570 Phil. 343

FIRST DIVISION

[G.R. No. 153587, February 27, 2008]

GLORIA SONDAYON, Petitioner, vs. P.J. LHUILLER, INC. and RICARDO DIAGO, Respondents.

DECISION

AZCUNA, J.:

This is a petition for review on *certiorari*[1] seeking the nullification of the Decision rendered by the Court of Appeals (CA) on December 21, 2001, and its Resolution denying reconsideration, dated May 14, 2002, in CA-G.R. CV No. 67514, entitled *"Gloria Sondayon v. P.J. Lhuillier, Inc. and Ricardo Diago."*

The facts are[2]:

Respondent P.J. Lhuillier, Inc. is a domestic corporation that owns and operates pawnshops under the business name "La Cebuana Pawnshop." Respondent Ricardo Diago acts as manager in one of its pawnshops located at Maywood, President Avenue, B.F. Homes Subdivision, Parañaque, Metro Manila.

Respondent company contracted the services of the Sultan Security Agency. The security agency assigned Guimad Mantung to guard the La Cebuana Pawnshop in Maywood.

On June 6, 1996, petitioner Gloria Sondayon, a store manager of Shekinah Jewelry & Boutique, secured a loan from La Cebuana and pledged her Patek Philippe solid gold watch worth P250,000. The watch was given to her as part of her commission by the owner of the shop where she works. She had pawned the watch to La Cebuana a few times in the past and, each time, she was able to redeem it.

On August 10, 1996, Guimad Mantung, employing force and violence, robbed La Cebuana, resulting in the deaths of respondent company's appraiser and vault custodian.

An information for Robbery with Homicide was filed against Mantung before the Regional Trial Court (RTC) of Parañaque, docketed as Criminal Case No. 96-761. The information alleged that Mantung divested the pawnshop of P62,000 in cash and several pieces of jewelry amounting to P5,300,000.

On December 10, 1996, respondent company received a letter from petitioner's counsel demanding for the gold watch that she had pawned. Respondent company, however, failed to comply with the demand letter because the watch was among the articles of jewelry stolen by Mantung.

Petitioner filed a complaint with the RTC of Parañaque[3] for recovery of possession

of personal property with prayer for preliminary attachment against respondent company and its Maywood branch manager, Ricardo Diago.

In their Answer, respondents averred that petitioner had no cause of action against them because the incident was beyond their control.

On August 18, 1997, the RTC,[4] stating that the loss of the thing pledged was due to a fortuitous event, rendered a Decision dismissing petitioner's complaint as well as respondents' counterclaim. The pertinent portions of the Decision read:

> Culled from the testimonies of all the witnesses presented as well as the pieces of documentary evidence offered, this Court, after a thorough and careful evaluation and deliberation thereof is of the honest and firm belief that plaintiff failed to establish a sufficient cause of action against defendant as to warrant the recovery of the pledged Patek Philippe Solid Gold Watch which was allegedly concealed, removed or disposed of by the latter defendants as the facts and evidence proved otherwise as said watch was lost on account of a robbery with double homicide that happened on August 10, 1996 perpetrated by one Guimad Mantung, the security guard of defendant employed by Sultan Security Agency as found out by the Court (Exh. "7"); thus, defendants were not negligent … in the safekeeping of the watch of plaintiff.
>
> …
>
> Not only that. The … pledge bears the terms and conditions which the parties should adhere being the law between them pursuant to Art. 1159 of the New Civil Code.
>
> Paragraph 13 of Exhibits "A" and "B" specifically provides:
>
> > The pawnee shall not be liable for the loss or damage of the article pawned due to fortuitous events or force majeure such as fire, robbery, theft, hold-ups and other similar acts. When the loss is due to the fault and/or negligence of the pawnee, the amount of its liability, if any, shall be limited to the appraised value appearing on the face hereof.
>
> Said provision … is not violative of law, customs, public policy or tradition, hence, has the force of law between the plaintiff and defendants, and the incident that happened which led to the loss of the thing pledged cannot be considered as negligence but more of a fortuitous event which the defendants could not have foreseen or which though foreseen, was inevitable. This finds support in Art. 1174 of the Civil Code….
>
> The defendants, therefore, are not bound to return the thing pledged nor the Court to fix its value…. There was no unjustifiable refusal on the part of the defendants to return the thing pledged because, as testified by plaintiff herself, she has pawned the watch at least five (5) times to defendant corporation….[5]

Appeal was taken to the CA.

On December 21, 2001, the CA rendered a Decision affirming the ruling of the trial court.[6] Petitioner's motion for reconsideration was denied in the Resolution dated May 14, 2002.[7]

Petitioner contends that the CA erred:

1) in considering the loss of the thing pledged a fortuitous event although the robbery was caused by respondents' own employees;

2) in disregarding the legal principle that existing laws, rules and regulations in relation to the operation and regulation of pawnshops are part and parcel of the contract of pledge between petitioner and respondents;

3) in affirming the ruling of the trial court that paragraph 13 of Exhibits "A" and "B" binds the parties and the courts as to the limitation on the value of the thing pledged; and

4) in affirming the ruling of the trial court that paragraph 13 of Exhibits "A" and "B" is not violative of laws, customs, public policy or tradition when it is clearly a contract of adhesion.

Petitioner argues that respondents have not shown that the incident constitutes a fortuitous event; that the security guard was an employee of respondent corporation regardless of the existence of a contract of employment because the latter had supervision and control over the former; that respondents were negligent because they did not insure the articles of jewelry including petitioner's watch against fire and burglary as required under the Pawnshop Regulation Act; that the provision in the pawnshop ticket limiting the value of the thing pledged is not binding on petitioner and the courts because the appraised value was very low and was not reached voluntarily by the parties but was merely imposed on the former; and that paragraph 13 of the pawnshop ticket limiting the liability of respondents to the appraised value is a contract of adhesion, and thus, should be declared void.

The Court will only resolve issues of law in this proceeding under Rule 45.

Accordingly, the existence or non-existence of an employer-employee relationship between respondent company and the security guard is a factual issue on which the Court defers to the findings of the CA. So, also, on the issue of the voluntariness of the agreement on the valuation of the thing pledged, the Court is not wont to disturb the finding of the appellate court.

However, on the issue of the legal effect of the failure of respondents to insure the article pledged against burglary, the Court finds a reversible error in the appealed decision.

Said the CA:

> Equally barren of merit is the Appellant's claim that the Appellee should bear the loss of the watch because of the failure of the Appellee to insure the watch by an insurance company accredited by the Insurance