

SECOND DIVISION

[G.R. No. 107566, November 25, 2004]

BAGUIO MIDLAND COURIER, REPRESENTED BY ITS PRESIDENT AND GENERAL MANAGER, OSEO HAMADA AND CECILLE AFABLE, EDITOR-IN-CHIEF, PETITIONERS, VS. THE COURT OF APPEALS (FORMER SP, 6TH DIVISION) AND RAMON LABO, JR., RESPONDENTS.

D E C I S I O N

CHICO-NAZARIO, J.:

This is a petition for review on *certiorari* seeking to set aside the Decision^[1] of the Court of Appeals, dated 07 January 1992, and the Resolution,^[2] dated 29 September 1992, reversing the decision of the Regional Trial Court (RTC), dated 14 June 1990, which dismissed herein private respondent's claim for damages.

Culled from the records are the following facts:

During the time material to this case, petitioner Oseo C. Hamada (Hamada) was the president and general manager of the Baguio Printing and Publishing Co., Inc., which publishes the Baguio Midland Courier, a weekly newspaper published and circulated in Baguio City and other provinces within the Cordillera region. He was also, at that time, the business manager of said newsweekly. Petitioner Cecille Afable (Afable) was Baguio Midland Courier's editor-in-chief and one of its columnists who ran the column "In and Out of Baguio."

On the other hand, private respondent Ramon L. Labo, Jr., was among the mayoralty candidates in Baguio City for the 18 January 1988 local elections.^[3] Prior to this, in 1984, private respondent had already embarked on a political career by running for a seat in the former *Batasang Pambansa* during which time he appointed a certain Benedicto Carantes (Carantes) as his campaign manager. It appears that as part of the campaign propaganda for private respondent in the 1984 local elections, political ads appeared in the various issues of Baguio Midland Courier and campaign paraphernalia were printed by Baguio Printing and Publishing Co., Inc., on his behalf.

Apart from his political endeavors, private respondent was also an active member of the civic group Lions Club having been elected governor of said organization in 1984, 1986, and 1988.

Before the 18 January 1988 local elections, petitioner Afable wrote in her column a series of articles dealing with the candidates for the various elective positions in Baguio City. Quoted hereunder are excerpts from said articles, as well as the respective dates when they were published in the Baguio Midland Courier –

January 3, 1988

. . . Of all the candidates for mayor, Labo has the most imponderables about him, people would ask, "Can he read and write?" Why is he always talking about his Japanese father-in-law? Is he really a Japanese Senator or a *barrio kapitan*? Is it true that he will send P18 million aid to Baguio? Somebody wanted to put an advertisement of Labo in the Midland Courier but was refused because he has not yet paid his account of the last time he was a candidate for Congress. We will accept all advertisements for him if he pays his old accounts first.^[4]

January 10, 1988

I heard that the "Dumpty in the egg" is campaigning for Cortes. Not fair. Some real doctors are also busy campaigning against Labo, because he has not also paid their medical services with them. Since he is donating millions he should settle his small debts like the reportedly insignificant amount of P27,000 only. If he wins several teachers were signifying to resign and leave Baguio forever, and Pangasinan will be the franca-liqua of Baguio.^[5]

Claiming that the aforequoted portions of petitioner Atable's column were tainted with malice, private respondent instituted separate criminal and civil actions for libel against herein petitioners. In a resolution, dated 26 December 1988, the Department of Justice dismissed the criminal case due to insufficiency of evidence^[6] while the civil suit was raffled off to RTC, Branch 6, Baguio City.

In the complaint for damages, private respondent alleged that in her 03 January 1988 and 10 January 1988 columns, petitioner Atable made it appear that he (private respondent) could not comply with his financial obligations; that Yuko Narukawa Labo (Narukawa Labo), his co-plaintiff in the case before the trial court, was accused of misrepresenting her social status to the general public thereby subjecting her to public ridicule; that the subject articles were written solely for the purpose of destroying his reputation, integrity, and personality as well as that of Ms. Narukawa Labo; and that said articles were false, untrue, libelous, and published with evil intent. Private respondent and Ms. Narukawa Labo, therefore, prayed for moral damages, exemplary damages, litigation expenses, attorney's fees, and costs of litigation.

