ERMELINDA C. MANALOTO, AURORA J. CIFRA, FLORDELIZA J. ARCILLA, LOURDES J. CATALAN, ETHELINDA J. HOLT, BIENVENIDO R. JONGCO, ARTEMIO R. JONGCO, JR. AND JOEL JONGCO, PETITIONERS, ...

G.R. No. 171365. October 06, 2010

Ponente: LEONARDO-DE CASTRO, J.

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LEONARDO-DE CASTRO, J.:

Before Us is a Petition for Review on Certiorari of the Decision[1] dated January 31, 2006 of the Court Appeals in CA-G.R. CV No. 82610, which affirmed with modification the Resolution[2] dated September 2, 2003 of Branch 227 of the Regional Trial Court (RTC-Branch 227) of Quezon City in Civil Case No. Q-02-48341.

We partly reproduce below the facts of the case as culled by the Court of Appeals from the records:

> This case is an off-shoot of an unlawful detainer case filed by [herein petitioners] Ermelinda C. Manaloto, Aurora J. Cifra, Flordeliza J. Arcilla, Lourdes J. Catalan, Ethelinda J. Holt, Bienvenido R. Jongco, Artemio R. Jongco, Jr. and Joel Jongco against [herein respondent]. In said complaint for unlawful detainer, it was alleged that they are the lessors of a residential house located at No. 42 Big Horseshoe Drive, Horseshoe Village, Quezon City [subject property] which was leased to [respondent] at a monthly rental of P17,000.00. The action was instituted on the ground of [respondent's] failure to pay rentals from May 23, 1997 to December 22, 1998 despite repeated demands. [Respondent] denied the non-payment of rentals and alleged that he made an advance payment of P825,000.00 when he paid for the repairs done on the leased property.
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> After trial, the Metropolitan Trial Court (MeTC) decided in favor of [petitioners] by ordering [respondent] to (a) vacate the premises at No. 42 Big Horseshoe Drive, Horseshoe Village, Quezon City; (b) pay [petitioners] the sum of P306,000.00 corresponding to the rentals due from May 23, 1997 to November 22, 1998, and the sum of P17,000.00 a month thereafter until [respondent] vacates the premises; and (c) pay [petitioners] the sum of P5,000.00 as attorney's fees.
>
> On appeal to the Regional Trial Court (RTC) [Branch 88, Quezon City], the MeTC decision was reversed. [Respondent] was ordered to pay arrearages from May 23, 1997 up to the date of the decision but he was also given an option to choose between staying in the leased property or vacating the same, subject to the reimbursement by [petitioners] of one-half of the value of the improvements which it found to be in the amount of P120,000.00. [Respondent] was also given the right to remove said improvements pursuant to Article 1678 of the Civil Code, should [petitioners] refuse to pay P60,000.00.
>
> When both parties moved for the reconsideration of the RTC decision, the RTC issued an Order dated February 23, 2001 modifying its previous ruling by increasing the value of the improvements from P120,000.00 to P800,000.00.
>
> After successive appeals to the Court of Appeals and the Supreme Court, the decision of the RTC dated November 29, 2000 which reversed the decision of the MeTC, became final and executory.[3]

Whilst respondent's appeal of the Metropolitan Trial Court (MeTC) judgment in the unlawful detainer case was pending before the RTC-Branch 88, respondent filed before the RTC-Branch 227 on November 26, 2002 a Complaint for Breach of Contract and Damages[4] against the petitioners, docketed as Civil Case No. Q-02-48341. The said complaint alleged two causes of action. The first cause of action was for damages because the respondent supposedly suffered embarrassment and humiliation when petitioners distributed copies of the above-mentioned MeTC decision in the unlawful detainer case to the homeowners of Horseshoe Village while respondent's appeal was still pending before the Quezon City RTC-Branch 88. The second cause of action was for breach of contract since petitioners, as lessors, failed to make continuing repairs on the subject property to preserve and keep it tenantable. Thus, respondent sought the following from the court a quo:

