PEPSI COLA PRODUCTS (PHILS.), INC., PETITIONER, VS. EFREN ESPIRITU, LOURDES CRISOSTOMO, AURORA BUENAVENTURA, ARMANDO ENRIQUEZ, JANE GERONIMO, AND VICTORINO ALCANO,RESPONDENTS.

G.R. NO. 150394. June 26, 2007

Ponente: GARCIA, J.

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GARCIA, J.:

Assailed and sought to be set aside in this petition for review under Rule 45 of the Rules of Court are the following issuances of the Court of Appeals (CA) in CA-G.R. CV No. 54604, to wit:

- Decision[1] dated July 3, 2001 affirming with modifications an earlier decision of the Regional Trial Court (RTC) of Quezon City which found petitioner liable to respondents for moral damages; and

- Resolution[2] dated October 16, 2001 denying petitioner's motion for reconsideration.

The instant case is just one of the several suits which traced their common origin in the so-called "Pepsi 349" incident of 1992 and shared the same factual backdrop, to wit:

In 1984, PepsiCo, Inc. ("PCI," hereinafter) launched the "Number Fever" promotional campaign for its soft drink products in several Latin American countries. It proved to be a success and years later, petitioner Pepsi Cola Products (Philippines), Inc. (PCPPI), franchise holder of PCI in the Philippines and bottler of PCI soft drink products, decided to introduce the same promotional campaign in the Philippines.

Accordingly, on January 15, 1992, PCPPI wrote the Department of Trade and Industry (DTI) requesting permission to conduct a nationwide "Number Fever" promotional campaign where buyers of Pepsi Cola products, such as Pepsi, 7-Up, Merinda and Mountain Dew, would have a chance to win the amount printed under specially marked crowns or resealable caps.

On January 23, 1992, DTI approved PCPPI's application.

D.G. Consultores, a Mexican consultancy firm that handled PCI's promotional campaigns in other countries, randomly preselected with the use of a computer the winning numbers with their corresponding security codes and sent a list of both winning and non-winning numbers to PCPPI.

The DTI supervised the production of the winning crowns and their seeding into the trade. To ensure that the predetermined winning numbers could not be manipulated, PCPPI and DTI agreed to deposit a list of the winning numbers and their matching security codes in a safety deposit box in the vault of the United Coconut Planters Bank (UCPB), Legaspi Village Branch. The box could only be opened by using two (2) keys, one held by DTI and the other by PCPPI.

Soon, PCPPI advertised its newest promotional campaign in television, radio and through printed materials. Its

posters contained the mechanics of the promotion enjoining the participants to look for the winning three-digit numbers under the crowns or resealable caps. During the duration of the promotion, PCPPI announced daily, except Saturdays and Sundays, the winning three-digit numbers. Consumers holding crowns bearing the announced three-digit numbers claimed the amounts indicated therein at designated redeeming stations. They were paid by PCPPI after ascertaining that the crowns were not tampered with nor fabricated.

Owing to the promotional campaign's success, PCPPI extended the "Number Fever" for five (5) more weeks submitting to the DTI a second list of randomly predetermined winning numbers with matching security codes. This second list was kept in a safety deposit box in the vault of the UCPB, Aguirre Branch. Again, the two keys needed to open the box were each held by PCPPI and DTI.

All seemed to be going well for the "Number Fever" promo until the afternoon of May 25, 1992 when 349 was announced as the winning number for the following day. Soon enough, hordes of people holding crowns with number 349, including the herein respondents, queued at the designated redemption stations to claim their prizes. Respondents were holders of several crowns bearing the number 349 with security code L-2560-FQ.

When PCPPI learned that many of the 349 crowns bore security codes other than those written in the official list, it recalled 349 as the winning number for the day and replaced it with the number 134, the winning number for June 12, 1992. As public outrage was building up, DTI and PCPPI decided to open the safety deposit box containing the complete list of winning numbers and their matching security codes for the entire duration of the extended promo period. On May 28, 1992, PCPPI announced the winning number as 349 with its matching security codes, to wit:

Cash Prize

Security Codes

P50,000 V-2421-JC

P10,000 A-7963-IS
B-4860-TG
C-3984-RP
D-5863-CO
E-3800-EL

P1,000 U-3501-MN

P100 U-3246-NP

The security code, L-2560-FQ, appearing in the 349 crowns of the respondents did not appear in the authorized and predetermined security code numbers listed. PCPPI refused to pay holders of 349 crowns that did not bear the above correct security codes.

Nonetheless, in an attempt to appease the public, PCPPI offered the holders of 349 crowns with non-winning security codes P500.00 per crown as a goodwill gesture if they would present their crowns on or before June 12, 1992. Some 486,170 holders of the non-winning 349 crowns availed of this offer, costing PCPPI an aggregate amount of P240 million.

Herein respondents Efren Espiritu, Lourdes Crisostomo, Aurora Buenaventura, Armando Enriquez, Jane Geronimo and Victorino Alcano are among the numerous holders of non-winning 349 crowns who spurned the

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offer and instead joined Ugnayan 349 Association Inc., a group organized by holders of 349 crowns for the purpose of prosecuting their claims against PCPPI. Ugnayan 349 sent PCPPI demand letters. There being no response, a complaint for collection of sum of money and damages was filed on November 9, 1992 before the RTC of Quezon City. Docketed in the same court as Civil Case No. Q-92-13950, the suit was just one of the several suits filed against PCI and PCPPI over this "Pepsi 349" incident.

