

## SECOND DIVISION

[ G.R. No. 198643, August 19, 2015 ]

**MARSMAN & COMPANY AND QUIRINO R. ILEDAN, PETITIONERS,  
VS. ARTEMIO M. LIGO, RESPONDENT.**

### D E C I S I O N

**DEL CASTILLO, J.:**

An employee who was wrongly accused of criminal acts, illegally arrested and detained, presented to the media at a humiliating press conference against his will, and prosecuted in an unfounded criminal suit is entitled to damages for malicious prosecution.

This Petition for Review on *Certiorari*<sup>[1]</sup> seeks to set aside the April 29, 2011 Decision<sup>[2]</sup> of the Court of Appeals in CA-G.R. CV No. 87004, as well as its September 16, 2011 Resolution<sup>[3]</sup> denying reconsideration thereof.

#### ***Factual Antecedents***

Petitioner Marsman & Company, Inc. (Marsman) - now Metro Drug, Inc. - is a domestic corporation engaged in the business of distributing pharmaceutical products. Petitioner Quirino R. Iledan (Iledan) was Marsman's Warehouse Manager during the time material to this case.

Respondent Artemio M. Ligo was then Marsman's Warehouse Supervisor and was primarily responsible for the destruction of bad order and expired drugs.<sup>[4]</sup> Bad order drugs are those that are retrieved from the market for being unfit for human consumption, while expired drugs are those which have reached their expiry date.<sup>[5]</sup>

Sometime in February 1993, Iledan supposedly received a telephone call from Isabelito Miguel (Miguel), informing him that some of Marsman's bad order and expired drugs that were intended for destruction were not actually destroyed but were sold at the back of the Sto. Nino Church in Parañaque. Iledan relayed this information to Marsman President and Chief Executive Officer Dr. Eligio Santos (Santos), who called a meeting with Iledan and Marsman Assistant Vice-President for Human Resources Manolette Pilapil (Pilapil). During the meeting, Santos instructed Pilapil to seek the assistance of the National Bureau of Investigation (NBI) in the investigation of the matter. Thus, Pilapil sent a letter-request dated March 15, 1993 to NBI Director Epimaco Velasco (NBI Director Velasco).<sup>[6]</sup>

The NBI<sup>[7]</sup> conducted surveillance on several dates in coordination with Iledan. On May 7, 1993, it arrested several individuals who were supposedly caught in the act of distributing these medicines that should have been destroyed.<sup>[8]</sup> However, respondent was not one of them.

The following day, or on May 8, 1993, Iledan asked respondent to accompany him to the NBI office on the pretext of visiting one of the suspects arrested, Francisco Mercado (Mercado),<sup>[9]</sup> one of respondent's colleagues at work. They proceeded to the NBI headquarters in Manila, where respondent was arrested and placed in a detention cell.<sup>[10]</sup> Thereafter, respondent and other individuals were presented to the media during a live conference as the suspects in the distribution and sale of bad order and expired medicines. Their photographs were taken, and later published, by news reporters of The Daily Inquirer, Philippine Star, Bulletin, Taliba, Balita, and Tempo.<sup>[11]</sup>

Respondent was detained at the NBI headquarters for at least 10 days, after which he was provisionally released after posting bond.<sup>[12]</sup> He was criminally charged with violation of Republic Act No. 3720<sup>[13]</sup> as amended by Executive Order No. 175<sup>[14]</sup> (RA 3720) which prohibits the sale, dispensing or delivery of expired or rejected pharmaceutical products. The criminal case was docketed with the Metropolitan Trial Court of Taguig City, Branch 74 as Criminal Case No. 9070. However, the court issued an Order<sup>[15]</sup> on October 12, 1994 acquitting respondent of the charge. The Order held in part:

From this evidence, the court finds that indeed the prosecution has miserably failed to prove the principal elements of the crime charged, that is there was no showing that the accused has [sic] sold or was [sic] selling much less dispensing the expired medicines. While it is true that the destructing [sic] or transferring [sic] the expired drugs is prohibited as defined in Section 11 of Republic Act 3720, the destruction or transfer referred to in the act is distributing or transferring the drugs to any third person or persons. From the testimony of witness NBI Agent Arnel Azul is [sic] that when they arrested the accused, the accused were transferring the expired drugs from one vehicle to another, to be exact from a 10 wheeler truck to [a] white delivery van and this transfer is not the transfer contemplated, defined and penalized; under Section 11 of R.A. 3720.