> PRAYER
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> WHEREFORE, premises considered, it is respectfully prayed that after hearing the court render a decision against the [herein petitioners] and in favor of the [herein respondent] by -
>
> 1. Ordering [petitioners] to pay [respondent] the following amounts:
>
> a) P1,500,000.00 as moral damages and consequential damages;
>
> b) P500,000.00 as exemplary damages;
>
> c) P425,000.00 representing the difference of the expenses of the improvements of P825,000.00 and P400,000.00 pursuant to Art. 1678 of the Civil Code;
>
> d) P594,000.00 representing interest for three (3) years from 1998 to 2000 on the P825,000.00 advanced by the [respondent] at the rate of 24% per annum;
>
> e) P250,000.00 as compensation for the [respondent's] labor and efforts in overseeing and attending the needs of contractors the repair/renovation of the leased premises;
>
> f) P250,000.00, plus 20% of all recoveries from [petitioners] and P2,500.00 per hearing as attorney's fees;
>
> g) Cost of suit.
>
> [Respondent] further prays for such other reliefs and remedies which are just and equitable under the premises.[5]

The petitioners filed an Omnibus Motion[6] on February 18, 2003 praying for, among other reliefs, the dismissal of respondent's complaint in Civil Case No. Q-02-48341. Petitioners argued that respondent had no cause of action against them because the MeTC decision in the unlawful detainer case was a matter of public record and its disclosure to the public violated no law or any legal right of the respondent. Moreover, petitioners averred that the respondent's present Complaint for Breach of Contract and Damages was barred by prior judgment since it was a mere replication of respondent's Answer with Compulsory Counterclaim in the unlawful detainer case before the MeTC. The said unlawful detainer case was already judicially decided with finality.

On September 2, 2003, the RTC-Branch 227 issued a Resolution dismissing respondent's complaint in Civil Case No. Q-02-48341 for violating the rule against splitting of cause of action, lack of jurisdiction, and failure to disclose the pendency of a related case. The RTC-Branch 227 adjudged that Civil Case No. Q-02-48341 involved the same facts, parties, and causes of action as those in the unlawful detainer case, and the MeTC had already properly taken cognizance of the latter case.

Respondent received a copy of the RTC-Branch 227 decision in Civil Case No. Q-02-48341 on September 26, 2003. He filed a Motion for Reconsideration[7] of said judgment on October 10, 2003, which RTC-Branch 227

denied in an Order[8] dated December 30, 2003.

Respondent received a copy of the RTC-Branch 227 order denying his Motion for Reconsideration on February 20, 2004, and he filed his Notice of Appeal[9] on March 1, 2004. However, the RTC-Branch 227, in an Order[10] dated March 23, 2004, dismissed respondent's appeal for being filed out of time.

Respondent received a copy of the RTC-Branch 27 order dismissing his appeal on April 30, 2004 and he filed a Motion for Reconsideration[11] of the same on May 3, 2004. The RTC-Branch 227, in another Order[12] dated May 31, 2004, granted respondent's latest motion because it was "convinced that it is but appropriate and fair to both parties that this matter of whether or not the Appeal was filed on time, be resolved by the appellate court rather than by this Court." The RTC-Branch 227 then ordered that the records of the case be forwarded as soon as possible to the Court of Appeals for further proceedings.

The Court of Appeals, in a Resolution[13] dated February 8, 2005, resolved to give due course to respondent's appeal. Said appeal was docketed as CA-G.R. CV No. 82610.

