

**AYALA INTEGRATED STEEL MANUFACTURING CO., INC.,
PETITIONER, VS. HON. COURT OF APPEALS AND SEVERINO GO,
DOING BUSINESS UNDER THE NAME AND STYLE GONING
CONSTRUCTION SUPPLY, RESPON...**

G.R. No. 94359. August 02, 1991

Ponente: GRIÑO-AQUINO, J.

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GRIÑO-AQUINO, J.:

The instant petition is an appeal by certiorari from the decision dated January 18, 1990 of the Court of Appeals in CA-G.R. No. 13717 entitled, "Severino Go, doing business under the name and style 'Goning Construction Supply' vs. Ayala Integrated Steel Manufacturing Co., Inc.," which modified the decision of the then Court of First Instance of Cebu by increasing the award of damages in favor of the private respondent.

The facts which may be culled from the decision of the appellate court are:

On October 8, 1979, private respondent Severino Go (Go for short) made two purchases from petitioner Ayala Integrated Steel Manufacturing Co., Inc. (Ayala for short) in the net total amount of P32,755 after price and arrastre adjustments were made. On December 17, 1979, Go also made one purchase of materials from Ayala under Invoice No. 6746 in the amount of P22,000.

As payment for the first two purchases, Go issued four (4) postdated checks on December 29, 1979 for the total sum of P32,755, namely:

"ABC Check No. 12214, postdated 15 January 1980, in the sum of P2,755.00.

"ABC Check No. 00012211, postdated 2 February 1980, in the amount of P10,000.00.

"ABC Check No. 00012212, postdated 23 February 1980, covering the amount of P10,000.00; and

"ABC Check No. 00012221, postdated 29 February 1980, covering the sum of P10,000.00." (p. 20, Rollo.)

The first two checks were honored by the bank so that Go's total net obligation was reduced to P20,000. However, his December 17, 1979 purchase of P22,000 remained unpaid.

On February 13, 1980, a fire gutted completely Go's store resulting in the loss of his ledgers, accounting books, and other records. On the next day, he instructed the Allied Banking Corporation to stop payment on his 3rd and 4th checks (ABC Checks Nos. 00012212 and 00012221) for he could not deposit the necessary funds to cover them because of the losses he suffered in the fire.

On account of the stop-payment order, Ayala filed against Go in August, 1980, a criminal complaint for estafa and for violation of Batas Pambansa Blg. 22 in the Manila City Fiscal's Office. A preliminary investigation of the complaint was conducted. The parties entered into negotiations for an amicable settlement until they finally agreed that Go would pay his balance of P20,000 in installments and that after full payment, Ayala will return to

him his two ABC checks. Go also promised to pay his other account of P22,000. Accordingly, Ayala, thru its president and general manager, wrote the City Fiscal of Manila requesting for the provisional dismissal of the case, with Go's conformity thereto.

In compliance with the aforesaid agreement, Go made the following payments:

- 1) November 29, 1980 - P3,000.00 under ABC Check No. 510076437;
- 2) December 29, 1980 - P3,000.00 under ABC Check No. 510076449;
- 3) February 28, 1981 - P4,000.00 under ABC Check No. 060820424;
- 4) February 28, 1981 - P2,000.00 under ABC Check No. 060820455;
- 5) March 31, 1981 - P3,000.00 under ABC Check No. 060820480; and
- 6) April 30, 1981 - P3,000.00 under ABC Check No. 510771260." (pp. 21-22, Rollo.)

The first three (3) checks had the effect of liquidating in full the sum of P10,000, while the next succeeding three (3) checks partially liquidated the sum of P8,000 covered by ABC Check No. 00012221, thereby leaving a balance of P2,000, which Go retained because Ayala did not return his two (2) checks despite his repeated demands (p. 22, Rollo).

By December 1, 1981, Go had fully settled his account.

Nevertheless, he was required to appear before the City Fiscal of Caloocan City on January 26, 1982 to answer a criminal complaint for Estafa and Violation of B.P. Blg. 22 filed by Ayala against him. A civil complaint was also filed by Ayala against him (Civil Case No. Q-35558) in the Court of First Instance of Quezon City, seeking to recover the principal sum of P29,640 plus 1% interest thereon from October 1979 until fully paid.

In a resolution dated January 28, 1982, the City Fiscal of Caloocan City dismissed the criminal complaints on the supposed reason that an amicable settlement had previously been concluded by the parties in I.S. 80-17840 before the Manila City Fiscal (p. 9, Rollo). On or about the same time, i.e., August 6, 1981, Go filed against Ayala a complaint for consignment and damages, docketed as Civil Case No. R-20796 of the then Court of First Instance of Cebu. By reason of the dismissal of I.S. No. KC-81-3197-98 by the Caloocan City Fiscal, Ayala filed on January 24, 1982 Civil Case No. Q-35558 in the Regional Trial Court of Quezon City for recovery of the unpaid balance and other obligations of Go to Ayala (p. 9, Rollo). The civil case pending before the Regional Trial Court of Quezon City was likewise dismissed on April 16, 1983 (pp. 28-30, Rollo).

