

**PAN PACIFIC COMPANY (PHILIPPINES), PLAINTIFF-APPELLEE, VS.
PHILIPPINE ADVERTISING CORPORATION AND JOHN W. MEARS,
DEFENDANTS. PHILIPPINE ADVERTISING CORPORATION,
DEFENDANT-APPELL...**

G.R. No. L-22050. June 13, 1968

Ponente: CONCEPCION, C.J.

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CONCEPCION, C.J.:

Appeal by defendant Philippine Advertising Corporation from a decision of the Court of First Instance of Manila, the dispositive part of which reads:

"WHEREFORE, judgment is rendered in favor of the plaintiff and against the defendant Philippine Advertising Corporation under the first cause of action, P92,406.73 with interest at the rate of 8% per annum from January 22, 1951, until paid; P23,622.90 under the second, third, and fourth causes of action, with interest at the rate of 12% per annum from May 1, 1951, until paid; P20,000.00 by way of moral and exemplary damages under the fifth cause of action; and P15,000.00 by way of attorney's fees, and the costs of the suit. Defendants' counterclaims are hereby dismissed for lack of merit." (Record on Appeal, pp. 656-657.)

This is an action for the recovery, from said Corporation and its president, defendant John W. Mears, of several sums of money under five (5) causes of action, namely: 1) P92,406.73, as the alleged balance of the cost of eighteen (18) bowling alleys and additional equipment thereof, and the installation thereof; 2) P11,703.00, as the price of two (2) carom and three (3) pocket tables, with their equipment, together with two (2) sets of ivory balls and one (1) revolving cue rack; 3) P3,369.90, as the costs of miscellaneous billiard and bowling accessories and equipment; 4) P8,550.00, as the cost of 168 sets of duck pins; and 5) 25% of the aggregate amount due under the first four (4) causes of action, as exemplary or corrective damages. Plaintiff prays, also, that the defendants be sentenced to pay interest, attorney's fees, and the costs.

In their answer, the defendants admitted some allegations of the complaint, denied other allegations thereof, and set up special defenses, as well as four (4) counterclaims. They prayed that plaintiff's complaint be dismissed and that plaintiff be sentenced to pay damages in the aggregate sum of P263,000.00.

The factual background of the first cause of action is set forth in the appealed decision, from which we quote:

"The defendants had payments coming to them from the War Damage Commission. Wilfred Hurst had worked together with John W. Mears of the defendant corporation prior to the war. In 1950, Hurst and Mears met, and the question of defendant war damage payments in the Philippines came up in the conversation. Hurst, who was then Vice-President of the plaintiff corporation[1] suggested to Mears that the defendant reinvest part of the war damage payment due defendant corporation in bowling alleys. The plaintiff was then distributor of Brunswick-Balke-Collender Company of the United States, manufacturer of bowling alleys. Mears was interested, and, accordingly, secured the approval of the War Damage Commission to re-invest part of the war damage payment due the defendant Philippine Advertising Corporation in bowling alleys. After continuous negotiations, plaintiff, thru Hurst, and defendant, thru Mears, finally came into an agreement. This

was in the form of a letter addressed by the plaintiff to the defendant and which was approved and accepted by the defendant corporation, thru Mears. The pertinent portion of the letter-agreement marked Exhibit A[2] and which is one of the subjects of the controversy between the plaintiff and the defendant reads as follows:

‘With reference to our verbal conversations regarding bowling alleys, we hereby submit our firm quotation of P85,948.42 to cover the cost of install-ing twelve (12) Brunswick Bowling Alleys in any location acquired by you in the City of Manila or its immediate suburbs. This quotation includes the cost of the alleys, additional equipment and installation cost but does not include freight charges for accessories that will have to be ordered from the United States. Such freight charges will be charged to you at actual cost upon the arrival of the shipment.’

