PEPSICO, INC., NOW KNOWN AS THE PEPSI COLA COMPANY, PETITIONER, VS. JAIME LACANILAO, RESPONDENT.

G.R. NO. 146007. June 15, 2006

Ponente: QUISUMBING, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-146007/

QUISUMBING, J.:

Once again, the Court is called upon to rule on the rights and liabilities of the parties involved in the ill-fated "Number Fever" fiasco that befell Pepsi-Cola Products Phils., Inc. (PCPPI) and PEPSICO, Inc. (PI) more than a decade ago involving the number combination "349".

The instant consolidated petition for review on certiorari is an appeal from the Decision[1] dated February 4, 1999 and Resolution[2] dated November 10, 2000 of the Court of Appeals in CA G.R. CV No. 50438, which ordered petitioners to pay respondent the sum of P1,050,000 as aggregate prize for two allegedly winning crowns in the promotional campaign sponsored by petitioners.

The facts are undisputed.

Petitioner PCPPI is a domestic corporation engaged in the production, bottling, and distribution of soft drink products namely, Pepsi, 7-Up, Mirinda, and Mountain Dew. Petitioner PI is a foreign corporation licensed to do business in the Philippines and is the major stockholder of PCPPI. Respondent Jaime Lacanilao is a holder of two soft drink bottle caps bearing the number "349."

The controversy began when petitioners hired D.G. Consultores, a Mexican consulting firm, to randomly pre-select the winning numbers and send a list of the 60 winning combination with their corresponding security codes. The process of selecting the winning numbers was conducted with the approval of the Department of Trade and Industry (DTI).

Accordingly, during the initial promotional period from February 17 to May 8, 1992, petitioners seeded 1000 numbers, 60 of which were winning numbers, 510 were non-winning numbers, and the remaining 430 were unused.[3] To ensure that the winning numbers would not be tampered, the DTI required petitioners to submit the list of the winning numbers including their security codes and to deposit the said list in a safety deposit box in a bank.

Owing to its success, petitioners extended the "Number Fever" promotion by five more weeks, from May 12 to June 12, 1992. Petitioners again tapped D.G. Consultores to predetermine the 25 additional winning numbers from the list of unused numbers.

On May 25, 1992, petitioners announced "349" as the winning number. It turned out that the draw was marred by a security code problem. Quintin J. Gomez, Jr., then PCPPI's Marketing Services Manager, immediately called the DTI to relay the information that a mistake had been made in the announcement of "349" as the winning number. On May 28, 1992, petitioners, together with the DTI, opened the safety deposit box where the list of winning numbers had been kept and it was verified that crowns bearing the number "349" and security codes "L-2560-FQ"

and "L-3560-FQ" were not winning crowns.

Consequently, petitioners did not honor holders of crowns bearing the number "349" with security codes "L-2560-FQ" and "L-3560-FQ". Some of these rejected crown holders, tenaciously believing that they were entitled to the cash prize, resorted to violence against petitioners' employees and properties.

To appease the holders of the non-winning "349" crowns, petitioners offered to pay P500 for every non-winning "349" crown that would be presented on or before June 12, 1992. About 490,116[4] holders of non-winning "349" crowns took advantage of petitioners' goodwill gesture.

Still, a great many disgruntled holders of the non-winning "349" crowns, including respondent herein, filed against petitioners separate complaints for recovery of the cash prize and damages. Three of such cases, Rodrigo v. PCPPI, Mendoza v. PCPPI, and De Mesa v. Pepsi Cola Products Phils., Inc.[5] were dismissed at the trial court level, but eventually reached this Court.

In the Rodrigo and Mendoza cases, this Court denied the petition for review on certiorari for failure to show that a reversible error had been committed by the Court of Appeals in affirming the trial court's finding that the security code was an indispensable element of a winning crown and that PCPPI and PI were not negligent in the conduct of their promotional campaign.

In the De Mesa case, on the other hand, the trial court dismissed the complaint outright based on the principle of stare decisis. Upon review on certiorari, this Court affirmed the trial court's dismissal of the complaint considering the finality of the parallel cases of Rodrigo and Mendoza.

