

## **NINETEENTH DIVISION**

**[ CA-G.R. CV NO. 03068, February 27, 2015 ]**

**ISMAEL O. BALDADO & JOSEFINA LUZ G. BALDADO, PLAINTIFFS-APPELLEES, VS. DIOGENES V. BAENA, DEFENDANT-APPELLANT.**

### **D E C I S I O N**

**QUIJANO-PADILLA, J.:**

This is an appeal<sup>[1]</sup> from the Decision<sup>[2]</sup> dated October 17, 2008 of the Regional Trial Court (RTC), Branch 36, Dumaguete City in Civil Case No. 04-28-B for Damages. The assailed decision directed the defendant-appellant to pay the plaintiffs-appellees the amount of ten million pesos (P10,000,000.00) as moral damages, one million pesos (P1,000,000.00) as exemplary damages and two hundred thousand pesos (P200,000.00) as attorney's fees.

#### **The Antecedents**

This case stemmed from a Complaint<sup>[3]</sup> for Damages filed by plaintiffs-appellees, Spouses Ismael and Josefina Luz Baldado, against defendant-appellant Diogenes Baena. The Complaint alleges among others:

"That defendant is a lessor of a commercial building space in a building known as INDAY LOLENG Building, located at Bais City, and plaintiff Josefina Luz G. Baldado is the lessee of the same; Said defendant decided not to renew the lease contract, without legal basis by the end of December 2004, since the lease contract provides the right of the lessee to exercise her option to renew the lease contract. Angered by plaintiff Josefina Luz G. Baldado's decision to exercise her option to renew the lease contract, defendant wrote a letter dated October 14, 2004 addressed to both plaintiffs; The letter imputed to both plaintiffs of having committed illegal acts. And with manifest malicious intent to besmirched (sic), dishonor and discredit the reputation and good name of plaintiffs, defendant furnished copies of the said letter to the following: Mr. Gerry Teves, president of the Liga ng mga Barangay I, Bais City; Sr. Police Inspector Carlos Mantille Lacuesta, Jr., Chief of Police of Bais City; Bais City Prosecutor, and to the Bais City Engineer;

That the imputation contained in subject letter is not true, and even if true, the act of defendant in writing the subject letter and publishing the same by sending to persons not in anyway related to the matter, is without good motives and reasonable ends; the contents of said letter are laden with malicious intent to destroy the reputation of plaintiff Ismael O. Baldado as a member of the Philippine Bar and a Regional Trial Court Judge, and his wife who is a graduate of the College of Law and with good reputation in Bais City by the statement of defendant in said

letter that he decided to make this matter public so that the people of Bais will know, and thereupon, sent copies of the said letter to the persons earlier mentioned.

Fuming with malice, defendant states in his letter that he is going to bring the matter to the Supreme Court; that the publication of the said letter is admitted by the defendant himself in his letter by stating therein to bring the libellous (sic) matter 'public';

That, as a result of the subject libellous (sic) letter and publication, the plaintiff Ismael O. Baldado as a member of the Philippine Bar and as a Judge of the Regional Trial Court, and plaintiff Josefina Luz G. Baldado a person of good standing in Bais City and in the province of Negros Oriental, have suffered besmirched reputations, sleepless nights, wounded feelings, and other forms of moral damages in an amount not less than TEN MILLION PESOS (Php 10,000,000.00), Philippine Currency. They further demand the sum of ONE MILLION (Php 1,000,000.00) PESOS for exemplary damages, and the sum of TWO HUNDRED THOUSAND PESOS (Php 200,000.00) for attorney's fees and to pay and reimburse plaintiffs for filing and docket fees and other court expenses, and cost of suit."<sup>[4]</sup>

For his part, defendant-appellant, in his Answer,<sup>[5]</sup> denied all the material allegations in the Complaint. Quoted hereunder is a portion of defendant-appellant's Answer:

"2. Paragraph three (3) is admitted with the modification that the contract of lease which was drafted and authored by plaintiff Ismael O. Baldado who is presently the Acting Presiding Judge of Branch 45, Regional Trial Court, Bais City, is strangely titled 'Renewal of Contract of Lease,' signed sometime in November, 2003 at Bais City, an electrostatic copy of which is herewith attached as Annex '1' to form an integral part hereof. The said contract specifies on page two (2), paragraph 3, that the LESSEE (who is plaintiff JOSEFINA LUZ BALDADO) covenants with the LESSOR (defendant Diogenes V. Baena);

'NOT TO MAKE ANY ALTERATION AND/OR IMPROVEMENTS ON THE STORE WITHOUT WRITTEN CONSENT OF THE LESSOR...'.  
'

Paragraph four (4) is denied as false and without basis plaintiffs' allegations that the 'lease contract provides the right of the lessee to exercise option to renew the lease contract.' The pertinent provision on the renewal of the contract of lease in question, found on page three (3), paragraph 'M,' states clearly and unequivocally as follows:

'M. That within at least ninety (90) days prior to December 31, 2004 (expiration date of this lease contract), either the LESSOR or the LESSEE may notify in writing with the other, whether to exercise the option to renew the same, or not, ...'  
'

That as early as June, 2004 defendant verbally informed the plaintiff that he is not renewing the contract of lease for many reasons, primarily because of plaintiffs' violation of the provisions of paragraph 3 on page

two (2) of the contract of lease. Wherein defendant's attention was called by the Building Official concerned for 'Illegal Construction' in violation of Sec. 903 of the National Building Code (PD 1096). Causing fear to defendant that he might have committed a crime.

