

Republic of the Philippines SUPREME COURT Manila CERTIFIED TRUE COPY WILFREDO V. LAPITAN Division Clerk of Court Third Division

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## THIRD DIVISION

THE CITY OF BACOLOD, HON. MAYOR EVELIO R. LEONARDIA, ATTY. ALLAN L. ZAMORA and ARCH. LEMUEL D. REYNALDO, in their personal capacities and in their capacities as Officials of the City of Bacolod, G.R. No. 190289

Present:

VELASCO, JR., J., Chairperson, BERSAMIN, LEONEN, MARTIRES, and GESMUNDO, JJ.

Petitioners,

- versus -

Promulgated:

[anuary 17,

<u>~</u>2(

PHUTURE VISIONS CO., INC., Respondent.

VELASCO, JR., J.:

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DECISION

# Nature of the Case

Before the Court is a Petition for Review on Certiorari under Rule 45 of the Rules of Court of the Decision<sup>1</sup> dated February 27, 2009 and the Resolution<sup>2</sup> dated October 27, 2009 of the Court of Appeals (CA) in CA-G.R. SP No. 03322. The assailed rulings reversed the dismissal of respondent's *Petition for Mandamus and Damages with Prayer for Issuance of a Temporary Mandatory Order and/or Writ of Preliminary Mandatory Injunction* (Petition for Mandamus and Damages) by the Regional Trial Court of Bacolod City, Branch 49.<sup>3</sup>

#### The Facts

The instant case stems from the *Petition for Mandamus and Damages* filed by respondent Phuture Visions Co., Inc. (Phuture) on March 5, 2007 against petitioners City of Bacolod, Hon. Mayor Evelio R. Leonardia, Atty. Allan L. Zamora (now deceased) and Arch. Lemuel D. Reynaldo. In the *Petition for Mandamus and Damages*, Phuture alleged the following:

<sup>&</sup>lt;sup>1</sup> *Rollo*, pp. 45-62. Penned by Associate Justice Rodil V. Zalameda and concurred in by Associate Justices Amy C. Lazaro-Javier and Francisco P. Acosta.

<sup>&</sup>lt;sup>2</sup> Id. at 82-87.

<sup>&</sup>lt;sup>3</sup> Records, pp. 1-23.

Phuture was incorporated in 2004. In May 2005, its Articles of Incorporation (AOI) was amended to, among others, include the operation of lotto betting stations and/or other gaming outlets as one of its secondary purposes. Eventually, it applied with the Philippine Amusement and Gaming Corporation (PAGCOR) for an authority to operate bingo games at the SM City Bacolod Mall (SM Bacolod), as well as with SM Prime Holdings (SM Prime) for the lease of a space in the said building. Phuture was issued a provisional Grant of Authority (GOA) on December 5, 2006 by PAGCOR, subject to compliance with certain requirements, and received an Award Notice from SM Prime on January 10, 2007.<sup>4</sup>

Thereafter, Phuture processed, completed and submitted to the Permits and Licensing Division of the City Mayor of Bacolod City its Application for Permit to Engage in Business, Trade or Occupation to operate bingo games at SM Bacolod and paid the fees therefor. It was then issued a claim slip for its permit on February 19, 2007, which was to be claimed on March 16, 2007.<sup>5</sup> In the meantime, Phuture further amended its AOI on February 27, 2007 to reflect its engagement in bingo operations as its primary purpose.

Phuture commenced bingo operations at SM Bacolod on March 2, 2007, prior to the issuance of the actual hard copy of the mayor's permit. However, at around 6:10 a.m. of March 3, 2007, respondent learned that its bingo outlet was padlocked by agents of the Office of the City Legal Officer and that a copy of a Closure Order dated March 2, 2007 was posted at the entrance of the bingo outlet.<sup>6</sup>

Phuture claimed that the closure of its bingo outlet at SM Bacolod is tainted with malice and bad faith and that petitioners did not have the legal authority to shut down said bingo operations, especially since PAGCOR itself had already issued a provisional GOA in its favor.