Then follows a detailed list of the materials which were included and additional equipment for 6 months maintenance of alleys and the terms of payment. The price was payable 50% upon the signing of the agreement and the balance in six (6) monthly installments, the first in-stallment falling due on the first day of work on the in-installation of alleys.[3] The one-year guarantee against materials and defective workmanship was allowed by the plaintiff company. This was, as stated above, accepted by the Philippine Advertising Corporation, thru John W. Mears, President. Attached to the letter, Exhibit A, was, according to Hurst, a breakdown of the bowling alley quotation. Subsequently, the defendants ordered and the plaintiff supplied to the defendants another six (6) Brunswick bowling alleys. The agreement with respect to them is embodied in the letter-agreement, An-nex B,[4] dated October 2, 1950. The pertinent portion of this letter reads as follows:

‘As explained to you verbally we can no longer offer a firm quotation as we have received advice from the Brunswick-Balke-Collender Company that all prices are subject to existing price at time merchandise leaves the factory. For this reason we are submitting to you our tentative quotation of P48,107.24 to cover the cost of installing 6 additional alleys in your acquired location. It is un-derstood that any adjustments necessary will be made upon receipt of final invoices from the Brunswick-Balke-Collender Company.

‘The above tentative quotation in-cludes the cost of the alleys, cost of addi-tional equipment and installation cost but does not include any freight charges for accessories that will have to be ordered from the United States. Such freight charges will be charged to you at actual cost upon arrival of the shipment.’

"Then follows a detailed list of the items that the supplier included in the quotation and additional equip-ment for 6 months maintenance of alleys. According to the letter, it was also agreed that defendants were to pay 8% interest on the monthly payment and it was also understood that any luxury or additional sales tax that might be imposed by the government would be for defendants' account. This letter was also accepted by defendant corporation thru John W. Mears."

The sum of P92,406.73 sought to be recovered by the plaintiff, under its first cause of action, allegedly represents the unpaid balance of the cost of 18 bowling alleys and additional equipment under the agreements Exhibits A and D, computed as follows:

1. Cost of 12 bowling alleys & add. equipment, including
installation -----
P85,948.42
2. Cost of 6 bowling alleys & add. equipment, including installation -----
48,107.24 - P134,055.66
3. Inland Freight -----
8,991.98

4. Ocean Freight -----

10,392.98

5. Arrastre -----

846.84

6. Sales Tax -----

10,430.30 - 30,661.90

7. Additional items subsequently

ordered by defendants:

a. 10 opera chairs -----

215.00

b. Score pencils

20.25

c. Graphite refills

3.80 239.05

8. Difference between cost of:

Upholstered seats

installed by plaintiff-

4,100.00

and Veneer seats originally ordered by defendants -----

2,150.00 1,950.00 - P166,908.00

LESS:

1. Paid in advance

P67,027.83

2. Cost of 5 sets of bowling settees included in defendants' orders but not

installed by plaintiff -----

6,520.00

3. 2% Luxury Tax thereon

943.28

4. Bowling score crayons -----

8.77 74.498

P192,406

Appellant denies plaintiff's right to collect this balance upon the ground that: 1) the sum of P30,661.90, representing the aggregate amount of inland freight, ocean freight, arrastre and sales tax, should be deemed included in the price agreed upon; 2) eight (8) of the bowling alleys installed by the plaintiff were "second-hand", not the new ones ordered by the defendants; 3) the bowling alleys installed by the plaintiff were of a lower quality than those ordered by the defendants; and 4) the installations made by the plaintiff were defective.

As regards inland and ocean freights, the arrastre and the sales tax, plaintiff alleges that these charges are due from the defendants, because Exhibits A and D explicitly provide that the prices therein quoted include "the cost of the alleys, additional equipment and installation cost but does not include freight charges for accessories that will have to be ordered from the U.S." Moreover, Exhibit D explicitly declares "that any luxury or additional sales tax that may be imposed by the Philippine Government upon the arrival of the merchandise" would be for defendants' account. Upon the other hand, appellant asserts that none of the goods supplied by plaintiff are "accessories" covered by the aforementioned provision in Exhibits A and D, and that in resolving the issue as to what are "accessories", the Court can not go beyond the terms of said exhibits.