In a decision[3] dated June 24, 1996, the trial court, even as it found that the plaintiffs as "not entitled to their crowns," nonetheless rendered judgment ordering defendants PCPPI, et al. to pay each of the plaintiffs (including herein respondents) the sum of P10,000.00 as moral damages, thus:

> WHEREFORE, in view of the foregoing, judgment is hereby rendered declaring the plaintiffs not entitled to their crowns. Defendants are however, ordered to pay ten thousand pesos (P10,000.00) to each of the plaintiffs as moral damages. No costs.
>
> SO ORDERED.

Unsatisfied, three of the herein respondents as plaintiffs below, namely, Armando Enriquez, Victorino Alcano and Jane Geronimo, and defendant (now petitioner) PCPPI appealed to the CA whereat their separate appeals were consolidated and docketed as CA-G.R. CV No. 54604. Appellants Enriquez, Alcano and Geronimo contended that the trial court erred in holding that their 349 crowns were not winning crowns. For its part, appellant PCPPI argued that the trial court erred in ordering it to pay the plaintiffs (including the herein respondents) P10,000.00 each as moral damages.

In the herein assailed decision[4] dated July 3, 2001, the appellate court likewise adjudged the plaintiffs-appellants as entitled only to moral damages and not for the prizes of their crowns. It felt, however, that the amount of moral damages ought to be increased, with an additional award for attorney's fees. Accordingly, it modified the judgment rendered by the trial court, to wit:

> WHEREFORE, premises considered, the Court disposes of the appeals of both parties by MODIFYING the appealed Decision in this wise: Pepsi-Cola Products, Philippines, Inc. is ordered to pay each of the [respondents] THIRTY THOUSAND (P30,000.00) Pesos as moral damages and a collective attorney's fee of THIRTY THOUSAND (P30,000.00) Pesos and costs of this suit.
>
> SO ORDERED.

Its motion for reconsideration having been denied by the CA in its Resolution of October 16, 2001, petitioner PCPPI is now before us via the instant recourse assailing the CA's award of moral damages and attorney's fees to respondents.

The petition is impressed with MERIT.

As elsewhere stated herein, the Pepsi 349 incident spawned several cases all over the country. Some of the separate complaints that had been filed by other rejected crown holders had already resulted in final and executory rulings by this Court that must, following the principle of stare decisis, be followed in the present case.

In Mendoza v. PCPPI and PCI,[5] the RTC of Manila, Branch 16, dismissed the complaint filed against the herein petitioner for specific performance and damages in connection with the same Number Fever fiasco. The CA dismissed for lack of merit Mendoza's appeal prompting him to come to this Court via a petition for review, which was also denied.

In Rodrigo v. PCPPI and PCI,[6] the RTC likewise dismissed a similar complaint for specific performance and damages against the herein petitioner arising from the same promotional fiasco. On appeal, the CA affirmed the

RTC. A petition for review was thereafter filed with this Court which denied both the petition and the subsequent motion for reconsideration.

On the basis of the two aforecited decisions, the Court, when again confronted recently by a similar case in De Mesa v. Pepsi Cola Products, Phils., Inc.,[7] came out with a Resolution partly reading as follows:

> The principle of stare decisis et non quieta movere[8] is entrenched in Article 8 of the Civil Code, to wit:
>
> Art. 8. Judicial decisions applying or interpreting the laws or the Constitution shall form a part of the legal system of the Philippines.
>
> It enjoins adherence to judicial precedents. It requires our courts to follow a rule already established in a final decision of the Supreme Court. That decision becomes a judicial precedent to be followed in subsequent cases by all courts in the land. The doctrine of stare decisis is based on the principle that once a question of law has been examined and decided, it should be deemed settled and closed to further argument.[9]
>
> In the instant case, 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 Mendoza and Rodrigo, supra. Hence, nothing is left to be argued. The issue has been settled and this Court's final decision in the said cases must be respected. This Court's hands are now tied by the finality of the said judgments. x x x

The principle of stare decisis embodies the legal maxim that a principle of law which has been established by the decision of a court of controlling jurisdiction will be followed in other cases involving a similar situation. It is founded on the necessity for securing certainty and stability in the law and does not require identity of parties.[10]

In the instant case, not only are the legal rights and relations of the parties substantially the same as those passed upon in the other Pepsi 349 cases, but the facts, the applicable laws, the causes of action and the issues are identical such that a ruling in one case is a bar to any attempt to re-litigate the same issue. Final and executory rulings have settled that 349 crowns bearing the wrong security code are not winning crowns. Hence, petitioner PCPPI is not liable to pay the amounts printed on the crowns to their holders. Nor is PCPPI liable for damages thereon.

WHEREFORE, the instant petition is GRANTED and the assailed CA decision and resolution are REVERSED and SET ASIDE.

No pronouncement as to costs.

SO ORDERED.

Puno, C.J., (Chairperson), Sandoval-Gutierrez, Corona, and Azcuna,, JJ., concur.

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[1]Penned by Associate Justice Hilarion L. Aquino, with Associate Justices Ma. Alicia Austria-Martinez (now a member of this Court) and Jose L. Sabio, Jr., concurring; rollo, pp. 10-25.

[2] Id. at 27.

[3] Id. at 219-228.

[4] Supra note 1.

[5] G.R. No. 153183, July 24, 2002.

[6] G.R. No. 149411, October 1, 2001.

[7] G.R. Nos. 153063-70, August 19, 2005, 467 SCRA 433.

[8] To adhere to precedents and not to unsettle things which are established.

[9] Castillo v. Sandiganbayan, G.R. No. 138231, February 21, 2002, 377 SCRA 509, 515.

[10] Kilosbayan, Inc., et al. v. Manuel Morato, G.R. No. 118910, July 17, 1995, 246 SCRA 540.

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