730 Phil. 475

SECOND DIVISION

[G.R. No. 195031, March 26, 2014]

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC., PETITIONER, VS. CELESTE M. CHUA, RESPONDENT.

D E C I S I O N

PEREZ, J.:

Before the Court is a Petition for Review on *Certiorari* under Rule 45 of the 1997 Rules of Civil Procedure assailing the Decision[1] dated 14 September 2010 and Resolution[2] dated 3 January 2011 of the Court of Appeals in CA-G.R. CV No. 78315. The challenged Decision denied herein International Container Terminal Services, Inc.'s (petitioner) appeal and affirmed the Decision of the Regional Trial Court (RTC) of Quezon City, Branch 76.

As found by the Court of Appeals, the antecedent facts are as follows:

> On April 2, 1997, the twenty (20)-feet container van loaded with the personal effects of [respondent] Celeste M. Chua arrived at the North Harbor, Manila, from Oakland, California, x x x. On even date, it was unloaded from the vessel and was placed in the depot belonging to [petitioner] for safekeeping pending the customs inspection.
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> On April 6, 1997, the container van was stripped and partially inspected by custom authorities. Further inspection thereof was scheduled on May 8, 1997. However, on the date scheduled, [petitioner's] depot was gutted by fire and [respondent's] container van, together with forty-four (44) others, were burned. In the survey conducted thereafter, seventy percent (70%) of the contents of the van was found to be totally burnt while thirty percent (30%) thereof was wet, dirty, and unusable. [Respondent] demanded reimbursement for the value of the goods. However, her demands fell on deaf ears.
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> On August 23, 1999, [respondent] filed the suit below alleging, in essence, that the proximate cause of the fire that engulfed [petitioner's] depot was the combustible chemicals stored threreat; and, that [petitioner], in storing the said flammable chemicals in its depot, failed to exercise due diligence in the selection and supervision of its employees and/or of their work. She also claims that, while the value of the goods destroyed is x x x (US$87,667.00) x x x, she has in her possession only the machine-copies of receipts showing an aggregate value of only x x x (US$67,535.61) because, pursuant to [petitioner's] request, she gave to the latter's representative the original receipts. x x x.

> In its *Answer*, [petitioner] admits that it accepted, in good order, [respondent's] container van for storage and safekeeping at its depot but denies that there was negligence on its part or that of its employees. It asserts that the fire that gutted its depot was due to a fortuitous event because it exercised the due diligence required by law. It maintains that [respondent] is not entitled to her claim because she did not declare the true and correct value of the goods, as the Bill of Lading indicates that the contents of the van have no commercial value. Asserting that [respondent] has no cause of action or that [respondent's] cause of action, if any, has already prescribed because the complaint was not filed within twelve (12) months from the time of damage or loss, it prays for the dismissal of the complaint. x x x.[3]

After the issues were joined, pre-trial ensued, during which, the parties failed to settle amicably. The court thereafter conducted trial.

On 16 December 2002, the trial court rendered a decision ordering herein petitioner to pay respondent actual damages in the amount of US$67,535.61 or its equivalent in Philippine Peso at the time of the filing of the complaint; moral damages in the amount of P50,000.00; and attorney's fees of P50,000.00.[4]

Aggrieved, petitioner filed an appeal to the Court of Appeals alleging that the trial court erred in holding it liable for actual and moral damages, as well as for attorney's fees considering, among others, that: (1) respondent failed to prove negligence on the part of petitioner; (2) the fire that caused the damage to and/or loss of respondent's cargo was a fortuitous event; and (3) petitioner did not act in bad faith in denying respondent's claim for reimbursement of the value of the loss/damaged cargo. Petitioner added that, assuming that it is liable to pay damages to respondent, the same should not exceed the liability provided for in Philippine Ports Authority (PPA) Administrative Order No. 10-81.