As correctly noted in the decision appealed from,

"x x x defendants' contention would be correct if the plaintiff had not alleged in its complaint that the true and real agreement of the parties was that such charges and taxes were not included in the firm quotation expressed in Exhibits A and D, but that it was understood between the parties that such freight charges would be borne by the defendants. x x x.

xx xx xx xx

"x x x plaintiff's interpretation or, to be exact, Hurst's understanding of the term 'accessories', includes all the parts of the bowl-ing alley - the alleys itself, the pinballs, the pins, the ball, the pinspotters, etc., as enumerated in detail in the letter-agreement, Exhibit A. On the other hand, neither the defendant nor its President, Mears, had given the definition of the term 'accessories'. As a matter of fact, defendant Mears, in spite of his long deposition and defendants, in spite of the voluminous evidence, had not stated for what arrastre charges or what freight charges defendant is liable to the plaintiff.

"Plaintiff's contention is that the prices listed in Exhibit A were a firm quotation, f.o.b., that is, delivered in the United States, and this price is the same as that stated in the breakdown attached to Exhibit A. In fact, defendant does not deny that the price quoted in Exhibit A is a firm quotation and the fact is confirmed by the letter, Exhibit D, dated October 2, 1950, in which Hurst stated that they could no longer offer a firm quotation as they had received advice from the Brunswick-Balke-Collender Company that all prices were subject to existing prices at the time the merchandise leaves the factory. When Hurst stated in Exhibit D that they could no longer offer a firm quotation, he was evidently re-ferring to the quotation in the letter Exhibit A. As stated by Hurst, he could not at the time have been given a quotation which would include freight charges, taxes and other charges which might be imposed by the government because he did not know exactly at that time what the freight charges and other charges would amount to and that it was not their intention to make money on these charges. It was for that reason that Hurst, in his letter, said that the quotation did not include freight charges for the accessories which were to be imported from the United States. In contending that the quotation in the letters Exhibits A and D defendant has clung to the ambiguity in the letters-agreement. This ambiguity arises from the fact that the letters were hurriedly done by a man who is not a lawyer and with no experience in the drafting of contracts. But the evidence and circumstances proved, in the mind of the Court, that, as contended by the plaintiff, the quotations stated in the letter-agreement were from quotations f.o.b. and did not include freight charges, taxes, and other charges which might be imposed by the government and which must be borne by the defendants." (Record on Appeal, pp. 635-637.)

We find no plausible reason to disturb the foregoing finding. To begin with, it connotes a determination of the relative credibility of the testimony of plaintiff's witness, Wilfred Hurst, when contrasted with that of defendant John W. Mears, which the lower court, in effect, found unworthy of credence and on which we agree.

Moreover, strictly speaking, the term "bowling alley" does not apply except to one already installed. Prior thereto, the materials necessary to install and operate a "bowling alley" do not constitute such "alley". They are merely "parts" of, and, in this sense, "accessories" to, the principal, namely, the "bowling alley", once said "parts" or "accessories" have been duly assembled. The goods ordered by and delivered to the defendants, included, aside from alley beds, pinspotters, standard ball return sections, bottom storage rails for standard ball return, pit cushions, pit mats, duck pins, duck pin balls, score sheets, marking pencils, pin balls, crown ten pins, bowlers settees, spectators opera chairs, bowling shoes, floor machines, square bottom hand chalk, special league record books, etc. If none of these goods were "accessories", as contended by the defendants, then the proviso under consideration would be meaningless.