On March 7, 2007, the RTC conducted a summary hearing to determine the sufficiency of the form and substance of the application for the issuance of a temporary mandatory order and/or preliminary mandatory injunction to remove the padlock installed at respondent's place of business at SM Bacolod and allow it to conduct unhampered bingo operations.<sup>7</sup> In the course of the summary hearing, specifically on March 9, 2007, petitioners released in open court to respondent's counsel the hard copy of the Mayor's Permit dated February 19, 2007 which indicated the kind of business allowed is "Professional Services, Band/Entertainment. Services." Phuture's counsel, however, refused to receive the same, protesting that it was not the Mayor's Permit which respondent had applied for.<sup>8</sup>

<sup>&</sup>lt;sup>4</sup> *Rollo*, pp. 101-104.

<sup>&</sup>lt;sup>5</sup> Id. at 104-105.

<sup>&</sup>lt;sup>6</sup> Id. at 106.

<sup>&</sup>lt;sup>7</sup> Id. at 149.

<sup>8</sup> Id. at 152.

On March 19, 2007, petitioners filed their Comment and Answer with Counterclaim, denying the allegations set forth in the *Petition for Mandamus* and *Damages* and presenting a slightly different set of facts,<sup>9</sup> as follows:

On January 10, 2007, Phuture applied for the renewal of its mayor's permit with "professional services, band/entertainment services" as its declared line of business, providing the address of the business as "RH Building, 26 Lacson Street, Barangay 5" instead of SM Bacolod where respondent's bingo operations was located.<sup>10</sup>

Upon submission of the requirements on February 19, 2007 and while the application was being processed, Phuture was issued a "claim slip" for it to claim the actual mayor's permit on March 16, 2007 if the requirements were found to be in order.<sup>11</sup> However, petitioners found discrepancies in Phuture's submitted requirements, wherein the application form was notarized earlier than the amendment of its AOI to reflect the company's primary purpose for bingo operations. Aside from this, respondent failed to pay the necessary permit fee/assessment fee under the applicable tax ordinances of the City of Bacolod.<sup>12</sup>

Also, without waiting for the release of the mayor's permit, respondent started the operation of its bingo outlet at SM Bacolod. This prompted the former City Legal Officer, Atty. Allan Zamora, to issue a Closure Order dated March 2, 2007, pursuant to City Tax Ordinance No. 93-001, Series of 1993,<sup>13</sup> which declares unlawful for any person to operate any business in the City of Bacolod without first obtaining a permit therefor from the City Mayor and paying the necessary permit fee and other charges to the City Treasurer.

The Closure Order was presented by petitioners' representative to respondent's lawyers to negotiate a possible peaceful solution before its implementation. However, respondent simply ignored the information relayed to them and thus, at around 6:00 a.m. on March 3, 2007, the Composite Enforcement Unit under the Office of the City Legal Officer implemented the Closure Order.<sup>14</sup>

Section 48. Imposition of Fee. The fee imposed in the preceding section shall be paid to the City Treasurer upon application for a Mayor's Permit before any business or activity can commence and within the first twenty (20) days of January of each year in case of renewal thereof.

<sup>14</sup> *Rollo*, p. 27.

<sup>&</sup>lt;sup>9</sup> Id. at 121-142.

<sup>&</sup>lt;sup>10</sup> Id. at 47-48.

<sup>&</sup>lt;sup>11</sup> Id. at 24.

<sup>&</sup>lt;sup>12</sup> Id. at 24-25.

