

ATP TECHNOLOGIES INTERNATIONAL, INC., PETITIONER, VS. MICRON PRECISION PHILS., INC., RESPONDENT.

G.R. NO. 171102. November 24, 2006

Ponente: YNARES-SANTIAGO, J.

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YNARES-SANTIAGO, J.:

This Petition for Review on Certiorari[1] assails the October 24, 2005 Decision[2] of the Court of Appeals in CA-G.R. CV No. 83262, which reversed the Decision[3] of the Regional Trial Court of Pasig City, Branch 161 in Civil Case No. 68718, as well as the January 9, 2006 Resolution[4] denying petitioner's Motion for Reconsideration.[5] In the assailed Decision, the Court of Appeals ordered petitioner, ATP Technologies International, Inc. to refund to respondent Micron Precision Philippines, Inc. its security deposit amounting to P642,006.00, plus interest, attorney's fees and costs of suit.

The antecedent facts are as follows:

Petitioner was the lessee of a factory/office building owned by Ecozone Properties located at the Light Industry and Science Park in Cabuyao, Laguna. On January 14, 1999, petitioner sublet to respondent a portion of the premises for a period of one year. The sub-lease contract which was renewed twice in the years 2000 and 2001, provided for a security deposit which was to be returned to respondent Micron after expiration of the sublease. The pertinent provision of the sublease contract states that:

The Security Deposit shall be returned to the SUB-LESSEE, without any interest, within thirty days from the expiration of this Sublease Contract and only after the SUB-LESSEE shall have completely and satisfactorily vacated and delivered the Leased Premises to the SUB-LESSOR, less whatever amounts the SUB-LESSEE may owe the SUB-LESSOR including delinquencies on the payment of cost of repairs for damages to the Leased Premises for which the SUB-LESSEE is liable. It is hereby agreed that the SUB-LESSEE's liability for any breach or for any obligation for the Leased Premises shall not be limited to the amount of security deposits.[6]

In June 2000, Ecozone Properties pre-terminated its lease contract with petitioner for failure of the latter to pay rent. Petitioner's properties were attached while respondent was directed to pay the rentals directly to Ecozone Properties.[7] Respondent's sublease contract with petitioner was pre-terminated on June 1, 2001.

In August 2001, respondent vacated the premises and demanded for the refund of its security deposit but petitioner failed to return the said amount despite repeated demands. Thus, on October 24, 2001, respondent filed a complaint[8] for recovery of a sum of money with damages.

In its Answer,[9] petitioner claimed that it withheld the security deposit pending determination of respondent's unsettled liabilities. Petitioner alleged that in 1999, respondent tampered with its electric sub-meter and registered a billing deficiency amounting to P102,827.85.[10] Thus, petitioner requested the San Fernando Electric Light and Power Company, Inc. (SFELPCO) to conduct an investigation as to respondent's electrical consumption, before making any refund.

Thereafter, the investigation team from SFELPCO issued an inspection report with the following findings and recommendations:

A. Details

- Installed meter
Three (3) phase, three (3) wire, two (2) stator, Type V-62s, delta
- Load in current
Full load = 120 amps, regular load = 60 amps
Unbalance load
- No meter test result from ERC showed.

B. Observation/comments

- Meter installed is not fitted for the type transformer connection (wye).
- There is a big possibility of pilferage due to the following reasons:
 - They can use the line-to-ground connection then step up transformers since one line is not passing the meter.
 - They can easily access the meter, removal/swapping of meter is easier because the meter is not properly secured.
- Meter accuracy could be slower.

C. Recommendations

- Change meter to Three (3) phase, 4 wire, wye, 3 stator, type V- 64-s
- Install a security seal for tamper proofing.
- Check/verify to ERC the authenticity of the test result if there is any.
- Install a meter for every customer drawing power from the mother meter of Meralco.[11]

Based on the foregoing, petitioner concluded that respondent tampered with its sub-meter and is liable for P911,250.00 representing two and a half years of electrical bills underpayment.[12] Moreover, petitioner claimed that since respondent did not immediately vacate the subleased premises, it continued to be liable for electrical consumption amounting to P236,250.00 for the months of June, July, and August 2001.[13] Petitioner therefore asserted that, minus the security deposit given by respondent, the latter still owes it the amount of P505,494.00.[14]

Respondent denied tampering with its sub-meter and claimed that it previously paid for the alleged electric bills underpayment in 1999 only to avert trouble. It countered that the purported second tampering was a mere afterthought on the part of petitioner because it had raised the issue only after the complaint was filed.