On January 31, 2006, the Court of Appeals rendered its Decision in CA-G.R. CV No. 82610. The Court of Appeals fully agreed with the RTC-Branch 227 in dismissing respondent's second cause of action (i.e., breach of contract) in Civil Case No. Q-02-48341. The appellate court, however, held that RTC-Branch 227 should have proceeded with the trial on the merits of the first cause of action (i.e., damages) in Civil Case No. Q-02-48341, because "[a]lthough [herein respondent] may have stated the same factual antecedents that transpired in the unlawful detainer case, such allegations were necessary to give an overview of the facts leading to the institution of another case between the parties before the RTC acting in its original jurisdiction."[14]

The Court of Appeals then went on to find that petitioners were indeed liable to respondent for damages:

> No doubt, distributing the copies was primarily intended to embarrass [herein respondent] in the community he mingled in. We are not unmindful of the fact that court decisions are public documents and the general public is allowed access thereto to make inquiries thereon or to secure a copy thereof. Nevertheless, under the circumstances of this case, although court decisions are public documents, distribution of the same during the pendency of an appeal was clearly intended to cause [respondent] some form of harassment and/or humiliation so that [respondent] would be ostracized by his neighbors. The appeal may have delayed the attainment of finality of the determination of the rights of the parties and the execution in the unlawful detainer case but it did not justify [herein petitioners'] pre-emption of the outcome of the appeal. By distributing copies of the MeTC decision, [petitioners] appeared to have assumed that the MeTC decision would simply be affirmed and therefore they tried to cause the early ouster of [respondent] thinking that a humiliated [respondent] would scurry out of the leased premises. Clearly, there was evident bad faith intended to mock [respondent's] right to appeal which is a statutory remedy to correct errors which might have been committed by the lower court.
>
> Thus, moral damages may be awarded since [petitioners] acted in bad faith. Bad faith does not simply connote bad judgment or negligence, it imports a dishonest purpose or some moral obliquity and conscious doing of a wrong, a breach of known duty through some motive or interest or ill will that partakes of the nature of fraud. However, an award of moral damages would require certain conditions to be met, to wit: (1) first, there must be an injury, whether physical, mental or psychological, clearly sustained by the claimant; (2) second, there must be culpable act or omission factually established; (3) third, the wrongful act or omission of the defendant is the proximate cause of the injury sustained by the claimant; and (4) fourth, the award of damages is predicated on any of the cases stated in Article 2219 of the Civil Code.
>
> But it must again be stressed that moral damages are emphatically not intended to enrich a plaintiff at the expense of the defendant. When awarded, moral damages must not be palpably and scandalously excessive as to indicate that it was the result of passion, prejudice or corruption on the part of the trial court judge. For this

> reason, this Court finds an award of P30,000.00 moral damages sufficient under the circumstances.
>
> On the other hand, to warrant the award of exemplary damages, the wrongful act must be accompanied by bad faith, and an award of damages would be allowed only if the guilty party acted in a wanton, fraudulent, reckless or malevolent manner. Accordingly, exemplary damages in the amount of P10,000.00 is appropriate.[15]

In the end, the Court of Appeals decreed:

> WHEREFORE, the decision of the Regional Trial Court is AFFIRMED with the MODIFICATION that the case is dismissed only as to the second cause of action. As to the first cause of action, [herein petitioners] are ordered to pay [herein respondent] moral damages of P30,000.00 and exemplary damages of P10,000.00.[16]

Hence, the instant Petition for Review.

Petitioners assert that respondent's appeal of the RTC-Branch 227 Resolution dated September 2, 2003, which dismissed the latter's complaint in Civil Case No. Q-02-48341, was filed out of time. Respondent received a copy of the said resolution on September 26, 2003, and he only had 15 days from such date to file his appeal, or until October 11, 2003. Respondent, instead, filed a Motion for Reconsideration of the resolution on October 10, 2003, which left him with only one more day to file his appeal. The RTC-Branch 227 subsequently denied respondent's Motion for Reconsideration in an Order dated December 30, 2003, which the respondent received on February 20, 2004. Respondent only had until the following day, February 21, 2004, to file the appeal. However, respondent filed his Notice of Appeal only on March 1, 2004. Hence, petitioners conclude that the dismissal of respondent's complaint in Civil Case No. Q-02-48341 already attained finality.

