

GLORIA SONDAYON, Petitioner, vs. P.J. LHUILLIER, INC. and RICARDO DIAGO, Respondents.

G.R. No. 153587. February 27, 2008

Ponente: AZCUNA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-153587/>

AZCUNA, J.:

This is a petition for review on certiorari[1] seeking the nullification of the Decision rendered by the Court of Appeals (CA) on December 21, 2001, and its Resolution denying reconsideration, dated May 14, 2002, in CA-G.R. CV No. 67514, entitled “Gloria Sondagon v. P.J. Lhuillier, Inc. and Ricardo Diago.”

The facts are[2]:

Respondent P.J. Lhuillier, Inc. is a domestic corporation that owns and operates pawnshops under the business name “La Cebuana Pawnshop.” Respondent Ricardo Diago acts as manager in one of its pawnshops located at Maywood, President Avenue, B.F. Homes Subdivision, Parañaque, Metro Manila.

Respondent company contracted the services of the Sultan Security Agency. The security agency assigned Guimad Mantung to guard the La Cebuana Pawnshop in Maywood.

On June 6, 1996, petitioner Gloria Sondagon, a store manager of Shekinah Jewelry & Boutique, secured a loan from La Cebuana and pledged her Patek Philippe solid gold watch worth P250,000. The watch was given to her as part of her commission by the owner of the shop where she works. She had pawned the watch to La Cebuana a few times in the past and, each time, she was able to redeem it.

On August 10, 1996, Guimad Mantung, employing force and violence, robbed La Cebuana, resulting in the deaths of respondent company’s appraiser and vault custodian.

An information for Robbery with Homicide was filed against Mantung before the Regional Trial Court (RTC) of Parañaque, docketed as Criminal Case No. 96-761. The information alleged that Mantung divested the pawnshop of P62,000 in cash and several pieces of jewelry amounting to P5,300,000.

On December 10, 1996, respondent company received a letter from petitioner’s counsel demanding for the gold watch that she had pawned. Respondent company, however, failed to comply with the demand letter because the watch was among the articles of jewelry stolen by Mantung.

Petitioner filed a complaint with the RTC of Parañaque[3] for recovery of possession of personal property with prayer for preliminary attachment against respondent company and its Maywood branch manager, Ricardo Diago.

In their Answer, respondents averred that petitioner had no cause of action against them because the incident was beyond their control.

On August 18, 1997, the RTC,[4] stating that the loss of the thing pledged was due to a fortuitous event, rendered a Decision dismissing petitioner’s complaint as well as respondents’ counterclaim. The pertinent portions of the

Decision read:

Culled from the testimonies of all the witnesses presented as well as the pieces of documentary evidence offered, this Court, after a thorough and careful evaluation and deliberation thereof is of the honest and firm belief that plaintiff failed to establish a sufficient cause of action against defendant as to warrant the recovery of the pledged Patek Philippe Solid Gold Watch which was allegedly concealed, removed or disposed of by the latter defendants as the facts and evidence proved otherwise as said watch was lost on account of a robbery with double homicide that happened on August 10, 1996 perpetrated by one Guimad Mantung, the security guard of defendant employed by Sultan Security Agency as found out by the Court (Exh. "7"); thus, defendants were not negligent ... in the safekeeping of the watch of plaintiff.

...

Not only that. The ... pledge bears the terms and conditions which the parties should adhere being the law between them pursuant to Art. 1159 of the New Civil Code.

Paragraph 13 of Exhibits "A" and "B" specifically provides:

The pawnee shall not be liable for the loss or damage of the article pawned due to fortuitous events or force majeure such as fire, robbery, theft, hold-ups and other similar acts. When the loss is due to the fault and/or negligence of the pawnee, the amount of its liability, if any, shall be limited to the appraised value appearing on the face hereof.

Said provision ... is not violative of law, customs, public policy or tradition, hence, has the force of law between the plaintiff and defendants, and the incident that happened which led to the loss of the thing pledged cannot be considered as negligence but more of a fortuitous event which the defendants could not have foreseen or which though foreseen, was inevitable. This finds support in Art. 1174 of the Civil Code....

