

PUBLIC ESTATES AUTHORITY, PETITIONER, VS. ROSARIO GANAC CHU, RESPONDENT.

G.R. NO. 145291. September 21, 2005

Ponente: AUSTRIA-MARTINEZ, J.

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AUSTRIA-MARTINEZ, J.

Petitioner Public Estates Authority seeks a review of the decision[1] of the Court of Appeals (CA) in CA-G.R. CV No. 52944 dated June 4, 1999, which affirmed in toto the trial court's award of P2,000,000.00 as actual and compensatory damages, P100,000.00 as attorney's fees and costs of suit, in favor of respondent in its Partial Decision dated July 3, 1995 in Civil Case No. 781-93.[2]

Petitioner filed a motion for reconsideration but this was denied by the CA in its Resolution dated September 26, 2000.[3]

This case originated from a complaint for damages with prayer for the issuance of a writ of injunction and temporary restraining order filed by respondent against petitioner and the National Housing Authority (NHA). The complaint was lodged in the Regional Trial Court of Imus, Cavite (Branch 20). In her complaint, respondent alleged that she is the owner of a parcel of land situated in Paliparan, Dasmariñas, Cavite covered by Transfer Certificate of Title (TCT) Nos. T-231966, T-231967, T-231968, T-231969, and T-231970, measuring 70,410 square meters. According to respondent, some time in June 1993, without notice and due process, petitioner entered her property and bulldozed the land, destroying her black pepper plantation, causing damage to her operations and depriving her of her means of livelihood. Thus, she asked for the following amounts: (1) P5,000,000.00 as actual damages; (2) P200,000.00 as moral damages; (3) P100,000.00 as exemplary damages; (4) P50,000.00 as attorney's fees; and (5) P30,000.00 for litigation expenses.[4]

Petitioner filed its Answer alleging lack of cause of action. It contended that: it is the owner of a property covered by TCT Nos. 277070, 277071 and 277072, located in Paliparan, Dasmariñas, Cavite, and measuring 51 hectares; under a Memorandum of Agreement dated March 12, 1991, petitioner and the NHA undertook to relocate the squatters of the reclaimed land in the Financial Center District of Manila Bay, to the Paliparan site; during the relocation and site development, respondent appeared claiming that petitioner is encroaching upon her property; respondent failed to prove her ownership thereof; way back in 1990, respondent had already sold 65,410 square meters out of the 70,410 square meters of her property to one Renato Ignacio. Thus, petitioner prayed for the dismissal of the complaint.[5]

In a Partial Decision rendered by the trial court on July 3, 1995, petitioner, together with the NHA, was adjudged jointly and severally liable to pay respondent actual and compensatory damages, attorney's fees and the costs of suit. The dispositive portion of the Partial Decision reads:

WHEREFORE, in view of the foregoing, partial judgment is hereby rendered in favor of the plaintiff and against the defendants, ordering jointly and severally to pay plaintiff the sum of P2 million by way of actual and compensatory damages and the additional amount of P100,000.00 as attorney's fees, plus costs of suit.

SO ORDERED.[6]

Both petitioner and the NHA filed a motion for reconsideration with the trial court but these were denied per Resolution dated January 22, 1996.[7]

Aggrieved, petitioner appealed to the CA. The appellate court, however, sustained the partial judgment of the trial court in the assailed Decision dated June 4, 1999 and denied petitioner's motion for reconsideration. Petitioner then filed the present petition for review on certiorari under Rule 45 of the Rules of Court, on the following grounds:

The Court of Appeals erred in:

- AFFIRMING THE FINDINGS OF FACT BY THE LOWER COURT WHICH HAVE NOT BEEN PROVEN WITH REASONABLE DEGREE OF CERTAINTY.
- AFFIRMING THE GRANT OF ACTUAL DAMAGES IN THE AMOUNT OF P2 MILLION AND P100,000.00 AS ATTORNEY'S FEES PLUS COSTS OF SUIT.[8]

The sole issue in this petition is whether there is a valid basis for the award of damages in favor of respondent.