<sup>&</sup>lt;sup>13</sup> Enacted on December 22, 1993, its pertinent portions read:

Section 47. Imposition of Fee. It shall be unlawful for any person or juridical entity to conduct or engage in any of the business, trade or occupation enumerated in this Code, and other business, trade or occupation for which a permit is required without first obtaining a permit therefore from the City Mayor and paid the necessary permit fee and other charges to the City Treasurer.  $x \times x$ 

Petitioners contended that the claim slip so heavily relied upon by respondent was a mere oversight or human error of the City Government's employee who processed the same, who was likewise duped by the tampered entries that respondent's application was for a permit for bingo operations when, in truth, it was only for the renewal of a previously-issued permit albeit for a different line of business, i.e., "professional services, band/entertainment services."<sup>15</sup>

#### **Ruling of the Regional Trial Court**

In a Decision<sup>16</sup> dated March 20, 2007, the RTC denied the prayer for the issuance of a temporary mandatory order and dismissed the case for lack of merit, to wit:

In view of the foregoing disquisitions, it follows that the prayer for issuance of a temporary mandatory order prayed for must be denied.

WHEREFORE, in the light of all the foregoing discussions, the instant petition is ordered DISMISSED for lack of merit, without prejudice to filing an application of a Mayor's Permit specifically for bingo operation. Respondents' counterclaim is ordered DISMISSED, without prejudice to filing appropriate action with a court of competent jurisdiction.

Without pronouncement as to costs.

SO ORDERED.<sup>17</sup>

Phuture filed an Urgent Motion for Partial Reconsideration on April 2, 2007, but the same was denied by the RTC in its Order dated September 6, 2007.<sup>18</sup> Thus, respondent elevated the matter to the CA on appeal.<sup>19</sup>

#### **Ruling of the Court of Appeals**

In the assailed Decision dated February 27, 2009, the CA partially granted the appeal by affirming the trial court's denial of the application for a temporary mandatory order but reversing the dismissal of the suit for damages and ordering the case to be reinstated and remanded to the court of origin for further proceedings. The dispositive portion of the assailed Decision reads:

WHEREFORE, based on the foregoing premises, the appeal is PARTLY GRANTED. The Decision of Branch 49 of the Regional Trial Court of Bacolod City dated 20 March 2007 and Order dated 06 September 2007, denying the application for a Temporary Mandatory Order is AFFIRMED. The dismissal of the main action is **REVERSED** 

<sup>&</sup>lt;sup>15</sup> Id. at 48.

<sup>&</sup>lt;sup>16</sup> Id. at 143-160. Rendered by Presiding Judge Ramon D. Delariarte.

<sup>&</sup>lt;sup>17</sup> Id. at 159.

<sup>&</sup>lt;sup>18</sup> Id. at 160.

<sup>&</sup>lt;sup>19</sup> Id. at 161-162.

and is hereby **REINSTATED** and **REMANDED** to the court of origin for further proceedings.

#### SO ORDERED.<sup>20</sup>

The CA pronounced that the issue of whether the RTC erred in dismissing the prayer for temporary mandatory order for the removal of the padlock allegedly installed illegally at respondent's place of business at SM Bacolod, as well as the prayer ordering petitioners to allow respondent to conduct unhampered bingo operations during the pendency of the case, had already been rendered moot since, with the onset of another year, it was necessary to apply for another business permit with the Mayor's Office.<sup>21</sup>

Nevertheless, the CA proceeded to rule on the issue on whether the closure of respondent's bingo operations at SM Bacolod was effected in a manner consistent with law. While it ruled that the Mayor's power to issue licenses and permits is discretionary, and thus, cannot be compelled by mandamus, it found that respondent was not given due notice and hearing as to the closure of its business establishment at SM Bacolod. Based on the CA's finding on the manner by which the closure of the bingo operations was effected, it concluded that respondent was denied its proprietary right without due process of law. Accordingly, the CA ordered the case to be reinstated and remanded to the RTC to determine if damages should be awarded.<sup>22</sup>

Petitioners timely interposed a Motion for Reconsideration,<sup>23</sup> protesting the CA's order to remand the case to the RTC for trial on the aspect of damages. The CA, however, maintained its position, issuing the now assailed Resolution. Agggrieved, petitioners brought the matter before this Court through the present recourse.