It is also the observation that from the evidences [sic] adduced by the prosecution that assuming arguendo that the transfer of the expired drugs from one vehicle to another is a crime by itself, from the evidence, it appears that the transfer was done and consummated in Angono, Rizal and therefore not within the territorial jurisdiction of this court and it is elementary in criminal prosecution that criminal cases has [sic] to be filed and prosecuted in the place [sic] it was committed except those continuing offenses, in the case at bar nowhere from the prosecution's evidence shows [sic] that the crime charged or any of its ingredient [sic] has been committed here in [Taguig], Metro Manila, the territorial jurisdiction of this court. Of course this is not impugned in the demurrer to evidence, this is but the observation of this court from the evidence adduced by the prosecution.

Viewed [from] the foregoing, the court finds that the prosecution has failed to establish the elements of the crime charged amounting to failure

to prove the guilt of the accused beyond reasonable doubt and accordingly therefore, the above-entitled case is hereby dismissed with costs de officio.

x x x x

SO ORDERED.<sup>[16]</sup>

Respondent was likewise charged with serious misconduct, breach of trust, and commission of a crime against Marsman. After several hearings, was terminated from employment on the ground of "negligence and breach of trust and confidence" as well as failure to perform the "sensitive task of supervising the burning and destroying of expired, obsolete, bad order drugs and medicines,"<sup>[17]</sup> but not for commission of a crime against Marsman.

In October 1995, respondent filed a Complaint<sup>[18]</sup> for damages against petitioners Marsman and Iledan with the Regional Trial Court of Las Piñas, docketed as Civil Case No. LP-95-022 and assigned to Branch 275. Respondent alleged that petitioners maliciously conspired to frame him and fabricate a criminal charge against him by making it appear that he feloniously sold, dispensed or delivered expired or bad order medicines; that he was illegally arrested by the NBI on May 8, 1993, humiliated in a press conference, and unlawfully detained for 10 days; that photographs taken during the press conference were published in major dailies, and he became the object of embarrassing news reports on radio and television; that he was falsely charged criminally with violation of RA 3720 (Criminal Case No. 9070) and illegally dismissed from employment; that he was subsequently acquitted in Criminal Case No. 9070; that as a result of the frame-up, he and his family became the object of ridicule in the community, school and workplace, which thus forced them to relocate in order to avoid further shame and embarrassment; and that in a demand letter to petitioners, he sought restitution, but was ignored. He thus prayed for indemnity in the amount of P5 million as moral damages, P1 million as exemplary damages, P50,000.00 as actual damages, 25% of the total amount as attorney's fees, and costs of suit.

Respondent's complaint particularly noted that when Iledan assumed his position as warehouse manager, he was arrogant and hostile toward the employees and even manifested his desire to replace respondent and other employees assigned at respondent's warehouse.<sup>[19]</sup>

In their Answer with Counterclaim,<sup>[20]</sup> petitioners insisted that respondent was involved in a scheme of selling expired and bad order drugs which he was supposed to destroy; that respondent's *modus operandi* became the subject of three preliminary surveillances conducted by the NBI, which revealed that the scheduled destruction of medicines through burning did not take place, and that respondent left the site without supervising the complete destruction of the medicines, while his cohorts transferred the medicines from the company truck to another vehicle; that on May 7, 1993, respondent's cohorts were intercepted and arrested by the NBI; that boxes of expired medicines scheduled for destruction were confiscated from them; that the next day, May 8, 1993, respondent reported for work and submitted a false Certificate of Destruction stating that all medicines scheduled for destruction

the day before were destroyed; that respondent was arrested and charges were lodged against him and his cohorts; that an investigation for serious misconduct, breach of trust and commission of felony was also conducted by Marsman; that while photographs of respondent were taken at the NBI and published, they could not be held responsible therefor; that the dismissal of Criminal Case No. 9070 was grounded on lack of jurisdiction and not based on the merits; and that they acted in good faith, pursuant to duty, and in defense of Marsman's rights in reporting the suspected illegal operation to the NBI. By way of counterclaim, petitioners prayed to be awarded P10 million as moral damages; P1 million as exemplary damages; and P250,000.00 as attorney's fees and litigation expenses.