The trial court based its award of the sum of P2,000,000.00 as actual and compensatory damages in favor of respondent on the following findings:

Admittedly, there were pepper trees on the property of plaintiff which were bulldozed by the defendants, although the parties differ as to their exact numbers. Defendants' witness, Engr. de Gracia, admitted that he did not make a physical counting. He merely estimated the number of pepper plants, though admitting that there were 3,000 kakawati trees planted on the one (1) hectare property of plaintiff upon which the pepper trees clung.

In the same manner, the other witness Engr. Fundabela also made a rough estimate as to the number of pepper trees that were bulldozed (TSN, pp. 16-17, 29, Sept. 2, 1994). But when queried, he retorted that the one (1) hectare property of plaintiff is fully planted with black pepper trees whose distance with each other is only one (1) meter.

...

As against their testimonies, this Court gives more credence to the straightforward statement of plaintiff that she planted about 3,000 pepper trees on her property with the help of 25 farmers. She bought the 3,000 seedlings at a cost of P350.00 each. Adding the labor cost and the cost of the water system she installed to maintain the pepper plantation plus expenses for insecticides, plaintiff invested a capital of P1.3 million, more or less. Because the pepper trees were already about to be harvested, plaintiff claimed that she lost an estimated income of P700,000.00 (TSN, pp. 6-8, May 27, 1994).[9]

The appellate court sustained the factual findings of the trial court and concluded that the same were based on the evidence presented by the parties.[10]

Petitioner argues that the appellate court erred in affirming the findings of fact of the trial court considering that respondent failed to prove her ownership over the property on which the pepper trees stand, particularly that covered by TCT No. T-231966. Petitioner also contends that respondent failed to quantify or show any proof of the actual damage she allegedly suffered; and that the amount of attorney's fees awarded in favor of respondent was double the amount than what was specifically prayed for in her complaint.[11]

In her Comment, respondent stated that the Court can only entertain questions of law in a petition for review on certiorari and cannot now reassess the findings of facts of the trial court, especially since it was affirmed by the

CA.[12]

While respondent is correct in stating that only questions of law may be raised in a petition for review on certiorari under Rule 45 of the Rules of Court, as "the Supreme Court is not a trier of facts"; and that it is not the Court's function to review, examine and evaluate or weigh the probative value of the evidence presented,[13] said rules, however, admit certain exceptions such as:

(a) where there is grave abuse of discretion; (b) when the finding is grounded entirely on speculations, surmises or conjectures; (c) when the inference made is manifestly mistaken, absurd or impossible; (d) when the judgment of the Court of Appeals was based on a misapprehension of facts; (e) when the factual findings are conflicting; (f) when the Court of Appeals, in making its findings, went beyond the issues of the case and the same are contrary to the admissions of both appellant and appellee; (g) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties and which, if properly considered, would justify a different conclusion; and, (h) where the findings of fact of the Court of Appeals are contrary to those of the trial court, or are mere conclusions without citation of specific evidence, or where the facts set forth by the petitioner are not disputed by the respondent, or where the findings of fact of the Court of Appeals are premised on the absence of evidence and are contradicted by the evidence on record.[14] (Emphasis supplied).

In this case, the CA sustained the factual findings of the trial court as follows:

...

Being aware of the existence of pepper trees on the lot under controversy and knowing that plaintiff is the one in possession thereof, defendants should have notified her before they bulldozed the same. Their claim that the area in question belongs to PEA, even if true, is no excuse for defendants to bulldoze it summarily knowing fully well that there were improvements or crops standing thereon.

Defendants evidently took the law into their hands. They should have acted with caution and prudence before trespassing on other's property. Even squatters are entitled to due process and cannot just be evicted by the owner without resorting to the court of law.[15]

Such factual findings of the CA are conclusive on the parties and carry even more weight when the CA affirmed the factual findings of the trial court.[16]

Nevertheless, the Court finds that both the trial court and the CA seriously erred in awarding in favor of respondent the colossal sum of P2,000,000.00 as actual and compensatory damages, and the amount of P100,000.00 as attorney's fees and costs of suit, as the evidence on record does not support the award of such amount.