In affirming the Decision of the trial court, the Court of Appeals declared that:

> There is no dispute that the van containing [respondent's] cargo was in [petitioner's] depot for safekeeping when the depot caught fire on May 8, 1997. There is, therefore, no denying that, at that time, the subject van was under the custody and control of [petitioner]. There is likewise no dispute that the fire started inside the depot. Ergo, the RTC correctly ruled in applying the doctrine of *res ipsa loquitur* and in placing upon [petitioner] the burden of proving lack of negligence. This is so because the fire that occurred would not have happened in the ordinary course of things if reasonable care and diligence had been exercised. Simply put, the fire started because some negligence must have occurred. x x x.
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> x x x x
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> Also not convincing is [petitioner's] assertion that the fire that razed its depot was a force majeure and/or beyond its control considering that ***[i]n our jurisprudence, fire may not be considered a natural***

disaster or calamity since it almost always arises from some act of man or by human means. It cannot be an act of God unless caused by lightning or a natural disaster or casualty not attributable to human agency.

x x x x

On [petitioner's] argument that [respondent's] cause of action has prescribed under its Terms of Business and the amount of its liability cannot exceed x x x (PhP3,500.00) per package as provided under PPA Administrative Order No. 10-81, suffice it to say that a person who is not privy to any contract is not bound thereby. It bears reiterating the RTC's finding that x x x ***the [respondent] has not signed any contract with [petitioner] wherein she agreed that the liability of the latter shall be limited only to a certain amount.*** (Emphasis and italics supplied)

x x x x

[Petitioner's] contention that [respondent] is not entitled to moral damages and attorney's fees as there was no finding that it acted in bad faith is belied by the assailed disposition. Emphasis must be made that the RTC found that:

> [Petitioner's] outright denial and unjust refusal to heed [respondent's] claim for payment of the value of her lost/damaged shipment causing the latter to suffer serious anxiety, mental anguish[,] and wounded feelings, warranting the award or moral damages in the amount of P50,000.00 in favor of [respondent]. For having been compelled to litigate due to [petitioner's] omission, the Court determines that [respondent] may recover attorney's fees of P50,000.00, x x x.[5]

Its motion for reconsideration having been denied by the Court of Appeals in a Resolution dated 3 January 2011, petitioner is now before us on the following assignment of errors:

1. THE COURT OF APPEALS ERRED IN AFFIRMING THE DECISION OF THE COURT A QUO, HOLDING HEREIN PETITIONER LIABLE FOR ACTUAL DAMAGES IN THE AMOUNT OF US$67,535.61 OR ITS EQUIVALENT IN PHILIPPINE PESO, CONSIDERING THAT:

    A. RESPONDENT FAILED TO PROVE BY PREPONDERANCE OF EVIDENCE HER AFFIRMATIVE ALLEGATION THAT THE DAMAGE TO AND/OR LOSS OF HER CARGO WAS DIRECTLY AND EXCLUSIVELY BROUGHT ABOUT BY PETITIONER'S FAULT OR NEGLIGENCE;

B. FIRE, WHICH CAUSED THE DAMAGE OR LOSS, HAS BEEN HELD AS A FORTUITOUS EVENT, FORCE MAJEURE, AND/OR EVENT BEYOND THE CONTROL OF MAN, HENCE, PETITIONER SHOULD BE ABSOLVED FROM ANY LIABILITY;

C. RESPONDENT'S CAUSE OF ACTION HAS PRESCRIBED AND/OR IS BARRED BY LACHES;

D. RESPONDENT FAILED TO PROVE ACTUAL DAMAGES OF US$67,535.61; AND

E. ASSUMING, WITHOUT ADMITTING, THAT PETITIONER IS LIABLE, THE LIABILITY SHOULD NOT EXCEED THE LIMIT PROVIDED FOR IN PPA ADMINISTRATIVE ORDER NO. 10-81;

2. THE COURT OF APPEALS ERRED IN AFFIRMING THE AWARD OF P50,000.00 AS MORAL DAMAGES AND P50,000.00 AS ATTORNEY'S FEES IN VIEW OF THE ABSENCE OF BAD FAITH ON THE PART OF PETITIONER IN DENYING RESPONDENT'S CLAIM; AND

3. THE COURT OF APPEALS ERRED IN NOT GRANTING PETITIONER'S COUNTERCLAIM CONSIDERING RESPONDENT'S BASELESS, EXCESSIVE AND UNJUSTIFIED CLAIMS.[6]

The Ruling of the Court

The petition is partly meritorious.