Go subsequently filed a civil case for consignment of a sum of money with a claim for damages in the Regional Trial Court, Branch XIX, Cebu City (Civil Case No. R-20796) for the unlawful, malicious, oppressive, and abusive acts of Ayala.

During the pendency of the case, Ayala withdrew the consigned sum of P24,000 which was given due course by the trial court on December 15, 1982.

The trial court rendered a decision in Civil Case No. R-20796, the dispositive portion of which reads:

"WHEREFORE, judgment is hereby rendered in favor of the plaintiff:

"1. Declaring as valid the tender of payment and consignment made by the plaintiff in the sum of P24,000.00;

"2. Ordering defendant Ayala to return to the plaintiff ABC Checks Nos. 00012212 and 00012221;

"3. Ordering defendant Ayala to pay the plaintiff the sum of P5,000.00 for moral damages, the sum of

P3,000.00 for actual damages, the sum of P5,000.00 for attorney's fees plus costs." (p. 9, Rollo.).

Both Ayala and Go appealed. On January 18, 1990, the Court of Appeals modified the appealed judgment by increasing the award of moral damages to P15,000 and the award of actual and consequential damages to P21,000.

In this petition for review, Ayala assigns only one error: that the Court of Appeals and the trial court erred in awarding moral and actual damages for alleged malicious prosecution.

Ayala argues that it should not be made liable for damages for exercising its right to collect Go's unpaid account.

On the other hand, Go alleges that because of Ayala's malicious and oppressive conduct in filing criminal charges against him, it should indemnify him for the damages he has suffered.

Both the appellate court and the trial court found that Ayala acted in bad faith in filing the baseless criminal complaints against Go for estafa and for violations of B.P. Blg. 22, one in Manila and the other in Caloocan to harass, terrorize, and intimidate Go to settle his unpaid obligation of P2,000 to Ayala. The appellate court observed:

"x x x We are inclined to agree with the findings of the lower court that the filing of the said case was not justified. It must be remembered that the criminal complaint filed before the City Fiscal of Manila was dismissed upon the agreement of the litigants that the plaintiff-appellant will periodically satisfy his indebtedness to the defendant-appellant in the amount of P20,000.00. In compliance therewith, the un rebutted evidence for the plaintiff-appellant clearly showed that he consistently made payments amounting to P18,000.00, and he stopped making his last payment in the sum of P2,000.00 only when the defendant-appellant for reasons only known to it unjustifiably refused to return to him the two controverted checks. With this factual milieu, the subsequent filing of the criminal case therefore, before the City Fiscal of Caloocan City appeared to be without basis, as correctly observed by the lower court. It must be noted that the said criminal complaint was for estafa and for violation of B.P. 22. Insofar as the case of estafa is concerned, We fully agree with the findings of the lower court that there was no existing element of deceit and misrepresentation because the alleged refusal of the plaintiff-appellant to continue paying the amount of P2,000.00 was not an act of defrauding the defendant-appellant under any of the enumerated grounds mentioned in Articles 315 and 316 of the Revised Penal Code. Hence, there can be no case of estafa. In like manner, not one of the six checks issued by the plaintiff-appellant was dishonored which could have been the basis for filing the criminal complaint for violation of B.P. 22." (p. 34, Rollo.)

While sound principles of justice and public policy dictate that persons shall have free resort to the courts for redress of wrongs and vindication of their rights (*Buenaventura vs. Sto. Domingo*, 103 Phil. 239), the right to institute criminal prosecutions should not be exercised maliciously and in bad faith (*Ventura vs. Bernabe*, 38 SCRA 587). Hence, in *Yutuk vs. Manila Electric Co.* (2 SCRA 337), this Court held that the right to file criminal complaints should not be used as a weapon to force an alleged debtor to pay a debt. To allow it would be a perversion of the function of the courts of justice. Thus, in *Hawpia vs. Court of Appeals* (20 SCRA 536), this Court affirmed the judgment for actual and moral damages and attorney's fees against a party who harassed the other party by filing six criminal complaints against the latter, all of which were dismissed.

Moral damages include physical suffering, mental anguish, fright, serious anxiety, besmirched reputation, wounded feelings, moral shock, social humiliation, and similar injury (Art. 2177, Civil Code). Though incapable of pecuniary computation, they may be recovered if they are the proximate result of the defendant's wrongful act or omission (*People vs. Baylon*, 129 SCRA 625). It is important to note that "damages are not intended to enrich the complainant at the expense of a defendant. They are awarded only to alleviate the moral suffering that the injured party had undergone by reason of the defendants' culpable action. There is no hard and fast rule in the

determination of what would be a fair amount of moral damages, since each case must be governed by its own peculiar circumstances" (Filinvest Credit Corporation vs. IAC, 166 SCRA 155). Although the Court of Appeals increased the moral and actual damages awarded by the trial court, the awards are not excessive but only commensurate with the mental anguish, hardships, inconvenience, and expenses that the private respondent suffered and incurred as a result of the malicious prosecutions initiated by the petitioners against him.

WHEREFORE, the petition for review is denied for lack of merit, the Court perceiving no reversible error in the decision of the Court of Appeals which we hereby affirm. Costs against the petitioner.

SO ORDERED.

Narvasa, (Chairman), Cruz, and Gancayco, JJ., concur.

Medialdea, J., no part.

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