On June 29, 2004, the trial court rendered judgment in favor of petitioner. It held that respondent tampered its sub-meter and that it had not paid its electric bills for the months of June to August 2001. The dispositive portion of the Decision reads:

In view of the foregoing, this Court hereby renders judgment in favor of the defendant ATP Technologies International, Inc. and against the plaintiff Micron Precision Philippines, Inc. ordering the latter to pay defendant the following:

1. P505,494.00 as actual damages;
2. P100,000.00 as exemplary damages;
3. P50,000.00 as attorney's fees and litigation expenses.

SO ORDERED.[15]

Respondent appealed the Decision of the trial court to the Court of Appeals which, on October 24, 2005, rendered the assailed Decision, the dispositive part of which reads:

WHEREFORE, the judgment appealed from is hereby REVERSED and SET ASIDE, and a new one entered directing the [petitioner] to pay the [respondent] the amount of Six Hundred Forty Two Thousand and Six Pesos (P642,006.00) plus legal interest thereon at 12% per annum until fully paid, and P50,000.00 as and by way of attorney's fees, as well as the costs of suit.

SO ORDERED.[16]

Petitioner's motion for reconsideration was denied. Hence, this petition raising the following issues:

I.

THE COURT OF APPEALS ERRED IN REVERSING THE DECISION OF THE REGIONAL TRIAL COURT OF PASIG CITY AND AWARDING RESPONDENT'S CLAIM FOR THE REFUND OF ITS SECURITY DEPOSIT IN THE AMOUNT OF SIX HUNDRED FORTY-TWO THOUSAND AND SIX PESOS (P642,006.00) NOTWITHSTANDING THE OVERWHELMING EVIDENCE WHICH SHOW THAT RESPONDENT IS LIABLE TO PETITIONER FOR UNPAID ELECTRICAL CONSUMPTION IN THE AMOUNT OF ONE MILLION ONE HUNDRED FORTY SEVEN THOUSAND FIVE HUNDRED PESOS (P1,147,500.00).

II.

IT WAS LIKEWISE GRAVE ERROR FOR THE COURT OF APPEALS TO GRANT RESPONDENT'S CLAIM FOR DAMAGES AND ATTORNEY'S FEES CONSIDERING THAT NONE OF THE CIRCUMSTANCES WHICH JUSTIFY THE AWARD OF THE SAME OBTAIN IN THE INSTANT CASE.[17]

Petitioner insists that there was no delay in the refund of respondent's security deposit; that it is respondent which is liable for the unpaid electrical billings for June to August 2001 and for unregistered electrical consumption due to the tampering of the sub-meter.

Respondent claims that it never admitted that there was a second tampering of its sub-meter; that it had already vacated the subleased premises when the inspection was conducted; and that petitioner's allegations had been discussed and disposed of in the assailed decision.

The jurisdiction of this Court in cases brought before it from the Court of Appeals via Rule 45 of the Rules of Court is limited to reviewing errors of law. Findings of fact of the latter are conclusive, except in the following instances: (1) when the findings are grounded entirely on speculation, surmises, or conjectures; (2) when the inference made is manifestly mistaken, absurd, or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) when the findings are contrary to those of the trial court; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; and (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the

evidence on record.[18]

The issues raised in this petition are essentially factual in nature; however, because of the conflicting findings and conclusions of the Court of Appeals and the trial court, we shall examine the evidence on record to determine which party is liable.

After a careful evaluation of the records of the instant case, we find that the Court of Appeals correctly held that petitioner failed to establish by preponderance of evidence that respondent tampered with its sub-meter. The inspection report of SFELPCO merely stated that electric pilferage was merely a "possibility" and that the sub-meter was not suitable for the type of transformer installed in the premises. The sub-meter which was installed by petitioner, was not properly secured and could be accessed by either the petitioner or the respondent.