Trial ensued. The evidence of the parties were summed up by the trial court, as follows:

### **EVIDENCE FOR THE PLAINTIFF**

x x x x

ARTEMIO LIGO, x x x testified that he was employed by defendant Marsman & Co., Inc. from February 5, 1970 to July 15, 1993. He was then the Warehouse Supervisor x x x receiving and supervising stocks, burning and destroying condemned medicines, x x x.

x x x x

x x x The last time plaintiff led the destruction was on May 7, 1993 at Angono, Rizal. Defendant Iledan requested a BIR representative and a Duncan pharmacist by the name of Rolando Rtoni and Susan Ferrer, respectively, xxx Loading of medicines started at about 8:00 in the morning xxx. With him in the van were Mr. Rtoni, Ms. Ferrer and Francisco Mercado, the company driver. They left for Angono, Rizal at around 9:30 and arrived at site at around 12:00 noon. The medicines were unloaded which took them more than 1 hour. During the unloading, Mr. Rtoni and Ms. Ferrer saw the bottled medicines x x x. At around 2:00 in the afternoon, the representatives wanted to leave because of heat, bad odor and flies in the area xxx. Defendant Iledan instructed him to attend to the representatives' needs.

x x x Around 6:30 in the morning of May 8, 1993, he reported to defendant Iledan on the accomplished mission, to which [Iledan remarked] "very good." Then Francisco's son arrived and informed him about Francisco's arrest in the afternoon of May 7, 1993. Surprised, he reported the matter immediately to defendant Iledan who pretended not to know it and [said] that they will go to NBI headquarters. They left at around 10:00 in the morning. Upon arrival, he was suddenly arrested while defendant Iledan who was beside him turned his back and left. Defendant Iledan did nothing when he was arrested. He was brought to the detention cell and then [to] the 2nd floor where he was forced to admit the accusation, xxx (A)t the 2nd floor, he saw Francisco and companions. Director Epimaco Velasco entered the room and called them [to] the table where expired medicines were placed. Then news

reporters of Balita, Tempo and others went inside and took them [sic] pictures, during which defendant Iledan was at his back, hiding. He had no occasion to talk to defendant Iledan. Then they were brought back to the detention cell x x x.

After 10 days, he was able to post a bond and was provisionally released. [A criminal] charge was filed against him by the NBI at the instance of defendant Iledan x x x. Hearings were conducted on the case and after a period of less than 2 years, the case was dismissed x x x.

Plaintiff had clean record in his 21 years of service at defendant company and received [an] award, a plaque of loyalty and appreciation letters x x x. Defendant Iledan would have caused the filing of the fabricated case because he was angry with union members as they were organizing a supervisors' union [in] which he was active. He engaged the services of a lawyer to protect his rights and interest at a fee of more than P50,000.0. He was restless, experienced sleepless nights, felt humiliated and was ashamed to his friends, relatives and neighbors, co-teachers of his wife and classmates of his children, being labeled "manloloko." He got sick often and they were constrained to transfer their residence x x x to avoid the hurling of bad remarks, x x x.

x x x x

He left the site at Angono on May 7, 1993 when some items were not yet burned[, ] x x x as he was instructed by defendant Iledan to attend to the needs of the representatives when they leave the site. At [the] time he left, there were still bad order and expired medicines to be burned. During the burning, present were Mr. Rtoni, Ms. Ferrer, Francisco Mercado and brother and nephews, several scavengers and a policeman of Angono whom Francisco paid to help maintain peace and order, x x x (TSN, 12 September 1997).

x x x x

FRANCISCO MERCADO testified that he knows defendant company because he worked in that office from April 1, 1977 until May 7, 1993 when he was apprehended by NBI agents for selling condemned medicines, x x x [T]he last time [he was assigned to destroy the bad order medicines] was on May 7, 1993. xxx The representatives were from the BIR, DFA [sic] and pharmacist of the companies that have the bad order medicines. Plaintiff called the representatives. The destruction site on May 7, 1993 was at Angono, Rizal (TSN, 22 May 1998).

x x x On December 18, 1992, he invited defendant Iledan x x x for dinner [during which] Iledan said "kayong mga unionista, ida-down ko kayong lahat sa warehouse." Defendant was mad with the unionista and those in the warehouse, x x x On May 7, 1993, he was arrested by the NBI agents who blocked his way near the dump site at Angono. Around 8:00 in the morning, defendant Iledan called up their office and instructed him and plaintiff to burn the medicines. In the office, he saw the BIR representative and pharmacist of Duncan Co. They loaded the medicines