Chapter 2, Title XVIII, Book IV of the Civil Code governs the award of actual or compensatory damages.[17] Except as provided by law or by stipulation, one is entitled to compensation for actual damages only for such pecuniary loss suffered by him as he has duly proved.[18] The indemnification shall comprehend not only the value of the loss suffered, but also that of the profits that the obligee failed to obtain.[19] In contracts and quasi-contracts, the damages which may be awarded are dependent on whether the obligor acted with good faith or otherwise.[20] In case of good faith, the damages recoverable are those which are the natural and probable consequences of the breach of the obligation and which the parties have foreseen or could have reasonably foreseen at the time of the constitution of the obligation. If the obligor acted with fraud, bad faith, malice, or wanton attitude, he shall be responsible for all damages which may be reasonably attributed to the non-performance of the obligation. In crimes and quasi-delicts, the defendants shall be liable for all damages which are the natural and probable consequences of the act or omission complained of, whether or not such

damages have been foreseen or could have reasonably been foreseen by the defendant.[21]

There is no question that respondent is entitled to damages. However, respondent's cause of action before the trial court is not premised on any contract, quasi-contract, delict or quasi-delict. At best, her demand for damages can be anchored on the "abuse of rights" principle under Article 19 of the Civil Code, which provides:

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.

The foregoing provision sets standards which must be observed in the exercise of one's rights as well as in the performance of its duties, to wit: to act with justice; give everyone his due; and observe honesty and good faith.[22] When a right is exercised in a manner which discards these norms resulting in damage to another, a legal wrong is committed for which the actor can be held accountable.[23]

Respondent's ownership of the property on which the pepper trees stand is immaterial in this petition. There is no dispute that respondent owned the pepper trees that were destroyed by petitioner. Even assuming that petitioner owns the property or that it bulldozed the land within its boundaries, still, as the trial court aptly reasoned, there was no excuse for petitioner to disregard respondent's rights over her trees. The exercise of one's rights is not without limitations. Having the right should not be confused with the manner by which such right is to be exercised.[24]

Property rights must be considered, for many purposes, not as absolute, unrestricted dominions but as an aggregation of qualified privileges, the limits of which are prescribed by the equality of rights, and the correlation of rights and obligations necessary for the highest enjoyment of property by the entire community of proprietors.[25] In *Rellosa vs. Pellosis*,[26] the Court ruled that:

Petitioner might verily be the owner of the land, with the right to enjoy and to exclude any person from the enjoyment and disposal thereof, but the exercise of these rights is not without limitations. The abuse of rights rule established in Article 19 of the Civil Code requires every person to act with justice, to give everyone his due; and to observe honesty and good faith. When a right is exercised in a manner which discards these norms resulting in damage to another, a legal wrong is committed for which the actor can be held accountable. In this instance, the issue is not so much about the existence of the right or validity of the order of demolition as the question of whether or not petitioners have acted in conformity with, and not in disregard of, the standard set by Article 19 of the Civil Code.[27]

Actual or compensatory damages are those awarded in order to compensate a party for an injury or loss he suffered. They arise out of a sense of natural justice and are aimed at repairing the wrong done.[28] To be recoverable, actual and compensatory damages must be duly proved with reasonable degree of certainty. A court cannot rely on speculation, conjecture or guesswork as to the fact and amount of damages, but must depend upon competent proof that they have suffered and on evidence of the actual amount thereof. The party alleging a fact has the burden of proving it and a mere allegation is not evidence.[29]

There is nothing in the records of this case that will support the finding that respondent suffered actual damages in the amount of P2,000,000.00. There must be competent proof of the actual amount of loss, and credence can be given only to claims that are duly supported by receipts.[30] Save for respondent's bare testimony and the pictures taken on the property, she did not present any other competent and independent proof to corroborate her claim. No receipt was ever proffered by respondent proving her claims for compensation for the following items: (1) the 3,000 pepper seedlings, which were allegedly bought at P350.00 each; (2) the cost of labor and water system installed to maintain the farm; (3) her alleged capital investment of P1,300,000.00; and (4) the supposed unrealized income of P700,000.00.[31] Given the dearth of evidence, respondent's claim for actual and

compensatory damages should have been denied by the trial court and the award thereof corrected by the CA.

In lieu of actual damages, temperate damages, which are more than nominal but less than compensatory damages, should have been awarded by the trial court considering that respondent, indeed, had suffered some pecuniary loss but its amount cannot be proved with certainty.[32] The amount of P250,000.00 is sufficient and reasonable under the circumstances of this case.