Apart from the inspection report, the testimonies of petitioner's witnesses are bereft of any indication that respondent either tampered or caused the alleged tampering of the electric sub-meter. Bare allegations, unsubstantiated by evidence, are not equivalent to proof under the Rules of Court.[19]

Moreover, records show that petitioner initiated the investigation of the alleged second tampering only after respondent had requested the refund of its security deposit.[20] Considering that it was petitioner who kept the records of the electric bills, it should have observed earlier on that there was a discrepancy, if there was any, between respondent's electrical consumption and electric bill. Besides, petitioner insisted that respondent previously tampered with its sub-meter, yet it never bothered to conduct routine inspection since it first allegedly discovered the tampering in August 1999. Despite the alleged tampering, petitioner renewed the sublease contract twice.

The appellate court also correctly concluded that there was no factual or legal basis for the computation of respondent's alleged electrical bills deficiency. Petitioner admitted that respondent already paid for the purported deficiency covering the period from April to September 1999 and yet it included the same period[21] in its computation pertaining to the alleged second tampering.[22] Further, the list submitted by petitioner of the machineries and equipment allegedly used by respondent is insufficient to establish the latter's average electrical consumption, especially since the number of hours or frequency of their use was not ascertained.[23]

Petitioner claims that respondent acknowledged not having paid for its electrical consumption for the months of June to August of 2001. Granting this to be true, petitioner no longer has the right to collect the payments from respondent considering the pre-termination of the sublease contract on June 1, 2001. Since the sublet premises are already under the control of the principal lessor, Ecozone Properties, and since respondent has been paying its rentals directly to it,[24] it is the former who is the real party-in-interest with regard to this unpaid sum.

Finally, we affirm the appellate court's imposition of interest on the security deposit and the grant of attorney's fees in favor of respondent. An award of interest on the security deposit is warranted in view of petitioner's failure to return the same within the stipulated period of 30 days from the termination of the sublease contract; while an award of P50,000.00 as attorney's fees is fair and reasonable because respondent was compelled to litigate to protect its rights against petitioner.[25]

WHEREFORE, the instant petition is DENIED. The October 24, 2005 Decision of the Court of Appeals in CA-G.R. CV No. 83262, ordering petitioner to refund to respondent its security deposit, plus interest, attorney's fees and costs of suit, and its January 9, 2006 Resolution denying reconsideration thereof, are AFFIRMED.

SO ORDERED.

Panganiban, C.J. (Chairperson), Austria-Martinez, Callejo, Sr., and Chico-Nazario, JJ., concur.

[1] Rollo, pp. 25-58.

[2] Id. at 59-72. Penned by Associate Justice Delilah Vidallon-Magtolis and concurred in by Associate Justices Josefina Guevara-Salonga and Fernanda Lampas Peralta.

[3] Id. at 150-155. Penned by Judge Alicia P. Marino-Co.

[4] Id. at 74.

[5] Id. at 203-212.

[6] Id. at 76 and 80.

[7] TSN, May 15, 2003, p. 6.

[8] Rollo, pp. 87-89.

[9] Id. at 94-102.

[10] RTC Records, p. 121.

[11] Rollo, p. 84.

[12] Id. at 85.

[13] Id. at 86.

[14] Id.

[15] Id. at 155.

[16] Id. at 71.

[17] Id. at 41.

[18] Maglucot-Aw v. Maglucot, 385 Phil. 720, 729-730 (2000).

[19] Garcia v. de Vera, 463 Phil. 385, 416 (2003).

[20] Rollo, pp. 82 and 84-86.

[21] RTC Records, p. 121.

[22] Rollo, pp. 85-86.

[23] RTC Records, pp. 122-123, and 128.

[24] TSN, May 15, 2003, p. 6.

[25] CIVIL CODE, Art. 2208 (2). See also *Pilipinas Shell Petroleum Corporation v. John Bordman Ltd. of Iloilo, Inc.*, G.R. No. 159831, October 14, 2005, 473 SCRA 151, 174.

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