The defendants, therefore, are not bound to return the thing pledged nor the Court to fix its value.... There was no unjustifiable refusal on the part of the defendants to return the thing pledged because, as testified by plaintiff herself, she has pawned the watch at least five (5) times to defendant corporation....[5]

Appeal was taken to the CA.

On December 21, 2001, the CA rendered a Decision affirming the ruling of the trial court.[6] Petitioner's motion for reconsideration was denied in the Resolution dated May 14, 2002.[7]

Petitioner contends that the CA erred:

- 1) in considering the loss of the thing pledged a fortuitous event although the robbery was caused by respondents' own employees;
- 2) in disregarding the legal principle that existing laws, rules and regulations in relation to the operation and regulation of pawnshops are part and parcel of the contract of pledge between petitioner and respondents;
- 3) in affirming the ruling of the trial court that paragraph 13 of Exhibits "A" and "B" binds the parties and the courts as to the limitation on the value of the thing pledged; and
- 4) in affirming the ruling of the trial court that paragraph 13 of Exhibits "A" and "B" is not violative of laws, customs, public policy or tradition when it is clearly a contract of adhesion.

Petitioner argues that respondents have not shown that the incident constitutes a fortuitous event; that the security guard was an employee of respondent corporation regardless of the existence of a contract of employment because the latter had supervision and control over the former; that respondents were negligent because they did not insure the articles of jewelry including petitioner's watch against fire and burglary as required under the Pawnshop

Regulation Act; that the provision in the pawnshop ticket limiting the value of the thing pledged is not binding on petitioner and the courts because the appraised value was very low and was not reached voluntarily by the parties but was merely imposed on the former; and that paragraph 13 of the pawnshop ticket limiting the liability of respondents to the appraised value is a contract of adhesion, and thus, should be declared void.

The Court will only resolve issues of law in this proceeding under Rule 45.

Accordingly, the existence or non-existence of an employer-employee relationship between respondent company and the security guard is a factual issue on which the Court defers to the findings of the CA. So, also, on the issue of the voluntariness of the agreement on the valuation of the thing pledged, the Court is not wont to disturb the finding of the appellate court.

However, on the issue of the legal effect of the failure of respondents to insure the article pledged against burglary, the Court finds a reversible error in the appealed decision.

Said the CA:

Equally barren of merit is the Appellant's claim that the Appellee should bear the loss of the watch because of the failure of the Appellee to insure the watch by an insurance company accredited by the Insurance Commission, as required by Section 17 of the Rules and Regulations Implementing Presidential Decree No. 114, quoted, *infra*:

"Sec. 17. Insurance of office building and pawns. – The place of business of a pawnshop and the pawns pledged to it must be insured against fire, and against burglary as well for the latter, by an insurance company accredited by the Insurance Commission." (*idem supra*)

Even if We assume, for the nonce, that, indeed, the Appellee failed to comply with the aforequoted "Rule & Regulation," nevertheless, the Appellant was burdened to prove the causal connection between the violation, by the Appellee, of the aforequoted "Rule/Regulation" and the heist-homicide committed by the security guard:

"First of all, it has not been shown how the alleged negligence of the Cimarron driver contributed to the collision between the vehicles. Indeed, petitioner has the burden of showing a causal connection between the injury received and the violation of the Land Transportation and Traffic Code. He must show that the violation of the statute was the proximate or legal cause of the injury or that it substantially contributed thereto. Negligence, consisting in whole or in part, of violation of law, like any other negligence, is without legal consequence unless it is a contributing cause of the injury. Petitioner says that 'driving an overloaded vehicle with only one functioning headlight during nighttime certainly increases the risk of accident,' that because the Cimarron had only one headlight, there was 'decreased visibility,' and that the fact that the vehicle was overloaded and its front seat overcrowded 'decreased [its] maneuverability.' However, mere allegations such as these are no sufficient to discharge its burden of proving clearly that such alleged negligence was the contributing cause of injury." (*Sanitary Steam Laundry, Inc. versus Court of Appeals, et al.*, 300 SCRA 20, at pages 27-28, *supra*)

The Appellant failed to discharge her burden. Indeed, the Appellant failed to allege, in her "Complaint," the causal connection of the loss of the watch and the violation by the Appellee, of the aforequoted "Rule/Regulation."