#### The Petition

Petitioners again limit their argument to the CA's order to remand the case to the RTC for trial on the aspect of damages. According to petitioners, hearing the action for damages effectively violates the City's immunity from suit since respondent had not yet obtained the consent of the City Government of Bacolod to be included in the claim for damages. They also argue that the other petitioners, the City Mayor and other officials impleaded, are similarly immune from suit since the acts they performed were within their lawful duty and functions.<sup>24</sup> Moreover, petitioners maintain that they were merely performing governmental or sovereign acts and exercised their legal rights and duties to implement the provisions of the

<sup>&</sup>lt;sup>20</sup> Id. at 61.

<sup>&</sup>lt;sup>21</sup> Id. at 53-54.

<sup>&</sup>lt;sup>22</sup> Id. at 55-61. <sup>23</sup> Id. at 63-80.

<sup>&</sup>lt;sup>24</sup> Id. at 34-36.

City Ordinance.<sup>25</sup> Finally, petitioners contend that the assailed Decision contained inconsistencies such that the CA declared mandamus to be an inappropriate remedy, yet allowed the case for damages to prosper.<sup>26</sup>

In its Comment,<sup>27</sup> respondent Phuture argues that the grounds raised by petitioners should not be considered since these were only invoked for the first time on appeal. Aside from this, respondent asserts that the case for damages should proceed since petitioners allegedly caused the illegal closure of its bingo outlet without proper notice and hearing and with obvious discrimination.

In their Reply to the Comment dated August 26, 2010, petitioners oppose respondent's arguments, saying that the issues they raised in the instant petition cannot be considered as having been raised for the first time since they are intertwined and bear relevance and close relation to the issues resolved by the trial court. They further reiterate that they cannot be held liable for damages since they were merely performing governmental or sovereign acts in the issuance of a mayor's permit. Thus, they argue that whatever damages that respondent may have incurred belong to the concept of *damnum absque injuria* for which the law provides no remedy.<sup>28</sup>

#### The Issues

Stripped of the verbiage, the sole issue in this case is whether petitioners can be made liable to pay respondent damages.

#### The Court's Ruling

The petition is meritorious.

# Petitioners have not given their consent to be sued

The principle of immunity from suit is embodied in Section 3, Article XVI of the 1987 Philippine Constitution which states that "[t]he State cannot be sued without its consent." The purpose behind this principle is to prevent the loss of governmental efficiency as a result of the time and energy it would require to defend itself against lawsuits.<sup>29</sup> The State and its political subdivisions are open to suit only when they consent to it.

<sup>&</sup>lt;sup>25</sup> Id. at 36-38.

<sup>&</sup>lt;sup>26</sup> Id. at 39-40.

<sup>&</sup>lt;sup>27</sup> Id. at 168-188.

<sup>&</sup>lt;sup>28</sup> Id. at 191-197.

<sup>&</sup>lt;sup>29</sup> Providence Washington Insurance Co. v. Republic of the Philippines, No. L-26386, September 30, 1969, 29 SCRA 598, 601-602.

Consent may be express or implied, such as when the government exercises its proprietary functions, or where such is embodied in a general or special law.<sup>30</sup> In the present case, respondent sued petitioners for the latter's refusal to issue a mayor's permit for bingo operations and for closing its business on account of the lack of such permit. However, while the authority of city mayors to issue or grant licenses and business permits is granted by the Local Government Code (LGC),<sup>31</sup> which also vests local government units with corporate powers, one of which is the power to sue and be sued, this Court has held that the power to issue or grant licenses and business permits is not an exercise of the government's proprietary function. Instead, it is in an exercise of the police power of the State, ergo a governmental act. This is clearly elucidated by the Court in Acebedo Optical Company, Inc. v. *The Honorable Court of Appeals*:<sup>32</sup>

The Court of Appeals erred in adjudging subject business permit as having been issued by respondent City Mayor in the performance of proprietary functions of Iligan City. As hereinabove elaborated upon, the issuance of business licenses and permits by a municipality or city is essentially regulatory in nature. The authority, which devolved upon local government units to issue or grant such licenses or permits, is essentially in the exercise of the police power of the State within the contemplation of the general welfare clause of the Local Government Code. (emphasis supplied)

No consent to be sued and be liable for damages can thus be implied from the mere conferment and exercise of the power to issue business permits and licences. Accordingly, there is merit in petitioners' argument that they cannot be sued by respondent since the City's consent had not been secured for this purpose. This is notwithstanding petitioners' failure to raise this exculpatory defense at the first instance before the trial court or even before the appellate court.