Petitioners argue in the alternative that the award of damages in respondent's favor has no factual and legal bases. They contend that the Court of Appeals erred in awarding moral and exemplary damages to respondent based on the bare and unproven allegations in the latter's complaint and without the benefit of any hearing or trial. While the appellate court declared that RTC-Branch 227 should have proceeded with the trial on the merits involving the action for damages, it surprisingly went ahead and ruled on petitioners' liability for said damages even without trial. Even assuming for the sake of argument that respondent's allegations in his complaint are true, he still has no cause of action for damages against petitioners, for the disclosure of a court decision, which is part of public record, did not cause any legal and compensable injury to respondent.

Respondent, on the other hand, maintains that his appeal of the September 2, 2003 Resolution of the RTC-Branch 227 to the Court of Appeals was timely filed and that the same was aptly given due course. In addition, respondent asserts that the appellate court was correct in holding petitioners liable for damages even without any hearing or trial since petitioners, in filing their omnibus motion praying for the dismissal of respondent's complaint on the ground of "no cause of action," were deemed to have hypothetically admitted as true the allegations in said complaint.

The petition is partly meritorious.

We note, at the outset, that the propriety of the dismissal by the RTC-Branch 227 of respondent's second cause of action against petitioners (e.g., for breach of contract) was no longer disputed by the parties. Thus, the present appeal pertains only to respondent's first cause of action (e.g., for damages), and in connection therewith, we are called upon to resolve the following issues: (1) whether respondent timely filed his appeal of the Resolution dated September 2, 2003 of the RTC-Branch 227 before the Court of Appeals; and (2) whether respondent is entitled to the award of moral and exemplary damages.

We answer the first issue on the timeliness of respondent's appeal affirmatively.

Jurisprudence has settled the "fresh period rule," according to which, an ordinary appeal from the RTC to the Court of Appeals, under Section 3 of Rule 41 of the Rules of Court, shall be taken within fifteen (15) days either from receipt of the original judgment of the trial court or from receipt of the final order of the trial court dismissing or denying the motion for new trial or motion for reconsideration. In Sumiran v. Damaso,[17] we presented a survey of the cases applying the fresh period rule:

> As early as 2005, the Court categorically declared in Neypes v. Court of Appeals that by virtue of the power of the Supreme Court to amend, repeal and create new procedural rules in all courts, the Court is allowing a fresh period of 15 days within which to file a notice of appeal in the RTC, counted from receipt of the order dismissing or denying a motion for new trial or motion for reconsideration. This would standardize the appeal periods provided in the Rules and do away with the confusion as to when the 15-day appeal period should be counted. Thus, the Court stated:
>
> To recapitulate, a party-litigant may either file his notice of appeal within 15 days from receipt of the Regional Trial Court's decision or file it within 15 days from receipt of the order (the "final order") denying his motion for new trial or motion for reconsideration. Obviously, the new 15-day period may be availed of only if either motion is filed; otherwise, the decision becomes final and executory after the lapse of the original appeal period provided in Rule 41, Section 3.

The foregoing ruling of the Court was reiterated in Makati Insurance Co., Inc. v. Reyes, to wit:

