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SECOND DIVISION

[G.R. No. 179470. April 20, 2010]

**NISSAN NORTH EDSA OPERATING UNDER THE NAME MOTOR CARRIAGE, INC.,
PETITIONER, VS. UNITED PHILIPPINE SCOUT VETERANS DETECTIVE AND
PROTECTIVE AGENCY, RESPONDENT.**

DECISION

PEREZ, J.:

The Case

Before us is a petition for review under Rule 45 of the Rules of Court assailing the Decision^[1] of the Court of Appeals in CA-G.R. SP No. 80580. The challenged decision affirmed with modification the Decision^[2] of the Regional Trial Court, Branch 200, Las Piñas City, in Civil Case No. LP-02-0265 which, in turn, affirmed the Decision^[3] of the Metropolitan Trial Court, Branch 79, Las Piñas City, in Civil Case No. 4542.

The Facts

Respondent United Philippine Scout Veterans Detective and Protective Agency (United) is a domestic corporation engaged in the business of providing security services.^[4] In 1993, it entered into a contract for security services with petitioner^[5] Nissan North Edsa (Nissan), and beginning 23 April 1993, it was able to post 18 security guards within Nissan's compound located in EDSA Balintawak, Quezon City.^[6]

In the morning of 31 January 1996, Nissan informed United, through the latter's General Manager, Mr. Ricarte Galope (Galope), that its services were being terminated beginning 5:00 p.m. of that day.^[7] Galope personally pleaded with the personnel manager of Nissan to reconsider its decision.^[8] When Nissan failed to act on this verbal request, Galope wrote a Letter^[9] dated 5 February 1996, addressed to Nissan's general manager, formally seeking a

reconsideration of its action. As this was likewise ignored, United's President and Chairman of the Board wrote a Letter^[10] dated 27 February 1996, addressed to Nissan's President and General Manager, demanding payment of the amount equivalent to thirty (30) days of service in view of Nissan's act of terminating United's services without observing the required 30-day prior written notice as stipulated under paragraph 17 of their service contract.

As a result of Nissan's continued failure to comply with United's demands, the latter filed a case for Sum of Money with damages before the Metropolitan Trial Court of Las Piñas City.

In its Answer, Nissan maintained that the above-mentioned paragraph 17 of the service contract expressly confers upon either party the power to terminate the contract, without the necessity of a prior written notice, in cases of violations of the provisions thereof.^[11] Nissan alleged that United violated the terms of their contract, thereby allowing Nissan to unilaterally terminate the services of United without prior notice.^[12]

It appears that on 3 November 1995, United's night supervisor and night security guard did not report for duty.^[13] This incident was the subject of a Memorandum issued by Nissan's security officer to United's officer-in-charge stationed at its security detachment.^[14] Then, on 16 January 1996, at noontime, the security supervisor assigned at Nissan's premises abandoned his post.^[15] Although the general manager of United directed the immediate replacement of its security supervisor,^[16] Nissan nevertheless claimed that its premises had been exposed to threats in security, which allegedly constitutes a clear violation of the provisions of the service contract.^[17]

On 6 April 2001, Nissan's counsel withdrew his appearance in the case with Nissan's conformity. Despite the directive of the trial court for Nissan to hire another lawyer, no new counsel was engaged by it. Accordingly, the case was submitted for decision on the basis of the evidence adduced by respondent United.^[18]

The Ruling of the Metropolitan Trial Court

In its Decision dated 31 July 2002, the Metropolitan Trial Court ruled in favor of herein respondent United. The trial court pronounced that Nissan has not adduced any evidence to substantiate its claim that the terms of their contract were violated by United; and that absent any showing that violations were committed, the 30-day prior written notice should have been observed.^[19]

It thus rendered judgment as follows:

Wherefore, in the light of the foregoing, judgment is hereby rendered ordering the defendant to pay the plaintiff as follows:

1. The sum of P108,651.00 plus legal interest from February 1, 1996 until fully paid as actual damages;
2. The sum of P20,000.000 as exemplary damages;
3. The sum of P30,000.00 as attorney's fees and other litigation expenses; and
4. Costs of suit.^[20]

Nissan appealed to the Regional Trial Court, questioning the award of actual and exemplary damages, as well as the directive to pay attorney's fees and litigation expenses. It alleged that there was no evidence to support the award of actual damages, as the service contract, upon which the amount of the award was based, was never presented nor offered as evidence in the trial.^[21] Furthermore, no evidence was adduced to show bad faith on the part of Nissan in unilaterally terminating the contract, making the award of exemplary damages improper.^[22]

The Ruling of the Regional Trial Court

In its Decision dated 10 June 2003, the Regional Trial Court declared the appeal without merit as "there appears no cogent reason to reverse the findings and rulings of the lower court."^[23] It denied the appeal and affirmed the decision of the Metropolitan Trial Court.

Nissan filed a motion for reconsideration of the decision of the Regional Trial Court but the same was denied in an Order^[24] dated 15 October 2003.