Prior to filing their respective answers, petitioners filed separate motions to dismiss^[7] upon the ground that there was failure to comply with Section 6 of Presidential Decree (P.D.) No. 1508,^[8] otherwise known as the *Katarungang Pambarangay Law*, which required the referral of certain disputes to the *barangay* conciliation process before they are filed in court. Petitioner Hamada also claimed that the complaint stated no cause of action.

On 05 April 1988, private respondent and Ms. Narukawa Labo filed a motion with leave of court to amend and admit attached amended complaint.^[9] Impleaded in the amended complaint^[10] was the Baguio Printing and Publishing Co., Inc., as the publisher of the Baguio Midland Courier.

In its Order, dated 12 April 1988,^[11] the trial court denied petitioners' motions to dismiss. According to the trial court, as one of the parties to this case was a corporation, P.D. No. 1508 was not applicable as said statute pertained only to actions involving natural persons. In the same order, the trial court granted private respondent and Ms. Narukawa Labo's motion to admit their amended complaint and directed the petitioners to file their answers.

In their answer,^[12] petitioners Baguio Midland Courier and Hamada denied that petitioner Afaible's 03 and 10 January 1988 articles were libelous. They also claimed that per their company's records, private respondent still owed them a certain sum of money for the political ads and campaign paraphernalia printed by Baguio Printing and Publishing Co., Inc., during private respondent's 1984 campaign, and that the 03 January 1988 column did not accuse Ms. Narukawa Labo of misrepresenting herself before the public. Moreover, they asserted that petitioner Afaible's write-ups were fair comments on facts and reports that were of public interest as private respondent was a mayoralty candidate at that time. Finally, petitioners Baguio Midland Courier and Hamada interposed counterclaims for moral damages, exemplary damages, attorney's fees, and costs.

In her answer,^[13] petitioner Afaible also denied that the quoted portions of her 03 and 10 January 1988 column were libelous, insisting that they were devoid of malice and "at most contained valid and timely doubts."^[14] She also contended that the contents of her column were protected by the constitutional guarantees of freedom of speech and of the press and that the same were privileged as they dealt with a public figure. Petitioner Afaible likewise sought counterclaims for moral damages, exemplary damages, and attorney's fees.

During the pre-trial of the case on 31 March 1989, the parties agreed to limit the issues to the following: (1) whether the published items were libelous, false and malicious; (2) whether plaintiffs below were entitled to damages; and (3) whether petitioners (defendants therein) were entitled to damages as claimed in their respective counterclaims.

On 17 July 1989, private respondent's counsel manifested before the trial court that Ms. Narukawa Labo would no longer testify in support of the allegations in the amended complaint as far as they pertain to her.^[15] In addition, the 03 January 1988 article was no longer offered in evidence by the private respondent's counsel thus, the trial court interpreted this development to mean that the same ceased to be a part of this suit. The court a quo thereafter proceeded with the trial of the case taking into consideration only the 10 January 1988 column.

In the trial that ensued, private respondent testified that he felt that the phrase "dumpty in the egg" referred to him, interpreting the same to mean someone who is a failure in his business undertakings.^[16] Private respondent asserted that such allegation was baseless as he was successful in his various endeavors abroad. With regard to the remainder of the article, private respondent insisted that petitioner Afaible made it appear to the public that he owed P27,000 in unpaid medical expenses while in truth, he could not remember having been hospitalized.^[17]

Subsequently, private respondent presented Dr. Pedro Rovillos, his fellow Lions Club

member, who testified that he understood the term "dumpty in the egg" to mean "a zero or a big lie."^[18] He further testified that the 10 January 1988 article painted private respondent as a "*balasubas*"^[19] due to the latter's alleged failure to pay his medical expenses.

On the other hand, the petitioners presented Ms. Sylvia Lambino (Lambino), Baguio Printing and Publishing Co., Inc.'s, bookkeeper and accountant, as their first witness. According to Lambino, Baguio Printing and Publishing Co., Inc., sent several statements of accounts and demand letters to private respondent pertaining to his unpaid obligations amounting to P27,415 which he incurred during his campaign for the *Batasang Pambansa* in 1984.^[20] She further testified that despite the repeated demands to private respondent, the aforementioned obligations remained unpaid.^[21]

Thereafter, petitioner Hamada himself took the witness stand. In his testimony, petitioner Hamada stated that as the president and general manager of the Baguio Printing and Publishing Co., Inc., and as the business manager of the Baguio Midland Courier, he only dealt with the business and advertising aspects of their newspaper business and that the contents of the articles appearing in the pages of the Baguio Midland Courier were overseen by the rest of the staff.^[22] In addition, petitioner Hamada also corroborated the earlier testimony of Lambino with respect to the outstanding obligations of private respondent.

