis of representations made by the spouses Chua that corrective measures had been taken by them, the Secretary to the Mayor issued a "Temporary Lifting Order" effective for thirty (30) days, thus allowing the resumption of the spouses' business. The order was made subject to verification by the Bureau of Permits of the alleged corrective measures already taken by the spouses Chua.

Private respondent, feeling aggrieved by said temporary lifting order, filed an original action for mandamus and prohibition with prayer for preliminary injunction in the Regional Trial Court of Manila. Private respondent averred in his complaint that the Secretary to the Mayor acted with grave abuse of discretion in issuing the said temporary lifting order. Co contended that respondent Secretary to the Mayor as well as petitioner spouses should be liable for damages for their alleged tortious acts.

The Regional Trial Court, Branch 26, Manila initially issued a temporary restraining order to enjoin implementation of the 30-day lifting order. Subsequently, after an ocular inspection was made by the trial court, the temporary restraining order was lifted based on a finding that "petitioner (Rufino Co) is not in any way disturbed because the premises (leased by Co) presently is not physically occupied except for one overseer who is taking care of the stocks." [1]

In their answer to Co's complaint, the spouses Chua belied the claim that Co operates his garments factory on the second floor. They denied that their airconditioning units, water tank and exhaust fans generate heat and noise. The spouses filed a counterclaim for alleged damages resulting from the filing of the complaint. Additionally, the spouses, by way of special and affirmative defense, alleged that Rufino Co had no cause of action since they had already undertaken corrective measures at the time the petition (complaint) was filed, as shown by the permits issued by the City Engineer's Office.

Secretary to the Mayor Roman Gargantiel and the other public respondents filed their own answer alleging that Co's complaint states no cause of action against them since the permits were issued to the spouses Chua based on their findings that the spouses had complied with the government's building requirements.

After hearing, the Regional Trial Court, Branch 26, Manila rendered a decision [2] dated 18 April 1991 dismissing the complaint and ordering plaintiff Rufino Co to pay the spouses Chua actual, moral and exemplary damages as well as attorney's fees.

The trial court held that there was no cause of action against the public respondents who issued the permits after having verified that the spouses' business establishment had complied with the pertinent rules and regulations. The trial court further held that no cause of action exists against the spouses Chua since the necessary permits had already been issued to them prior to the filing of the complaint by Rufino Co.

On appeal by Co, public respondent Court of Appeals upheld the dismissal of the complaint but deleted the award of damages to herein petitioners.

Petitioner spouses are now before this Court assigning the following errors to the Court of Appeals:

"1. x x IN NOT SUSTAINING THE AWARD BY THE LOWER COURT OF ACTUAL, MORAL AND EXEMPLARY DAMAGES TO THE PETITIONERS AS PRAYED FOR IN THEIR COUNTERCLAIM.

2. x x IN HOLDING THAT GRANTING ARGUENDO THAT THE CLAIM FOR DAMAGES IS WARRANTED, THE SAME CAN ONLY BE CLAIMED AGAINST (A) BOND." [3]

Anent the first assigned error, petitioners argue that private respondent had in fact no cause of action against them since he was not using the second floor of the building for his business when he filed the complaint in the trial court. Moreover, petitioners allege that the defects/deficiencies in the construction of their establishment had already been corrected and the necessary permits issued at the time the complaint was filed by Co against them. It is petitioners' theory that ill-motive or bad faith in filing the complaint can be inferred from the above circumstances which in turn justify the award of damages to them.

To support the second assigned error, petitioners argue that they had filed a motion to quash the preliminary injunction issued based on private respondent's failure to file a bond. Petitioners then reiterate their argument that private respondent had no cause of action, and having sufficiently proved that they suffered damages by the filing of the complaint, an award for damages is in order.

The only issue to be resolved in this petition is: whether or not there was bad faith or ill-motive on the part of private respondent Rufino Co in filing his complaint against petitioners in the trial court which would entitle petitioners to damages.