> Propitious to petitioner is Neypes v. Court of Appeals, promulgated on 14 September 2005 while the present Petition was already pending before us. x x x.
>
> x x x x
>
> With the advent of the "fresh period rule" parties who availed themselves of the remedy of motion for reconsideration are now allowed to file a notice of appeal within fifteen days from the denial of that motion.
>
> The "fresh period rule" is not inconsistent with Rule 41, Section 3 of the Revised Rules of Court which states that the appeal shall be taken "within fifteen (15) days from notice of judgment or final order appealed from." The use of the disjunctive word "or" signifies disassociation and independence of one thing from another. It should, as a rule, be construed in the sense which it ordinarily implies. Hence, the use of "or" in the above provision supposes that the notice of appeal may be filed within 15 days from the notice of judgment or within 15 days from notice of the "final order," x x x.
>
> x x x x
>
> The "fresh period rule" finally eradicates the confusion as to when the 15-day appeal period should be counted -- from receipt of notice of judgment or from receipt of notice of "final order" appealed from.
>
> Taking our bearings from Neypes, in Sumaway v. Urban Bank, Inc., we set aside the denial of a notice of appeal which was purportedly filed five days late. With the fresh period rule, the 15-day period within which to file the notice of appeal was counted from notice of the denial of the therein petitioner's motion for reconsideration.
>
> We followed suit in Elbiña v. Ceniza, wherein we applied the principle granting a fresh period of 15 days within which to file the notice of appeal, counted from receipt of the order dismissing a motion for new trial or motion for reconsideration or any final order or resolution.
>
> Thereafter, in First Aqua Sugar Traders, Inc. v. Bank of the Philippine Islands, we held that a party-litigant may now file his notice of appeal either within fifteen days from receipt of the original decision or within fifteen days from the receipt of the order denying the motion for reconsideration.

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> In De los Santos v. Vda. de Mangubat, we applied the same principle of "fresh period rule," expostulating that procedural law refers to the adjective law which prescribes rules and forms of procedure in order that courts may be able to administer justice. Procedural laws do not come within the legal conception of a retroactive law, or the general rule against the retroactive operation of statutes. The "fresh period rule" is irrefragably procedural, prescribing the manner in which the appropriate period for appeal is to be computed or determined and, therefore, can be made applicable to actions pending upon its effectivity, such as the present case, without danger of violating anyone else's rights.[18] (Emphases supplied.)

Also in Sumiran, we recognized the retroactive application of the fresh period rule to cases pending and undetermined upon its effectivity:

> The retroactivity of the Neypes rule in cases where the period for appeal had lapsed prior to the date of promulgation of Neypes on September 14, 2005, was clearly explained by the Court in Fil-Estate Properties, Inc. v. Homena-Valencia, stating thus:
>
> The determinative issue is whether the "fresh period" rule announced in Neypes could retroactively apply in cases where the period for appeal had lapsed prior to 14 September 2005 when Neypes was promulgated. That question may be answered with the guidance of the general rule that procedural laws may be given retroactive effect to actions pending and undetermined at the time of their passage, there being no vested rights in the rules of procedure. Amendments to procedural rules are procedural or remedial in character as they do not create new or remove vested rights, but only operate in furtherance of the remedy or confirmation of rights already existing.[19] (Emphases supplied.)

In the case before us, respondent received a copy of the Resolution dated September 2, 2003 of the RTC-Branch 227 dismissing his complaint in Civil Case No. Q-02-48341 on September 26, 2003. Fourteen days thereafter, on October 10, 2003, respondent filed a Motion for Reconsideration of said resolution. The RTC-Branch 227 denied respondent's Motion for Reconsideration in an Order dated December 30, 2003, which the respondent received on February 20, 2004. On March 1, 2004, just after nine days from receipt of the order denying his Motion for Reconsideration, respondent already filed his Notice of Appeal. Clearly, under the fresh period rule, respondent was able to file his appeal well-within the prescriptive period of 15 days, and the Court of Appeals did not err in giving due course to said appeal in CA-G.R. CV No. 82610.

We likewise agree with the Court of Appeals that the RTC-Branch 227 should not have dismissed respondent's complaint for damages on the ground of failure to state a cause of action.

According to Rule 2, Section 2 of the Rules of Court, a cause of action is the act or omission by which a party violates a right of another.