On 20 December 1989, Carantes took the witness stand for the petitioners. Carantes testified that he was appointed as private respondent's campaign manager when the latter ran for assemblyman in *Batasang Pambansa* in 1984 and that in his capacity as campaign manager,^[23] he hired the services of a certain Noli Balatero to oversee the printing of campaign paraphernalia and publication of political advertisements of private respondent.^[24] Carantes further testified that the P27,415 indebtedness to Baguio Printing and Publishing Co., Inc., had remained unpaid because the campaign funds private respondent entrusted to him were already fully exhausted. Besides, according to Carantes, the campaign materials printed by the Baguio Printing and Publishing Co., Inc., and political advertisements published in Baguio Midland Courier were no longer covered by the agreement he had with Balatero. However, these materials were printed and published upon the instructions of one Atty. Conrado Bueno who acted as private respondent's "unofficial campaign manager" during the said election. Carantes thus concluded that private respondent was supposed to pay for these campaign materials and advertisements before or after the 1984 election.

For her part, petitioner Afable acknowledged having written the 10 January 1988 article but denied that the same was malicious and intended to destroy private respondent's reputation and integrity; that the phrase "dumpty in the egg" referred to Horato Aquino who was among the candidates for the 1988 local elections in Baguio City; and that the P27,000 pertained to private respondent's unpaid obligation to Baguio Printing and Publishing Co., Inc., the exact amount of which was P27,415.

In its decision, dated 14 June 1990, the trial court dismissed the complaint for lack of merit. According to the trial court, the article in question was privileged and

constituted fair comment on matters of public interest as it dealt with the integrity, reputation, and honesty of private respondent who was a candidate for local elective office at that time.

This decision of the trial court was, however, reversed by the appellate court in a decision, dated 07 January 1992, the dispositive portion of which reads:

Construed in the light of the facts and the principles on the matter, and under the plain language of the applicable law, We hold that the evidence was sufficient to prove by preponderance of evidence that the defendants were GUILTY of committing libel on the person of the complainant Ramon Labo, Jr. and should be liable to pay damages. The decision of the trial court is hereby REVERSED and SET ASIDE and the defendants are hereby ordered to pay the plaintiffs as follows:

- 1) The amount of P200,000.00 as moral damages;
- 2) The amount of P100,000.00 as exemplary damages;
- 3) The amount of P50,000.00 for attorney's fees plus costs of litigation. [25]

In brushing aside the conclusion reached by the trial court, the Court of Appeals noted that private respondent was, at the time the article in question was published, not a public official but a private citizen seeking an elective office and petitioner Afaible's article was intended to impeach his honesty, virtue or reputation and to make him appear in the eyes of the public as unfit for public office.

The appellate court also declared that the malicious nature of the article may be deduced from the fact that it was published in the Baguio Midland Courier a few days before the scheduled local elections and from the style and tone of writing employed by petitioner Afaible. According to the Court of Appeals, while the entire article was composed of ten paragraphs and referred to several unnamed personalities, it was only in the disputed paragraph where a specific individual was named – herein private respondent. The appellate court therefore concluded that the phrase "dumpty in the egg" could only refer to private respondent and the claimed P27,000 indebtedness is imputable solely to him.

Petitioners thereafter filed their respective motions for reconsideration [26] of the aforementioned decision of the Court of Appeals but these were denied through a resolution [27] of the appellate court, dated 29 September 1992. Thus, petitioners now come before us raising the following issues:

I

THE RESPONDENT COURT OF APPEALS GRAVELY ERRED IN HOLDING THAT "THERE IS GOOD REASON AND REASONABLE GROUND TO ASSUME THAT THE PUBLICATION OF THE LIBELOUS ARTICLES WAS A MANIFESTATION OF THE SPOUSES' (DEFENDANTS OSEO HAMADA and CECILLE AFABLE) THINKING ON THE MERIT OR DEMERIT OF CANDIDATES FOR BAGUIO CITY MAYOR FOR THE JANUARY 18, 1988 ELECTIONS" SINCE THEY ARE NOT SPOUSES NOR RELATED TO ONE ANOTHER.