As this Court has repeatedly held, waiver of immunity from suit, being in derogation of sovereignty, will not be lightly inferred.<sup>33</sup> Moreover, it deserves mentioning that the City of Bacolod as a government agency or instrumentality cannot be estopped by the omission, mistake or error of its officials or agents.<sup>34</sup> Estoppel does not also lie against the government or any of its agencies arising from unauthorized or illegal acts of public officers.<sup>35</sup> Hence, we cannot hold petitioners estopped from invoking their

<sup>&</sup>lt;sup>30</sup> The Municipality of Hagonoy, Bulacan v. Dumdum, Jr., G.R. No. 168289, March 22, 2010, 616 SCRA 315. <sup>31</sup> Sec. 171, par. 2 (n) of the LGC reads:

The City Mayor shall:

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n) Grant or refuse to grant, pursuant to law, city licenses or permits, and revoke the same for violation of law or ordinance or the conditions upon which they are granted.

<sup>&</sup>lt;sup>32</sup> G.R. No. 100152, March 31, 2000, 329 SCRA 314, 335.

<sup>&</sup>lt;sup>33</sup> Universal Mills Corp. v. Bureau of Customs, 150 Phil. 57, 66 (1972); Union Insurance Society of Canton, Ltd. v. Republic, 150-B Phil. 107, 116 (1972); Mobil Philippines Exploration, Inc. v. Customs Arrastre Service, 125 Phil. 270, 279 (1966).

<sup>&</sup>lt;sup>34</sup> Republic v. Galeno, G.R. No. 215009, January 23, 2017.

<sup>&</sup>lt;sup>35</sup> Intra-Strata Assurance Corp. v. Republic, 579 Phil. 631, 648 (2008).

immunity from suit on account of having raised it only for the first time on appeal. On this score, Justice Barredo's Opinion in *Insurance Co. of North America v. Osaka Shosen Kaisha*<sup>36</sup> is particularly illuminating:

 $x \ge x \ge T$  he real reason why, from the procedural point of view, a suit against the state filed without its consent must be dismissed is because, necessarily, any such complaint cannot state a cause of action, since, as the above decision confirms, "there can be no legal right as against the authority that makes the law on which the right depends."  $x \ge x$ 

The question that arises now is, may failure to state a cause of action be alleged as a ground of dismissal for the first-time on appeal?  $x \times x$ 

 $x \ge x \ge 1$  Indeed, if a complaint suffers from the infirmity of not stating facts sufficient to constitute a cause of action in the trial court, how could there be a cause of action in it just because the case is already on appeal? Again, if a complaint should be dismissed by the trial court because it states no cause of action, how could such a complaint be the basis of a proceeding on appeal? The answer, I submit, is found in section 2 of Rule 9 which provides:

x x x The requirement that this defense should be raised at the trial is only to give the plaintiff a chance to cure the defect of his complaint, but if, as in this case, the lack of consent of the state cannot be cured because it is a matter of judicial notice that there is no law allowing the present suit, (only Congress that can give such consent) the reason for the rule cannot obtain, hence it is clear that such non-suability may be raised even on appeal. After all, the record on appeal can be examined to find out if the consent of the state is alleged in the complaint.