The law always presumes good faith. Any person who seeks to be awarded damages due to acts of another has the burden of proving that the latter acted in bad faith or with ill-motive.

Petitioners' counterclaim in the trial court which imputed ill-motive/bad faith to herein private respondent Rufino Co in seeking relief from the court is actually in the nature of a claim for damages based on Co's malicious

prosecution.

Generally, a complaint for malicious prosecution refers to unfounded criminal prosecutions, but the term has been expanded to include baseless civil suits filed without a cause of action or probable cause and which are meant to harass or humiliate a defendant. [4]

In *Ponce v. Legaspi*, [5] this Court held that malice and lack of probable cause must both be clearly shown to justify an award of damages based on malicious prosecution.

In the present case, the following findings of the Court of Appeals correctly ruled out an award of damages in favor of herein petitioners:

"We find that the awards for damages allegedly occasioned by the issuance of the restraining order dated December 5, 1984 (enjoining the respondents from implementing the 30-day temporary lifting order) have no basis. The counterclaim for actual damages was premised on the alleged baseless and malicious representations made by petitioner that led to the closure of respondents' business for six (6) days upon order of the court. The restraining order was lifted by the court on December 14, 1984, after the ocular inspection conducted by the court showed that the premises were not physically occupied except by the overseer, and to avoid further damage to be suffered by the respondents' business.

The allegations in the verified petition, including those which provided the basis for the issuance of the restraining order, were not shown to be malicious. The petition assailed the lifting order on the ground that the closure order was issued upon recommendation of (the) city engineer's office to the effect that despite a directive to respondents to correct and legalize the installation and operation of their airconditioning system, the respondents have not taken any step to comply in clear violation of the City Ordinances of Manila and the National Building Code. The letter-complaint of petitioner was investigated by the Safety Engineers, who reported that the complaint was found to be substantially correct and that no mechanical installation permit was issued in favor of respondents. It was only upon respondents' representations that the deficiencies have been corrected that the closure order was temporarily lifted. The lifting order stated that the alleged corrective measures were still subject to further verification as of October 22, 1984, the date of the lifting order. Accordingly, when this petition was filed on November 22, 1984 questioning the issuance of the said lifting order, praying for the enforcement of the closure order, and for damages for the alleged tortious responsibility of public respondents for allowing the operation of the business establishment of private respondents, no malice could be imputed to petitioner, who merely went to court to seek redress for his perceived grievance, which the City authorities initially acknowledged. The fact that he was eventually unable to establish his cause of action against respondents did not, without further proof to that effect, necessarily prove that the representations in his petition are tainted with malice or were 'fantastic or exaggerated'." (references to exhibits omitted) [6]

It is clear from the above findings of the Court of Appeals that private respondent Rufino Co not only had probable cause in filing the complaint in the trial court, but he also was not shown to have done so maliciously or with bad faith. The finding that he no longer conducted his business on the second floor of the building cannot be a basis for inferring the presence of bad faith, for it was likewise not refuted that Co still used the leased premises as a store room for his stocks and, besides, findings of bad faith cannot be based on mere inferences unsubstantiated by evidence. *Damnum sine injuria esse potest*.

WHEREFORE, based on the foregoing considerations, the decision of the Court of Appeals in CA-G.R. SP. No. 29391 is hereby AFFIRMED. The Petition is DENIED.

SO ORDERED.

Davide, Jr., Bellosillo, Quason, and Kapunan, JJ., concur.

[*] Associate Justice Minerva P. Gonzaga-Reyes ponente, with Associate Justices Pacita Canizares-Nye and Eduardo G. Montenegro, con-curring.

[1] p. 2, Trial Court decision.

[2] Penned by Judge Corona Ibay Somera.

[3] Rollo , p. 14.

[4] Equitable Banking Corporation v. Intermediate Appellate Court, et al., G.R. No. L-66070, 31 October 1984, 133 SCRA 135.

[5] G.R. No. 79184, 6 May 1992, 208 SCRA 377.

[6] Rollo , pp. 32-33.

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