As for the complaint filed by respondent Jaime Lacanilao, the trial court ruled differently, to wit:

> WHEREFORE, finding preponderance of evidence in favor of the plaintiff, judgment is hereby rendered against the defendants as follows:
>
> 1) Declaring the plaintiff as rightful winner in the Number Fever promotional campaign conducted by the defendants from February 17, 1992 up to June 12, 1992, and entitled to the prize agreed upon;
>
> 2) Ordering the defendants jointly and severally to pay the plaintiff the amount of P1,050,000.00 representing his legitimate prize for two (2) winning crowns within ten (10) days from finality of this decision with legal interest until [fully] paid;
>
> 3) Ordering the defendants to pay the plaintiff jointly and severally the amount of P100,000.00 as moral damages, P100,000.00 as exemplary damages, P25,000.00 as attorney's fees and P25,000.00 as reimbursement for transportation and meals with costs;
>
> 4) Dismissing defendants' counterclaim for being frivolous and unsubstantiated.[6]

The Court of Appeals, in its assailed Decision, affirmed with modification the aforequoted judgment, thus:

> WHEREFORE, the foregoing considered, the Decision of the lower court in Civil Case No. 92-13022 dated 20 July 1995, is hereby MODIFIED. The portion of the said Decision declaring plaintiff-appellant Jaime Lacanilao as a lawful winner of the "Number Fever" promotion conducted by defendants-appellants, and ordering the latter to pay unto plaintiff-appellant (sic) the sum of PESOS: ONE MILLION FIFTY THOUSAND (P1,050,000.00) as the aggregate prize for two (2) winning crowns (one for P1,000,000.00 and another for P50,000.00), together with legal interests thereon from 25 May 1992 until the same is paid in full, and the dismissal of defendants-appellants' counterclaims, are hereby AFFIRMED. The award of moral and exemplary damages, attorney's fees and costs of litigation in the form of reimbursement for transportation and meals, is however REVERSED and DELETED.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

No costs.

SO ORDERED.[7]

Hence, the instant consolidated petition separately filed by PCPPI and PI. Petitioner PCPPI submitted the following issues:

- WHETHER OR NOT THIS CASE SHOULD BE DISMISSED ON THE BASIS OF THE RESOLUTIONS OF THIS HONORABLE COURT IN THE CASE OF RODRIGO.

- WHETHER OR NOT PEPSI'S COMPROMISE WITH MR. LACANILAO IS CONTRARY TO LAW, MORALS, GOOD CUSTOMS, PUBLIC POLICY OR PUBLIC ORDER.

- WHETHER OR NOT MR. LACANILAO HAS EXPRESSLY WAIVED HIS CLAIMS AGAINST PEPSI.

- WHETHER OR NOT THE TERMS OF THE "NUMBER FEVER" PROMOTION CLEARLY STATED THAT "EACH CROWN/CAP WITH A WINNING NUMBER AND AUTHENTICATED SECURITY CODE WINS THE AMOUNT PRINTED ON THE CROWN/CAP."

- WHETHER OR NOT THE MECHANICS OF THE "NUMBER FEVER" PROMOTION AMOUNTS TO A CONTRACT OF ADHESION.

- WHETHER OR NOT PEPSI WAS AWARE OF THE HIDDEN DEFECT IN THE MASTER LIST OF WINNING CROWNS FOR THE EXTENSION PERIOD WHEN, IN GOOD FAITH, IT OFFERED "349" AS THE NUMBER OF A WINNING CROWN.

- WHETHER OR NOT THE OFFER HAD ALREADY BEEN WITHDRAWN AT THE TIME MR. LACANILAO ACCEPTED PEPSI'S OFFER OF "349" AS THE NUMBER OF A WINNING CROWN FOR 26 MAY 1992.

- WHETHER OR NOT D.G. CONSULTORES WAS AN INDEPENDENT CONTRACTOR, NOT AN AGENT, OF PEPSI.

- WHETHER OR NOT THERE WAS PROOF OF A "COMPARABLE SNAFU" IN CHILE.

- WHETHER OR NOT THE COMPLAINT BELOW SHOULD HAVE BEEN DISMISSED FOR LACK OF THE REQUIRED CERTIFICATE OF NON-FORUM SHOPPING.

- WHETHER OR NOT PAYMENT OF NON-WINNING "349" CROWNS BY PEPSI WOULD RENDER THE SERVICE SO DIFFICULT AS TO BE MANIFESTLY BEYOND THE CONTEMPLATION OF THE PARTIES.[8]

Petitioner PI, on the other hand, put forth the following issues:

- Whether or not the Court of Appeals had the authority to rule on respondent's claims, even after the latter had expressly waived his cause of action and prayed to set aside the judgment in his favor.

- Whether or not the fundamental principles of res judicata and stare decisis should be applied in this case in view of previous, final and executory judgments on the same facts and issues.

- Whether or not the Court of Appeals, in disregarding:

- the nature of the Number Fever Promotion, as an under-the-crown promotion, where only specific preselected crowns seeded into the trade were intended to win; and

- the rules of the promotion whereby the security codes, along with the printed three (3)-digit numbers and prizes, identified each specific preselected crown,

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

decided questions of substance in a manner not in accord with law and the law between the parties.