 $\mathbf{x} \mathbf{x} \mathbf{x} \mathbf{x}$ 

x x x It is plain, however, that as far as the date is concerned, this rule of waiver cannot apply, for the simple reason that in the case of the state as already stated, the waiver may not be made by anyone other than Congress, so any appearance in any form made on its behalf would be ineffective and invalid if not authorized by a law duly passed by Congress. Besides, the state has to act thru subalterns who are not always prepared to act in the premises with the necessary capability, and instances there can be when thru ignorance, negligence or malice, the interest of the state may not be properly protected because of the erroneous appearance made on its behalf by a government lawyer or some other officer, hence, as a matter of public policy, the law must be understood as insulating the state from such undesirable contingencies and leaving it free to invoke its sovereign attributes at any time and at any stage of a judicial proceeding, under the principle that the mistakes and ommissions of its officers do not bind it.

#### Petitioners are not liable for damages

As to the primary issue of whether petitioners are liable to respondent for damages, respondent Phuture alleged that petitioners are guilty of surreptitiously padlocking its SM bingo outlet in a "patently arbitrary, whimsical, capricious, oppressive, irregular, immoral and shamelessly politically motivated" manner and with clear discrimination since the majority owners of the company are the sons of petitioner Mayor Leonardia's political rival, then Congressman Monico Puentevella.<sup>37</sup> Such contention is clearly but non sequitur, grounded as it is in pure conjecture.

Sticking closely to the facts, it is best to recapitulate that while the CA ruled that respondent was not given due notice and hearing as to the closure of its business establishment at SM Bacolod, it nevertheless remanded the issue of the award of damages to the trial court for further proceedings. Such action would only be an exercise in futility, as the trial court had already ruled in its September 6, 2007 Decision that respondent Phuture had no right and/or authority to operate bingo games at SM Bacolod because it did not have a Business Permit and has not paid assessment for bingo operation. Thus, it held that petitioners acted lawfully in stopping respondent's bingo operation on March 2, 2007 and closing its establishment for lack of any business permit.

The trial court further found that the Mayor's Office had already decided and released a Business Permit for "Professional Services, Band/Entertainment Services" dated January 19, 2007 to respondent, which cannot reasonably expect to receive a Mayor's Permit for "Bingo Operations" unless and until it files a new application for bingo operations, submit the necessary requirements therefor, and pay the corresponding assessment.38

Aside from this, the RTC had also found that respondent's reliance on the GOA issued by PAGCOR, the SM Award Notice, and the "questionable" Claim Slip and Application paper tainted with alteration/falsification did not appear to be a right that is clear and unmistakable. From this, the trial court concluded that the right being claimed by respondent to operate bingo games at SM Bacolod was, at the very least, doubtful.<sup>39</sup>

Based on the above observations made by the trial court, it appears that respondent had no clear and unmistakable legal right to operate its bingo operations at the onset. Respondent failed to establish that it had duly applied for the proper permit for bingo operations with the Office of the Mayor and, instead, merely relied on the questionable claim stub to support its claim. The trial court also found that the application form submitted by respondent pertained to a renewal of respondent's business for "Professional

<sup>&</sup>lt;sup>37</sup> Records, p. 71.

 <sup>&</sup>lt;sup>38</sup> *Rollo*, p. 157.
<sup>39</sup> Id.

Services, Band/Entertainment Services" located at "RH Bldg., 26<sup>th</sup> Lacson St." and not at SM Bacolod. These factual findings by the trial court belie respondent's claim that it had the right to operate its bingo operations at SM Bacolod.

Certainly, respondent's claim that it had applied for a license for bingo operations is questionable since, as it had admitted in its *Petition for Mandamus and Damages*, the primary purpose in its AOI was only amended to reflect bingo operations on February 14, 2007 or more than a month after it had supposedly applied for a license for bingo operations with the Office of the Mayor. It is settled that a judicial admission is binding on the person who makes it, and absent any showing that it was made through palpable mistake, no amount of rationalization can offset such admission.<sup>40</sup> This admission clearly casts doubt on respondent's so-called right to operate its business of bingo operations.