Nissan further went on an appeal to the Court of Appeals, citing the same assignment of errors it presented before the Regional Trial Court.

The Ruling of the Court of Appeals

The 14 February 2007 Decision of the Court of Appeals affirmed the Decision dated 10 June 2003 and the 15 October 2003 Order of the Regional Trial Court, with the modification that

the award for exemplary damages was deleted. The Court of Appeals held that the breach of contract was not done by Nissan in a wanton, fraudulent, reckless, oppressive or malevolent manner.^[25]

Nissan sought reconsideration of the decision affirming the judgment of the lower court but the Court of Appeals denied the same in a Resolution^[26] promulgated on 24 August 2007.

Hence, this petition.

The Issue

Petitioner Nissan insists that no judgment can properly be rendered against it, as respondent United failed, during the trial of the case, to offer in evidence the service contract upon which it based its claim for sum of money and damages. As a result, the decisions of the lower courts were mere postulations.^[27] Nissan asserts that the resolution of this case calls for the application of the best evidence rule.^[28]

The Ruling of the Court

The petition is without merit. We thus sustain the ruling of the Court of Appeals.

Nissan's reliance on the best evidence rule is misplaced. The best evidence rule is the rule which requires the highest grade of evidence to prove a disputed fact.^[29] However, the same applies only when the contents of a document are the subject of the inquiry.^[30] In this case, the contents of the service contract between Nissan and United have not been put in issue. Neither United nor Nissan disputes the contents of the service contract; as in fact, both parties quoted and relied on the same provision of the contract (paragraph 17) to support their respective claims and defenses. Thus, the best evidence rule finds no application here.

The real issue in this case is whether or not Nissan committed a breach of contract, thereby entitling United to damages in the amount equivalent to 30 days' service.

We rule in the affirmative.

At the heart of the controversy is paragraph 17 of the service contract, which reads:

However, violations committed by either party on the provisions of this Contract

shall be sufficient ground for the termination of this contract, without the necessity of prior notice, otherwise a thirty (30) days prior written notice shall be observed.^[31]

Nissan argues that the failure of United's security guards to report for duty on two occasions, without justifiable cause, constitutes a violation of the provisions of the service contract, sufficient to entitle Nissan to terminate the same without the necessity of a 30-day prior notice.

We hold otherwise.

As the Metropolitan Trial Court of Las Piñas City stated in its decision, Nissan did not adduce any evidence to substantiate its claim that the terms of the contract were violated by United.

What Nissan failed to do is to point out or **indicate the specific provisions** of the service contract which were violated by United as a result of the latter's lapses in security. In so failing, Nissan's act of unilaterally terminating the contract constitutes a breach thereof, entitling United to collect actual damages.

WHEREFORE, the Decision dated 14 February 2007 and the Resolution dated 24 August 2007 of the Court of Appeals in CA-G.R. SP No. 80580 are **AFFIRMED**.

SO ORDERED.

Carpio, (Chairperson), Corona^{}, Brion, and Abad, JJ., concur.*

^{*} Designated as additional member in lieu of Associate Justice Mariano C. del Castillo per raffle dated April 14, 2010.

^[1] Penned by Associate Justice Lucenito N. Tagle with Associate Justices Conrado M. Vasquez, Jr. and Mariano C. Del Castillo (now an Associate Justice of this Court) concurring. *Rollo*, p. 39.

^[2] Penned by Judge Leopoldo E. Baraquia. *Id.* at 89.

^[3] Penned by Judge Pio M. Pasia. *Id.* at 56.

^[4] Id. at 1.

^[5] Id. at 16.

^[6] Id. at 1.

^[7] Id. at 2.

^[8] Id.

^[9] Id. at 108.

^[10] Id. at 109.

^[11] Id. at 22.

^[12] Id.

^[13] Id. at 23.

^[14] Id.

^[15] Id. at 22.

^[16] Id. at 57.

^[17] Id. at 22.

^[18] Id. at 42.

^[19] Id. at 59.

^[20] Id.

^[21] Id. at 64.

^[22] Id. at 71.

^[23] Id. at 91.

^[24] Id. at 102.

^[25] Id. at 51.

^[26] Id. at 53.

^[27] Id. at 20.

^[28] Section 3, Rule 130 of the Rules of Court, which provides:

Section 3. Original document must be produced; exceptions - When the subject of inquiry is the contents of a document, no evidence shall be admissible other than the original document itself, except in the following cases:

- (a) When the original has been lost or destroyed, or cannot be produced in court, without bad faith on the part of the offeror;
- (b) When the original is in the custody or under the control of the party against whom the evidence is offered, and the latter fails to produce it after reasonable notice;
- (c) When the original consists of numerous accounts or other documents which cannot be examined in court without great loss of time and the fact sought to be established from them is only the general result of the whole; and
- (d) When the original is a public record in the custody of the public officer or is recorded in a public office.

^[29] *Gaw v. Chua*, G.R. No. 160855, 16 April 2008, 551 SCRA 505, 521-522.

^[30] *Rollo*, p. 42.

^[31] Id. at 42.