At the outset, it must be pointed out that it is clear from petitioner's assignment of errors that what the instant petition for review is challenging are the findings of fact and the appreciation of evidence made by the trial court which were affirmed by the Court of Appeals.[7] While it is well-settled that only questions of law may be raised in a petition for review under Rule 45 of the Rules of Court, it is equally well-settled that the rule admits of exceptions,[8] one of which is when the trial court or the Court of Appeals manifestly overlooked certain relevant and undisputed facts that, if properly considered, would justify a different conclusion. [9] In this case, the records contain evidence which justify the application of the exception.

This Court will no longer delve on the issue of whether or not the fire which caused the loss of and/or damage to respondent's personal effects is a fortuitous event since both the trial court and the Court of Appeals correctly ruled that the fire which occurred in this case cannot be considered an act of God since the same was not caused by lightning or a natural disaster or other calamity not attributable to human agency.

With respect to the issue of negligence, there is no doubt that, under the circumstances of this case, petitioner is liable to respondent for damages on account of the loss of the contents of her container van. Petitioner itself admitted during the

pre-trial of this case that respondent's container van caught fire while stored within its premises.[10] Absent any justifiable explanation on the part of petitioner on the cause of the fire as would absolve it from liability, the presumption that there was negligence on its part comes into play. The situation in this case, therefore, calls for the application of the doctrine of *res ipsa loquitur.*

The doctrine of *res ipsa loquitur* is "based on the theory that the defendant either knows the cause of the accident or has the best opportunity of ascertaining it and the plaintiff, having no knowledge thereof, is compelled to allege negligence in general terms. In such instance, the plaintiff relies on proof of the happening of the accident alone to establish negligence."[11] The principle, furthermore, provides a means by which a plaintiff can hold liable a defendant who, if innocent, should be able to prove that he exercised due care to prevent the accident complained of from happening. It is, consequently, the defendant's responsibility to show that there was no negligence on his part.[12] The doctrine, however, "can be invoked when and only when, under the circumstances involved, direct evidence is absent and not readily available."[13] Here, there was no evidence as to how or why the fire in the container yard of petitioner started; hence, it was up to petitioner to satisfactorily prove that it exercised the diligence required to prevent the fire from happening. This it failed to do. Thus, the trial court and the Court of Appeals acted appropriately in applying the principle of *res ipsa loquitur* to the case at bar.

As the findings and conclusions of the lower courts on this point are properly supported by the evidence on record, we submit thereto, there being no basis to disturb the same. We diverge, however, with respect to the award of damages.

Both the trial court and the Court of Appeals found that the liability of petitioner to respondent amounts to US$67,535.61 as actual damages. This amount purportedly represents the value of respondent's shipment that was lost or destroyed as a result of the fire in petitioner's container yard where the van holding the said shipment was in storage at that time. The value was computed based on the receipts – marked as Exhibits "K" to "K-63"[14] – submitted by respondent, which receipts allegedly cover the items that were in the container van.

A painstaking examination of Exhibits "K" to "K-63" ("the receipts") reveals, however, that the items specified therein do not exactly tally or coincide with the items listed in the respective inspection reports submitted by the different marine surveyors which conducted an inventory of the contents of respondent's van after the fire. Thus, the receipts contain articles which consist of grocery items, including perishables such as green onions, chicken, honey dew,[15] Coffee Mate packets (bought way back in 1995), asparagus, turkey breast,[16] grapes,[17] bananas,[18] fresh meat,[19] shrimps,[20] bread,[21] etc. which definitely could not have been included in the shipment to Manila. The inventoried items, on the other hand, primarily consist of electronics and electrical appliances, such as: electric fans, chandeliers, microwave ovens, jet skis, television sets, cassette players, speakers and computers.[22]

It is also significant to note that Exhibits "K" to "K-63" include receipts covering baby products or items like baby bottle nipples, feeding bottles, baby lotion, baby oil, stretch mark creams, baby wipes, crib blanket, pacifier,[23] etc., as well as