Again, it has been satisfactorily established that the prices quoted for each of the goods specified in the lists attached to Exhibits A and D are those charged "f.o.b." in the catalogue of Brunswick-Balke-Collender Co., of which plaintiff is a distributor. Hence, plaintiff made in Exhibit A a "firm" offer, whereas in Exhibit B it stated that the prices therein were merely "tentative" and that a "firm" offer could not be made therein, owing to the fact that "all prices are subject to the existing price at the time the merchandise leaves the factory." It is thus clear that the "firm offer" made in Exhibit A and the prices quoted in the "breakdown" lists attached thereto and to Exhibit D, refer to the prices "at the time the merchandise leaves the factory" - and, accordingly, to the f.o.b. prices quoted in the catalogue of the manufacturer - not to the prices of the goods placed at the premises of its buyer, over 8,000 miles away from the factory.

This conclusion is bolstered up by the fact that plaintiff had some goods available on hand, such as those involved in the second, third and fourth causes of action. Indeed, the defendants have introduced evidence to the effect that plaintiff, likewise, had some second-hand bowling alleys in stock. The subject-matter of Exhibits A and D were, however, new bowling alleys and additional equipment, practically all of which had still to be ordered by the plaintiff from the United States. Hence, the proviso in Exhibits A and D: "This quotation includes the cost of the alleys, additional equipment and installation cost but does not include freight charges" - not for all accessories, but only - "for accessories that will have to be ordered in the United States." Consequently - Exhibits A and D continue - "such freight charges will be charged to you at actual cost upon the arrival of the shipment." In other words, the freight charges for all goods shipped from the United States would be on defendants' account.

Needless to say, there is every reason to believe that defendants would not have agreed to the prices specified in Exhibits A and B Without first ascertaining the prices prevailing in the United States, from which the goods ordered would come, and, hence, without finding that said Exhibits A and B were based upon said "f.o.b." prices.

It is next argued that eight (8) of the eighteen (18) alleys installed by plaintiff were used or second-hand bowling alleys, not the new ones ordered by appellant; that, sometime in August, 1950, plaintiff purchased from Clark Field several second-hand bowling alleys which were brought to plaintiff's workshop at Sta. Mesa, Manila; that these second-hand bowling alleys were repaired and painted in said workshop in January and February, 1951; and that eight (8) of the bowling alleys installed by the plaintiff in appellant's premises came from this stock of second-hand bowling alleys purchased from Clark Field.

In support of this contention, defendants introduced the testimony of Vicente Aquino, a former carpenter of the plaintiff, who said that he was one of those who had repaired second-hand bowling alleys in plaintiff's workshop at Sta. Mesa; that he was, also, on board the trailer that allegedly brought second-hand bowling alleys to

appellant's premises at Isaac Peral Street; and that, while these second-hand bowling alleys were being installed in said premises, defendant Mears complained to Hurst that said bowling alleys were not new.

The lower court found the evidence for the defense on this point unworthy of credence for, despite said alleged discovery that eight (8) of the bowling alleys installed by plaintiff were second-hand, "Mears made no official or written complaint or protest to the plaintiff" about it. The court added:

"x x x The only complaint of Mears was that they might not be able to open and inaugurate the bowling alleys on March 1, 1951, the target date set by the parties, a fear aggravated by the fact that invitations had already been sent out by the defendants. Nowhere in his long letter, consisting of almost three pages of typewritten, single space, Exhibit O, was there any mention that second-hand bowling alleys were installed by the plaintiff. The long letter was devoted to the fear that they might not be able to open the bowling alleys on March 1, 1951. In the letter of Mears dated April 28, 1951, Exhibit S, or almost two months after the opening of the bowling alleys, he complained about the defects and faults of bowling alley No. 8 and demanded that repairs be immediately made. Nowhere again in his letter did Mears complain that second-hand bowling alleys had been installed by the plaintiff. And in the letter of John W. Mears to Brunswick-Balke-Collender Company dated February 17, 1951, Exhibit U-2, his complaint was that the installation was not being given the proper attention by the plaintiff. Nowhere did he complain that second-hand bowling alleys were installed by the plaintiff.