- Whether or not the Court of Appeals' conclusion that D.G. Consultores was not an independent contractor, but an agent of Pepsi, is in accordance with applicable jurisprudence.

- Whether or not Pepsi was negligent in the conduct of the promotion. Assuming arguendo that Pepsi was negligent, whether or not it was proper to award the prizes indicated on the 349 crowns to respondent, rather than the actual damages proximately caused by the alleged negligence.

- Whether or not mistake, under which petitioner labored, vitiated its consent, and that unilateral mistake suffices to annul a contract.

- Whether or not Article 1267 of the Civil Code and the doctrine of adjustment of rights apply in this case.[9]

For his part, respondent Jaime Lacanilao in his Comment[10] abandoned all claims against petitioners. He instead confirmed the execution of a compromise agreement where he had waived and withdrawn all claims subject of his complaint against petitioners. He reiterated the Manifestation dated October 29, 1999, which he filed with the Court of Appeals, to the effect that he joins petitioners' motion for reconsideration of the appellate court's judgment.

As respondent has joined petitioners' cause and considering the recent pronouncement of this Court in De Mesa v. Pepsi Cola Products Phils., Inc.,[11] the sole issue for resolution now is whether the principle of stare decisis can likewise be applied in the instant case.

We rule in the affirmative.

When a court has laid down a principle of law as applicable to a certain set of facts, it will adhere to that principle and apply it to all future cases in which the facts are substantially the same. Stare decisis et non quieta movere. Stand by the decision and disturb not what is settled. It simply means that a conclusion reached in one case should be applied to those that follow if the facts are substantially the same, even though the parties may be different. It comes from the basic principle of justice that like cases ought to be decided alike. Thus, where the same question relating to the same event is brought by parties similarly situated as in a previous case already litigated and decided by a competent court, the rule of stare decisis is a bar to any attempt to relitigate the same issue.[12]

The Rodrigo and Mendoza cases were both decided by this Court through a minute resolution. It is axiomatic that when a minute resolution denies a petition for lack of merit, the challenged decision, together with its findings of fact and legal conclusions, is deemed sustained.[13]

The De Mesa case, on the other hand, was decided on the strength of the stare decisis doctrine considering that the legal rights and relations of the parties, the facts, the applicable laws, the causes of action, the issues, and the evidence are exactly the same as those in the decided cases of Rodrigo and Mendoza.The instant case falls squarely within the same set of facts as the Rodrigo, Mendoza, and De Mesa cases, which all ruled that the security code number was an indispensable element of a winning crown and that petitioners were not negligent in the conduct of their promotional campaign.

The issues surrounding the "349" incident have been laid to rest and must no longer be disturbed in this decision. Otherwise, a situation could arise where decisions would conflict, rendering inutile the Court's finding in the earlier cases, and undermining the integrity of the Court and its capacity to dispense justice equally.

Accordingly, since respondent Jaime Lacanilao is not a holder of the winning "349" crowns, petitioners are not liable to him for the payment of the cash prize. Further, there being no proof of negligence on the part of petitioners in the conduct of their promotional campaign, neither should they be held liable to respondent for

damages. Respondent having withdrawn all claims against petitioners, and all parties now united in seeking reconsideration of the appellate court's judgment, the reversal of the appellate court's judgment is in order.

WHEREFORE, the petition is GRANTED. The assailed Decision dated February 4, 1999 and the Resolution dated November 10, 2000 of the Court of Appeals in CA G.R. CV No. 50438, are REVERSED and SET ASIDE.

No pronouncement as to costs.

SO ORDERED.

Carpio, Carpio Morales, and Velasco, Jr., JJ., concur.
Tinga, J., no part. Participated in prior legislative investigation.

---

[1] Rollo (G.R. No. 146007), pp. 128-148. Penned by Associate Justice Romeo A. Brawner, with Associate Justices Angelina Sandoval-Gutierrez (now a member of this Court), and Martin S. Villarama, Jr. concurring.[2] Id. at 150-158.[3] But see rollo (G.R. No. 146007), pp. 53-54, 504 non-winning; 436 unused.[4] See rollo (G.R. No. 146007), p. 121.[5] G.R. Nos. 153063-70, August 19, 2005, 467 SCRA 433.[6] Rollo (G.R. No. 146007), pp. 133-134.[7] Id. at 147.[8] Id. at 231-232.[9] Id. at 354-355.[10] Id. at 173-175.[11] Supra note 5.

[12] Ty v. Banco Filipino Savings & Mortgage Bank, G.R. No. 144705, November 15, 2005, 475 SCRA 65, 75-76.[13] Id. at 76.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

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.