Additionally, the appellant never invoked the aforequoted "Rule/Regulation" as anchor for her claim for damages against the Appellee. It was only, in the present recourse, in her "Brief," when the appellant invoked the aforequoted "Rule/Regulation." The Appellant is, thus, estopped from so doing. As our Supreme Court declared:

"The issue of minority was first raised only on petitioners' Motion for Reconsideration of the Court of Appeals' Decision; thus, it is as if it was never duly raised in that court at all.' Hence, this Court cannot now,

for the first time on appeal, entertain this issue, for to do so would plainly violate the basic rule of fair play, justice and due process. We take this opportunity to reiterate and emphasize the well-settled rule that ‘(a)n issue raised for the first time on appeal and not raised timely in the proceedings in the lower court is barred by estoppel. Questions raised on appeal must be within the issues framed by the parties and, consequently, issues not raised in the trial court cannot be raised for the first time on appeal.’ (Rolando Sanchez, et al. versus Court of Appeals, et al., 279 SCRA 647, at pages 678-679, supra)

The records show that the matter of the insurance of the article pledged was taken up during the trial with no objection by respondents (Petition, p. 17, citing the testimony of Mr. Anthony Ereneza, Area Manager of respondent company, on September 8, 1999):

Q: Now, you said, Mr. Witness, you said that there were items lost?

A: Yes, sir.

Q: As a result of the robbery?

A: Yes, sir.

Q: Were those jewelry insured?

A: At the time we were self-insured, sir.

Q: I mean an independent Insurance Company accredited by the Insurance Commission?

A: At that time, sir I have no knowledge of any insurance sir.

Hence, petitioner correctly raised it in her brief in the CA.

As to the causal connection between respondent company’s violation of the legal obligation to insure the articles pledged and the heist-homicide committed by the security guard, the answer is simple: had respondent company insured the articles pledged against burglary, petitioner would have been compensated for the loss from the burglary. Respondent company’s failure to insure the article is, therefore, a contributory cause to petitioner’s loss.

Considering, however, that petitioner agreed to a valuation of P15,000 for the article pledged in case of a loss, the replacement value for failure to insure is likewise limited to P15,000.

Nevertheless, this Court, taking into account all the circumstances of this case, deems it fair and just to award exemplary damages against respondent company for its failure to comply with the rule and regulation requiring it to insure the articles pledged against fire and burglary, in the amount of Twenty Five Thousand (P25,000) Pesos.

This Decision is without prejudice to appropriate proceedings to recover any excess value of the article pledged from amounts that may be or have been awarded payable by third parties answerable for the loss arising from the robbery.

WHEREFORE, the petition is partly GRANTED and the Decision and Resolution of the Court of Appeals dated December 21, 2001 and May 14, 2002 in CA-G.R. CV No. 67514 are MODIFIED in that respondent company is ordered to pay petitioner the sum of Fifteen Thousand (P15,000) Pesos representing the agreed value of the watch pledged and Twenty Five Thousand (P25,000) Pesos as, and by way of, exemplary damages.

No costs.

SO ORDERED.

Puno, C.J., (Chairperson), Sandoval-Gutierrez, Corona, and Leonardo-De Castro, JJ., concur.

[1] Under Rule 45 of the Rules of Court.

[2] Rollo, pp. 34-35.

[3] Docketed as Civil Case No. 97-047.

[4] Branch 258, RTC-Parañaque City.

[5] Rollo, pp. 65-67.

[6] Id. at 40.

[7] Id. at 69.

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.