"Considering the character of John W. Mears, who, as it appears to the Court, complains about almost everything to justify the non-payment of the balance still due from him, the Court cannot understand why he had not mentioned to the plaintiff or the Brunswick-Balke-Collender Company that second-hand bowling alleys had been installed by the plaintiff. Moreover, it seems to the Court that it was quite improbable, if not impossible, for the plaintiff to bring eight bowling alleys in two truckloads to defendant's premises in Isaac Peral and re-load eight bowling alleys, without the same coming to the knowledge of Mears, who, by his own admission, was at the bowling alley every day, and in the presence of the men who were constructing the building for the bowling alley, considering that the second-hand bowling alleys were not crated and that new ones which came from the United States and delivered directly to Isaac Peral were crated." (Record on Appeal, pp. 640-641. Underscoring supplied.)

Upon the other hand, apart from refuting the testimony of Aquino and other witnesses for the defense thereon, plaintiff's witnesses testified that each and every one of the 18 bowling alleys it had installed in appellant's premises were new. This was confirmed by J. E. Whitaker, for many years export manager of Brunswick-Balke-Collender Co., and an expert in the installation and maintenance of bowling alleys, who inspected defendants' alleys in November 1951. In his deposition, which was duly introduced as part of plaintiff's evidence and fully corroborated by his report on the result of his aforementioned inspection, Whitaker positively declared that said alleys were new ones, not second-hand alleys, as now claimed by the defendants. What is more, he found them to be "first class Brunswick pre-fabricated sectional alleys, properly installed, but, unfortunately, not properly maintained."

As regards the quality of the bowling alleys installed by the plaintiff, appellant says they were of the Liberty type, although their agreement allegedly called for bowling alleys of the Centennial type. This pretense is not borne out by Exhibits A and D, which do not specify the type of bowling alleys ordered by the defendants.

After arguing that as regards the meaning of the term "accessories", said exhibits contain everything agreed upon, defendants would have us believe that there had been representations by the plaintiff and an oral understanding with the defendants that they would have the finest type of bowling alleys, and that these were of the Centennial type. If this pretense were true, appellant would have surely protested in writing against the alleged violation of said understanding; but its correspondence with the plaintiff is significantly silent thereon.

Again, the aforementioned J.E. Whitaker affirmed that "Liberty alleys are the standard alleys as manufactured by Brunswick before the war and up to the present;" that "the name Liberty x x x was assigned to the alleys during the war, to go along with the trend of times" and was applied to bowling alley beds manufactured by Brunswick;" that "this was done as a matter of sales appeal, and for no other reason;" that Brunswick, likewise, manufactures bowling alleys of the so-called Centennial type, the main characteristic of which is that it has "tongued and groved" bedstocks; that this is "merely a sales feature," which "adds nothing to the life and serviceability of the product;" that "to equal the wear-ing qualities of the Liberty alleys," the Centennial alleys "had to be manufactured out of thicker bedstock;" and that, in fact, Liberty alleys last longer than Centennial alleys.

In a vain attempt to offset this evidence, the defense merely introduced the testimony of defendant Mears, who did no more than indulge in surmises and speculations, which are devoid of probative value.

Lastly, appellant brands the installation made by the plain-tiff as defective and tried to prove that within the first months of the operation of the alleys in question, as many as twenty-eight (28) defects had been noticed therein. Upon the other hand, the evidence for the plaintiff sufficiently shows that said alleys had been installed in accordance with the standard requirements therefore. As stated by Whitaker, in his aforementioned deposition and report, "Mears had complained about board's popping up on the alleys," although this is "normal in all new bowling installations;" that "all bowling alleys have a tendency to settle the first year, and require re-align-ing and re-finishing;" that this is the reason for the one-year guaranty given by plaintiff herein; that the defects pointed out by Mears were of "minor" character and were mostly due to poor or "bad maintenance. "At any rate, said minor defects were remedied and/or re-paired in conformity with plaintiff's aforementioned guaranty.

We find, therefore that the lower court has not erred in rendering judgment for the plaintiff, under its first cause of action.