When the ground for dismissal is that the complaint states no cause of action, such fact can be determined only from the facts alleged in the complaint and from no other, and the court cannot consider other matters aliunde. The test, therefore, is whether, assuming the allegations of fact in the complaint to be true, a valid judgment could be rendered in accordance with the prayer stated therein.[20]

Respondent made the following allegations in support of his claim for damages against petitioners:

> FIRST CAUSE OF ACTION
>
> 28. After the promulgation of the Metropolitan Trial Court of its Decision dated August 3, 1999, ordering the [herein respondent] and all person claiming rights under him to -
>
> (a) Vacate the leased premises;
>
> (b) pay the [herein petitioners] the sum of P306,000.00 as unpaid rentals from May 23, 1997 to November 22,

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> 1998; and
>
> (c) pay the sum of P5,000.00 as attorneys fees;
>
> But while said Decision was still pending appeal with the Regional Trial Court, the [petitioners], through [petitioner] Manaloto, already distributed copies of said Decision to some of the homeowners of Horseshoe Village, who personally know the [respondent]. This act is a direct assault or character assassination on the part of the [respondent] because as stated in the said decision, [respondent] has been staying in the premises but did not or refused to pay his monthly rentals for a long period of time when in truth and in fact was untrue.
>
> 29. That from the time the said decision was distributed to said members homeowners, the [respondent] became the subject of conversation or talk of the town and by virtue of which [respondent's] good name within the community or society where he belongs was greatly damaged; his reputation was besmirched; [respondent] suffered sleepless night and serious anxiety. [Respondent], who is the grandson of the late Senator Jose Veloso and Congressman Ismael Veloso, was deprived of political career and to start with was to run as candidate for Barangay Chairman within their area which was being offered to him by the homeowners but this offer has started to fade and ultimately totally vanished after the distribution of said Decision. Damages to his good names and reputations and other damages which he suffered as a consequence thereof, may be reasonably compensated for at least P1,500,000.00 as moral and consequential damages.
>
> 30. In order to deter [petitioners] and others from doing as abovementioned, [petitioners] should likewise be assessed exemplary damages in the amount of P500,000.00.[21]

A cause of action (for damages) exists if the following elements are present: (1) a right in favor of the plaintiff by whatever means and under whatever law it arises or is created; (2) an obligation on the part of the named defendant to respect or not to violate such right; and (3) an act or omission on the part of such defendant violative of the right of the plaintiff or constituting a breach of the obligation of defendant to the plaintiff for which the latter may maintain an action for recovery of damages.[22] We find that all three elements exist in the case at bar. Respondent may not have specifically identified each element, but it may be sufficiently determined from the allegations in his complaint.

First, respondent filed the complaint to protect his good character, name, and reputation. Every man has a right to build, keep, and be favored with a good name. This right is protected by law with the recognition of slander and libel as actionable wrongs, whether as criminal offenses or tortuous conduct.[23]

Second, petitioners are obliged to respect respondent's good name even though they are opposing parties in the unlawful detainer case. As Article 19 of the Civil Code requires, "[e]very 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." A violation of such principle constitutes an abuse of rights, a tortuous conduct. We expounded in Sea Commercial Company, Inc. v. Court of Appeals[24] that:

> The principle of abuse of rights stated in the above article, departs from the classical theory that "he who uses a right injures no one." The modern tendency is to depart from the classical and traditional theory, and to grant indemnity for damages in cases where there is an abuse of rights, even when the act is not illicit.
>
> Article 19 was intended to expand the concept of torts by granting adequate legal remedy for the untold number of moral wrongs which is impossible for human foresight to provide specifically in statutory law. If mere fault or negligence in one's acts can make him liable for damages for injury caused thereby, with more reason should abuse or bad faith make him liable. The absence of good faith is essential to abuse of right. Good faith is an honest intention to abstain from taking any unconscientious advantage of another, even through the forms or technicalities of the law, together with an absence of all information or belief of fact which would render the transaction unconscientious. In business relations, it means good faith as understood by men of

> affairs.
>
> While Article 19 may have been intended as a mere declaration of principle, the "cardinal law on human conduct" expressed in said article has given rise to certain rules, e.g. that where a person exercises his rights but does so arbitrarily or unjustly or performs his duties in a manner that is not in keeping with honesty and good faith, he opens himself to liability. The elements of an abuse of rights under Article 19 are: (1) there is a legal right or duty; (2) which is exercised in bad faith; (3) for the sole intent of prejudicing or injuring another.[25]