With regard to the award of attorney's fees and costs of suit, the same was correctly awarded since petitioner has compelled respondent to incur expenses to protect her interest.[33] The Court deems, however, that the award cannot be more than what was prayed for in respondent's complaint,[34] which in this case is P50,000.00 for attorney's fees and P30,000.00 for litigation expenses.[35] Thus, the award of attorney's fees and costs of suit is reduced in accord with respondent's prayer in her Complaint.

WHEREFORE, the Decision dated June 4, 1999 and Resolution dated September 26, 2000 rendered by the Court of Appeals in CA-G.R. CV

No. 52944 are hereby MODIFIED as follows:

- 1) The award of Two Million Pesos (P2,000,000.00) as actual and compensatory damages is DELETED; and
- 2) Petitioner Public Estates Authority and the National Housing Authority are held jointly and severally liable to pay respondent the following amounts:
 - (a) Two Hundred Fifty Thousand Pesos (P250,000.00) as temperate damages;
 - (b) Fifty Thousand Pesos (P50,000.00) as attorney's fees; and
 - (c) Thirty Thousand Pesos (P30,000.00) for costs of suit.

SO ORDERED.

Puno (chairman), Callejo, Sr., Tinga, and Chico-Nazario, JJ., concur.

[1] Rollo, p. 48. Penned by Associate Justice Omar U. Amin (now retired) with Associate Justices Hector L. Hofileña (now retired) and Presbitero J. Velasco, Jr. (now Court Administrator) concurring.

[2] Entitled, "Rosario Gañac Chu, Plaintiff, versus, Public Estates Authority and NHA, Defendants."; Rollo, p. 123.

[3]Id., p. 52.

[4] Records, pp. 2-4.

[5] Id., pp. 51-53.

[6] Id., p. 324.

[7] Id., p. 363.

[8] Id., p. 29.

[9] Id., pp. 320-321.

[10] Id., p. 48.

[11]Id., pp. 29-37.

[12] *Id.*, pp. 310-312.

[13] *Permanent Savings and Loan Bank vs. Velarde*, G.R. No. 140608, September 23, 2004, 439 SCRA 1.

[14] *Twin Towers Condominium Corp. vs. Court of Appeals*, G.R. No. 123552, February 27, 2003, 398 SCRA 203.

[15] *Rollo*, pp. 47-48.

[16] *Langkaan Realty Development, Inc. vs. United Coconut Planters Bank*, G.R. No. 139437, December 8, 2000, 347 SCRA 542.

[17] *ABS-CBN Broadcasting Corp. vs. Court of Appeals*, G.R. No. 128690, January 21, 1999, 301 SCRA 572.

[18] Article 2199, Civil Code.

[19] Article 2200, Civil Code.

[20] Article 2201, Civil Code.

[21] Article 2202, Civil Code.

[22] *GF Equity, Inc. vs. Valenzona*, G.R. No. 156841, June 30, 2005.

[23] *MWSS vs. Act Theater, Inc.*, G.R. No. 147076, June 17, 2004, 432 SCRA 418, 422.

[24] *Ibid.*, p. 422.

[25] *United Coconut Planters Bank vs. Basco*, G.R. No. 142668, August 31, 2004, 437 SCRA 325.

[26] G.R. No. 138964, August 9, 2001, 362 SCRA 486.

[27] *Id.*, p. 490.

[28] *Villafuerte vs. Court of Appeals*, G.R. No. 134239, May 26, 2005.

[29] *LBC Express, Inc. vs. Ado*, G.R. No. 161760, August 25, 2005.

[30] *Viron Transportation Corp., Inc. vs. Delos Santos*, G.R. No. 138296, November 22, 2000, 345 SCRA 509.

[31] *TSN*, May 27, 1994, p. 6.

[32] *Villafuerte case*, *supra*.

[33] *Air Philippines Corp. vs. International Business Aviation Services, Phils., Inc.*, G.R. No. 151963, September 9, 2004, 438 SCRA 51.

[34] *Makabali vs. Court of Appeals*, G.R. No. L-46877, January 22, 1988, 157 SCRA 253.

[35] *Records*, p. 6.

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