On July 12, defendant wrote plaintiff a letter reiterating that he was NOT RENEWING plaintiffs' contract of lease.

Defendants also alleged that because plaintiff is a judge, he thinks he has a 'judicial emperor' and the Bais City people his subjects so that with ease he tramples upon their rights and deprive them of the Constitutional guarantees of due process of law and the fundamental freedoms they are entitled to. Defendants' letter of October 14, 2004, was written with all candor and sincerity coupled with best intentions. The reason defendant furnished Mr. Gerry Teves, the Barangay Captain of Barangay I, where the leased premises in question are (sic) located is because he is supposedly the 'father of the Barangay' and the defendant had hoped that Mr. Teves could probably advise plaintiffs to solve the problem of the 'illegal construction' which had caused him sleepless nights, anxiety and depression;

That the reason why defendant furnished the letter dated Oct. 14, 2004 to the Chief of Police Montille Lacuesta, Jr., the Bais City Prosecutor and the Bais City Engineer, was because of his (defendant) belief that since the construction made by plaintiffs was 'illegal' that they being in charge of law and order and since something not legal had been committed by a Judge, they could probably talk to the judge and his wife about doing something towards solving the problem of the 'illegal construction' was termed by the Bais City building official.

That sometime in August 2004, when defendant went to see plaintiff Ismael O. Baldado and inform said plaintiff that the former is no longer renewing the lease contract, plaintiff Ismael O. Baldado advised defendant in a menacing manner to consult a lawyer if said defendant wants Judge Baldado to leave the (rented) premises. Which defendant did. Defendant consulted five (5) lawyers, and all of them said that plaintiffs had indeed violated the lease contract. One of them said that defendant could bring the matter to the Supreme Court, which defendant did. Defendant filed a Petition for disbarment before the Supreme Court.

Defendant's special affirmative defences (sic) alleged: That plaintiffs filed this action in a desperate (sic) move to hold on to the premises leased to them but the bare fact remains that the contract of lease expires on December 31, 2004 and the defendant has exercised the option not to renew it because of, among others, plaintiffs' violation of its provisions. Which acts of 'illegal improvements' have caused the defendant to incur violations of the Building Code as stated by the City Engineer's Building Official. Since plaintiffs have eloquently expressed that they are going to further violate the provisions of their agreement by refusing to leave the leased premises owned by the defendant, they are filing an ejectment suit with a prayer for preliminary mandatory injunction as soon as

immediately possible.

xxx.”<sup>[6]</sup>

Pre-trial conference was conducted on January 8, 2008 wherein both the parties agreed on this sole issue for resolution by the trial court, that is, whether the plaintiffs-appellees suffered damages as a result of the libelous statements made by defendant-appellant which is the subject of Criminal Case No. 18022 for Libel.<sup>[7]</sup> After pre-trial conference, the trial court proceeded to try the case on the merits.

### **The Ruling of the RTC**

After trial on the merits and submission by the parties of their respective exhibits, the RTC rendered on October 17, 2008 its challenged Decision,<sup>[8]</sup> which disposed as follows:

WHEREFORE, in view of the foregoing, judgment is hereby rendered:

1. Directing the defendant to pay the plaintiffs the sum of TEN MILLION PESOS (Php 10,000,000.00) for moral damages. Considering that defendant's wrongful act is the proximate cause of plaintiffs' social humiliation;
2. To pay the plaintiffs' the sum of ONE MILLION PESOS (Php 1,000,000.00) for exemplary damages;
3. To reimburse plaintiffs to plaintiffs (sic) the sum of TWO HUNDRED THOUSAND PESOS (Php 200,000.00) for attorney's fees.<sup>[9]</sup>

Dissatisfied with the foregoing decision, defendant-appellant appealed before Us assigning this sole error:

**THE COURT A QUO ERRED WHEN IT AWARDED DAMAGES TO THE PLAINTIFFS/APPELLEES WITHOUT DUE REGARD TO THE FACT THAT IT HAS ABSOLUTELY NO BASIS TO DO SO.** <sup>[10]</sup>

### **This Court's Ruling**

The instant appeal is bereft of merit.

### ***Trial Court's Findings Of Facts Are Accorded Due Respect On Appeal***

Defendant-appellant's arguments rest on the oft-repeated pronouncement that the conclusions and findings of fact by the trial court are entitled to great weight on appeal and should not be disturbed unless for strong and cogent reasons because the trial court is in a better position to examine real evidence as well as observe the demeanor of the witnesses while testifying.<sup>[11]</sup>

The rule that the trial court's findings of facts are accorded due respect on appeal is not without exceptions. It is not applicable where there are strong and cogent reasons as when the trial court's findings are not supported by the evidence or when the trial court failed to consider material facts which would have led to a conclusion