

## SECOND DIVISION

**[ G.R. No. 120554, September 21, 1999 ]**

**SO PING BUN, PETITIONER, VS. COURT OF APPEALS, TEK HUA ENTERPRISING CORP. AND MANUEL C. TIONG, RESPONDENTS.**

### DECISION

**QUISUMBING, J.:**

This petition for certiorari challenges the Decision<sup>[1]</sup> of the Court of Appeals dated October 10, 1994, and the Resolution<sup>[2]</sup> dated June 5, 1995, in CA-G.R. CV No. 38784. The appellate court affirmed the decision of the Regional Trial Court of Manila, Branch 35, except for the award of attorney's fees, as follows:

"WHEREFORE, foregoing considered, the appeal of respondent-appellant So Ping Bun for lack of merit is DISMISSED. The appealed decision dated April 20, 1992 of the court a quo is modified by reducing the attorney's fees awarded to plaintiff Tek Hua Enterprising Corporation from P500,000.00 to P200,000.00."<sup>[3]</sup>

The facts are as follows:

In 1963, Tek Hua Trading Co, through its managing partner, So Pek Giok, entered into lease agreements with lessor Dee C. Chuan & Sons Inc. (DCCSI). Subjects of four (4) lease contracts were premises located at Nos. 930, 930-Int., 924-B and 924-C, Soler Street, Binondo, Manila. Tek Hua used the areas to store its textiles. The contracts each had a one-year term. They provided that should the lessee continue to occupy the premises after the term, the lease shall be on a month-to-month basis.

When the contracts expired, the parties did not renew the contracts, but Tek Hua continued to occupy the premises. In 1976, Tek Hua Trading Co. was dissolved. Later, the original members of Tek Hua Trading Co. including Manuel C. Tiong, formed Tek Hua Enterprising Corp., herein respondent corporation.

So Pek Giok, managing partner of Tek Hua Trading, died in 1986. So Pek Giok's grandson, petitioner So Ping Bun, occupied the warehouse for his own textile business, Trendsetter Marketing.

On August 1, 1989, lessor DCCSI sent letters addressed to Tek Hua Enterprises, informing the latter of the 25% increase in rent effective September 1, 1989. The rent increase was later on reduced to 20% effective January 1, 1990, upon other lessees' demand. Again on December 1, 1990, the lessor implemented a 30% rent increase. Enclosed in these letters were new lease contracts for signing. DCCSI warned that failure of the lessee to accomplish the contracts shall be deemed as lack of interest on the lessee's part, and agreement to the termination of the lease.

Private respondents did not answer any of these letters. Still, the lease contracts were not rescinded.

On March 1, 1991, private respondent Tiong sent a letter to petitioner, which reads as follows:

March 1, 1991

"Mr. So Ping Bun  
930 Soler Street  
Binondo, Manila

Dear Mr. So,

Due to my closed (sic) business associate (sic) for three decades with your late grandfather Mr. So Pek Giok and late father, Mr. So Chong Bon, I allowed you temporarily to use the warehouse of Tek Hua Enterprising Corp. for several years to generate your personal business.

Since I decided to go back into textile business, I need a warehouse immediately for my stocks. Therefore, please be advised to vacate all your stocks in Tek Hua Enterprising Corp. Warehouse. You are hereby given 14 days to vacate the premises unless you have good reasons that you have the right to stay. Otherwise, I will be constrained to take measure to protect my interest.

Please give this urgent matter your preferential attention to avoid inconvenience on your part.

Very truly yours,

(Sgd) Manuel C.  
Tiong  
MANUEL C. TIONG  
President"<sup>[4]</sup>

Petitioner refused to vacate. On March 4, 1992, petitioner requested formal contracts of lease with DCCSI in favor Trendsetter Marketing. So Ping Bun claimed that after the death of his grandfather, So Pek Giok, he had been occupying the premises for his textile business and religiously paid rent. DCCSI acceded to petitioner's request. The lease contracts in favor of Trendsetter were executed.

In the suit for injunction, private respondents pressed for the nullification of the lease contracts between DCCSI and petitioner. They also claimed damages.

After trial, the trial court ruled:

"WHEREFORE, judgment is rendered:

1. Annulling the four Contracts of Lease (Exhibits A, A-1 to A-3, inclusive) all dated March 11, 1991, between defendant So Ping Bun, doing business under the name and style of 'Trendsetter Marketing', and defendant Dee C. Chuan & Sons,

Inc. over the premises located at Nos. 924-B, 924-C, 930 and 930, Int., respectively, Soler Street, Binondo Manila;

2. Making permanent the writ of preliminary injunction issued by this Court on June 21, 1991;
3. Ordering defendant So Ping Bun to pay the aggrieved party, plaintiff Tek Hua Enterprising Corporation, the sum of P500,000.00, for attorney's fees;
4. Dismissing the complaint, insofar as plaintiff Manuel C. Tiong is concerned, and the respective counterclaims of the defendant;
5. Ordering defendant So Ping Bun to pay the costs of this lawsuit;

This judgment is without prejudice to the rights of plaintiff Tek Hua Enterprising Corporation and defendant Dee C. Chuan & Sons, Inc. to negotiate for the renewal of their lease contracts over the premises located at Nos. 930, 930-Int., 924-B and 924-C Soler Street, Binondo, Manila, under such terms and conditions as they agree upon, provided they are not contrary to law, public policy, public order, and morals.

SO ORDERED.”<sup>[5]</sup>

Petitioner's motion for reconsideration of the above decision was denied.

On appeal by So Ping Bun, the Court of Appeals upheld the trial court. On motion for reconsideration, the appellate court modified the decision by reducing the award of attorney's fees from five hundred thousand (P500,000.00) pesos to two hundred thousand (P200,000.00) pesos.

Petitioner is now before the Court raising the following issues:

- I. WHETHER THE APPELLATE COURT ERRED IN AFFIRMING THE TRIAL COURT'S DECISION FINDING SO PING BUN GUILTY OF TORTUOUS INTERFERENCE OF CONTRACT?
- II. WHETHER THE APPELLATE COURT ERRED IN AWARDING ATTORNEY'S FEES OF P200,000.00 IN FAVOR OF PRIVATE RESPONDENTS.

The foregoing issues involve, essentially, the correct interpretation of the applicable law on tortuous conduct, particularly unlawful interference with contract. We have to begin, obviously, with certain fundamental principles on torts and damages.

Damage is the loss, hurt, or harm which results from injury, and damages are the recompense or compensation awarded for the damage suffered.<sup>[6]</sup> One becomes liable in an action for damages for a nontrespassory invasion of another's interest in the private use and enjoyment of asset if (a) the other has property rights and privileges with respect to the use or enjoyment interfered with, (b) the invasion is substantial, (c) the defendant's conduct is a legal cause of the invasion, and (d) the invasion is either intentional and unreasonable or unintentional and actionable under general negligence rules.<sup>[7]</sup>