Petitioners are also expected to respect respondent's "dignity, personality, privacy and peace of mind" under Article 26 of the Civil Code, which provides:

> ART. 26. Every person shall respect the dignity, personality, privacy and peace of mind of his neighbors and other persons. The following and similar acts, though they may not constitute a criminal offense, shall produce a cause of action for damages, prevention and other relief:
>
> (1) Prying into the privacy of another's residence;
>
> (2) Meddling with or disturbing the private life or family relations of another;
>
> (3) Intriguing to cause another to be alienated from his friends;
>
> (4) Vexing or humiliating another on account of his religious beliefs, lowly station in life, place of birth, physical defect, or other personal condition.

Thus, Article 2219(10) of the Civil Code allows the recovery of moral damages for acts and actions referred to in Article 26, among other provisions, of the Civil Code.

In Concepcion v. Court of Appeals,[26] we explained that:

> The philosophy behind Art. 26 underscores the necessity for its inclusion in our civil law. The Code Commission stressed in no uncertain terms that the human personality must be exalted. The sacredness of human personality is a concomitant consideration of every plan for human amelioration. The touchstone of every system of law, of the culture and civilization of every country, is how far it dignifies man. If the statutes insufficiently protect a person from being unjustly humiliated, in short, if human personality is not exalted - then the laws are indeed defective. Thus, under this article, the rights of persons are amply protected, and damages are provided for violations of a person's dignity, personality, privacy and peace of mind.
>
> It is petitioner's position that the act imputed to him does not constitute any of those enumerated in Arts. 26 and 2219. In this respect, the law is clear. The violations mentioned in the codal provisions are not exclusive but are merely examples and do not preclude other similar or analogous acts. Damages therefore are allowable for actions against a person's dignity, such as profane, insulting, humiliating, scandalous or abusive language. Under Art. 2217 of the Civil Code, moral damages which include physical suffering, mental anguish, fright, serious anxiety, besmirched reputation, wounded feelings, moral shock, social humiliation, and similar injury, although incapable of pecuniary computation, may be recovered if they are the proximate result of the defendant's wrongful act or omission.[27]

And third, respondent alleged that the distribution by petitioners to Horseshoe Village homeowners of copies of the MeTC decision in the unlawful detainer case, which was adverse to respondent and still on appeal before the RTC-Branch 88, had no apparent lawful or just purpose except to humiliate respondent or assault his character. As a result, respondent suffered damages - becoming the talk of the town and being deprived of his political career.

Petitioners reason that respondent has no cause of action against them since the MeTC decision in the unlawful

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detainer case was part of public records.

It is already settled that the public has a right to see and copy judicial records and documents.[28] However, this is not a case of the public seeking and being denied access to judicial records and documents. The controversy is rooted in the dissemination by petitioners of the MeTC judgment against respondent to Horseshoe Village homeowners, who were not involved at all in the unlawful detainer case, thus, purportedly affecting negatively respondent's good name and reputation among said homeowners. The unlawful detainer case was a private dispute between petitioners and respondent, and the MeTC decision against respondent was then still pending appeal before the RTC-Branch 88, rendering suspect petitioners' intentions for distributing copies of said MeTC decision to non-parties in the case. While petitioners were free to copy and distribute such copies of the MeTC judgment to the public, the question is whether they did so with the intent of humiliating respondent and destroying the latter's good name and reputation in the community.

