

FIRST DIVISION

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

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

DECISION

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

1. Installed meter

Three (3) phase, three (3) wire, two (2) stator, Type V-62s, delta

2. Load in current

Full load = 120 amps, regular load = 60 amps

Unbalance load

3. No meter test result from ERC showed.

B. Observation/comments

1. Meter installed is not fitted for the type transformer connection (wye).

2. There is a big possibility of pilferage due to the following reasons:

a. They can use the line-to-ground connection then step up transformers since one line is not passing the meter.

b. They can easily access the meter, removal/swapping of meter is easier because the meter is not properly secured.

c. Meter accuracy could be slower.

C. Recommendations

1. Change meter to Three (3) phase, 4 wire, wye, 3 stator, type V- 64-s

2. Install a security seal for tamper proofing.

3. Check/verify to ERC the authenticity of the test result if there is any.

4. 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]