Petitioners, in ordering the closure of respondent's bingo operations, were exercising their duty to implement laws and ordinances which include the local government's authority to issue licenses and permits for business operations in the city. This authority is granted to them as a delegated exercise of the police power of the State. It must be emphasized that the nature of bingo operations is a form of gambling; thus, its operation is a mere privilege which could not only be regulated, but may also very well be revoked or closed down when public interests so require.<sup>41</sup>

In this jurisdiction, we adhere to the principle that injury alone does not give respondent the right to recover damages, but it must also have a right of action for the legal wrong inflicted by petitioners. In order that the law will give redress for an act causing damage, there must be *damnum et injuria* that act must be not only hurtful, but wrongful. The case of The Orchard Golf & Country Club, Inc., et al. v. Ernesto V. Yu and Manuel C. Yuhico,<sup>42</sup> citing Spouses Custodio v. Court of Appeals,<sup>43</sup> is instructive, to wit:

 $x \propto x$  [T]he mere fact that the plaintiff suffered losses does not give rise to a right to recover damages. To warrant the recovery of damages, there must be both a right of action for a legal wrong inflicted by the defendant, and damage resulting to the plaintiff therefrom. Wrong without damage, or damage without wrong, does not constitute a cause of action, since damages are merely part of the remedy allowed for the injury caused by a breach or wrong.

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<sup>&</sup>lt;sup>40</sup> Seastar Marine Services, Inc. v. Bul-an, Jr., 486 Phil. 330, 347 (2004).

<sup>&</sup>lt;sup>41</sup> Danilo A. Du v. Venancio R. Jayoma, then Municipal Mayor of Mabini, Bohol, Vicente Gulle, Jr., Joveniano Miano, Wilfredo Mendez, Agapito Vallespin, Rene Bucio, Jesus Tutor, Crescencio Bernales, Edgardo Ybanez, and Rey Pagalan, then members of the Sangguniang Bayan (SB) of Mabini, Bohol, G.R. No. 175042, April 23, 2012, 670 SCRA 333.

<sup>42</sup> G.R. No. 191033, January 11, 2016, 778 SCRA 404, 421.

<sup>43</sup> G.R. No. 116100, February 9, 1996, 253 SCRA 483.

In order that a plaintiff may maintain an action for the injuries of which he complains, he must establish that such injuries resulted from a breach of duty which the defendant owed to the plaintiff – a concurrence of injury to the plaintiff and legal responsibility by the person causing it. The underlying basis for the award of tort damages is the premise that an individual was injured in contemplation of law. Thus, there must first be the breach of some duty and the imposition of liability for that breach before damages may be awarded; it is not sufficient to state that there should be tort liability merely because the plaintiff suffered some pain and suffering.

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In other words, in order that the law will give redress for an act causing damage, that act must be not only hurtful, but wrongful. There must be *damnum et injuria*. If, as may happen in many cases, a person sustains actual damage, that is, harm or loss to his person or property, without sustaining any legal injury, that is, an act or omission which the law does not deem an injury, the damage is regarded as *damnum absque injuria*.

Considering that respondent had no legal right to operate the bingo operations at the outset, then it is not entitled to the damages which it is demanding from petitioners.

WHEREFORE, the petition is hereby GRANTED. The Decision dated February 27, 2009 and the Resolution dated October 27, 2009 of the Court of Appeals in CA-G.R. SP No. 03322 are hereby ANNULLED and SET ASIDE. The Decision dated March 20, 2007 of the Regional Trial Court of Bacolod City, Branch 49 is hereby REINSTATED.

#### SO ORDERED.

PRESBITERO J. VELASCO, JR. Associate Justice

Decision

WE CONCUR:

Associate Justice C M.V.F. LEON TIRES SAN Associate Justice Associate Justice

DER G. GESMUNDO Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

> PRESBITERO J. VELASCO, JR. Associate Justice Chairperson

### **CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

TIFIED TRUE COPY Division Clerk of Court Third Division

FEB 05 2018

mapakness MARIA LOURDES P. A. SERENO

Chief Justice