Nevertheless, we further declare that the Court of Appeals erred in already awarding moral and exemplary damages in respondent's favor when the parties have not yet had the chance to present any evidence before the RTC-Branch 227. In civil cases, he who alleges a fact has the burden of proving it by a preponderance of evidence. It is incumbent upon the party claiming affirmative relief from the court to convincingly prove its claim. Bare allegations, unsubstantiated by evidence are not equivalent to proof under our Rules. In short, mere allegations are not evidence.[29]

At this point, the finding of the Court of Appeals of bad faith and malice on the part of petitioners has no factual basis. Good faith is presumed and he who alleges bad faith has the duty to prove the same. Good faith refers to the state of the mind which is manifested by the acts of the individual concerned. It consists of the intention to abstain from taking an unconscionable and unscrupulous advantage of another. Bad faith, on the other hand, does not simply connote bad judgment to simple negligence. It imports a dishonest purpose or some moral obliquity and conscious doing of a wrong, a breach of known duty due to some motive or interest or ill will that partakes of the nature of fraud. Malice connotes ill will or spite and speaks not in response to duty. It implies an intention to do ulterior and unjustifiable harm.[30]

We cannot subscribe to respondent's argument that there is no more need for the presentation of evidence by the parties since petitioners, in moving for the dismissal of respondent's complaint for damages, hypothetically admitted respondent's allegations. The hypothetical admission of respondent's allegations in the complaint only goes so far as determining whether said complaint should be dismissed on the ground of failure to state a cause of action. A finding that the complaint sufficiently states a cause of action does not necessarily mean that the complaint is meritorious; it shall only result in the reinstatement of the complaint and the hearing of the case for presentation of evidence by the parties.

WHEREFORE, in view of all the foregoing, the petition is PARTIALLY GRANTED. The Decision dated January 31, 2006 of the Court of Appeals in CA-G.R. CV No. 82610 is AFFIRMED WITH MODIFICATIONS. The award of moral and exemplary damages made by the Court of Appeals in favor of respondent Ismael Veloso III is DELETED. The complaint of respondent Ismael Veloso III in Civil Case No. Q-02-48341 is hereby REINSTATED before Branch 227 of the Regional Trial Court of Quezon City only in so far as the first cause of action is concerned. The said court is DIRECTED to hear and dispose of the case with dispatch.

SO ORDERED.

Corona, C.J., (Chairperson), Velasco, Jr., Nachura,[*] and Perez, JJ., concur.

[*] Per Raffle dated September 27, 2010.

[1] Rollo, pp. 5-13; penned by Associate Justice Magdangal M. de Leon with Associate Justices Conrado M. Vasquez, Jr. and Mariano C. del Castillo (now a member of this Court), concurring.

[2] Records, pp. 186-187.

[3] Rollo, pp. 6-7.

[4] Records, pp. 1-109.

[5] Id. at 16-17.

[6] Id. at 112-130.

[7] Id. at 189-196.

[8] Id. at 205.

[9] Id. at 209-210.

[10] Id. at 214.

[11] Id. at 215-217.

[12] Id. at 224-225.

[13] CA rollo, pp. 158-159.

[14] Rollo, pp. 11-12.

[15] Id.

[16] Id. at 12.

[17] G.R. No. 162518, August 19, 2009, 596 SCRA 450, 455-459.

[18] Id. at 455-457.

[19] Id. at 457-458.

[20] Associated Bank v. Montano, Sr., G.R. No. 166383, October 16, 2009, 604 SCRA 134, 144.

[21] Records, pp. 12-14.

[22] Vergara v. Court of Appeals, 377 Phil. 336, 341 (1999).

[23] Brillante v. Court of Appeals, 483 Phil. 568, 571 (2004).

[24] 377 Phil. 221 (1999).

[25] Id. at 229-230.

[26] 381 Phil. 90 (2000).

[27] Id. at 99.

[28] Hilado v. Judge Reyes, 496 Phil. 55, 68 (2005).

[29] Mayor v. Belen, G.R. No. 151035, June 3, 2004, 430 SCRA 561, 567.

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[30] Arra Realty Corporation v. Guarantee Development Corporation and Insurance Agency, G.R. No. 142310, September 20, 2004, 438 SCRA 441, 469.

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