Appellant next maintains that "the trial court erred in not finding that" plaintiff "had violated its verbal agreement with ap-pellant" as to the price to be charged (1) "x x x on pocket and carom tables and accessories sued upon in the second cause of action x x x;" (2) "x x x for the miscellaneous billiard tables, accessories and equipment sued upon in the third cause of action x x x;" and (3) for the 168 sets of "duck pins sued upon in the fourth cause of action x x x."

Appellant objects to the sum of P11,703.00 claimed under the second cause of action, upon the ground that plaintiff charges P2,150.00 for each table for which the Army & Navy Club of Manila had paid only P1,800.00. It has been established, however, that said club had twice purchased from the plaintiff, namely, in August, 1948 and April 5, 1950, and that, although the first tables had cost P1,800.00 each, the club paid P2,150.00 for each table acquired in 1950, or the same price charged herein appellant for the tables it acquired in February 1951.

Regarding the sum of P3,369.00 sought to be collected under plaintiff's third cause of action, for miscellaneous billiard and bowl-ing accessories sold to the defendants from February 22 to March 7, 1951, defendants contend that these goods had been ordered with the understanding that they would pay the prices thereof as set forth in the Catalogue of Brunswick-Balke-Collender Co. We are more inclined to believe, however, as the lower court did, plaintiff's evidence to the effect that there had been and there could have been no such understanding, because the catalogue prices are factory prices in the United States, whereas the goods involved in the third assignment of error were part of plaintiff's stock available on hand.

In other words, having defrayed the cost of bringing said goods from the United States, plaintiff could not have possibly agreed to charge therefor said factory prices.

The fourth cause of action refers to 168 sets of duck pins sold by the plaintiff to the defendants, who allegedly

agreed to pay the current price thereof, or P50.00 for each set. Appellant insists that it could not have entered into such agreement, for the reason that, while in the United States, defendant Mears had bought duck pins at \$9.25 a set, or from P18.00 to P19.00 a set. Appellant's records showed, however, that the duck pins bought by Mears in the United States had cost from P27.04 to P30.27 a set, or, at the rate of exchange then prevailing, from \$13.52 to \$15.13 a set.

Plaintiff seeks, also, to recover interests and attorney's fees at the rates of 12% and 25%, respectively, under a provision in its invoices, attesting to the delivery of its goods to the buyers thereof, in addition to the costs, reading:

"Interest of 12% per annum is to be charged on all accounts overdue. An additional sum equal to 25% of the amount will be charged by vendors for attorney's fees and costs of collection in case of suit." (Plaintiff's brief, pp. 47-48.)

Appellant asserts that it is under no obligation to pay the interest and attorney's fees referred to in said invoices, because it had not agreed to the above-quoted provision, the invoices for the goods having been signed by Prudencia Arboleda, a mere clerk of appellant herein, and because, in fact, Mears had written on appellant's copy of one of said invoices - Exhibit G-1 - the words "Received copy but not conforme." Appellant's witness, Miss Arboleda declared, however, that she had authority to receive said invoices or copies thereof; that she, thereupon, turned them over to defendant Mears; and that the latter received said copies, without expressing any objection thereto. Then, also, it appears that the note, expressing his non-conformity with the provisions of Exhibit G-1, was written by him on said copy, dated March 15, 1951, about a month and a half later, or on April 27, 1951. Again, defendants did not try to cause a similar entry to be made in plaintiff's original invoice, or to otherwise advise the plaintiff of defendants' objection to the provisions of said invoice. Worse still, appellant kept and used the billiard tables, the bowling alleys and the accessories or equipment described in the aforementioned invoices, without offering either to pay the amounts thereof or to return said goods. In the language of His honor, the trial Judge, "His acceptance of the equipment and supplies and accessories, and the use he made of them is an implied conformity to the terms of the invoices and he is bound thereby."

Passing upon plaintiff's claim for damages and attorney's fees, the lower court awarded therefore P20,000.00 and P15,000.00, respectively, upon the following grounds:

"Under the fifth cause of action, plaintiff seeks to recover moral damages for the alleged wanton refusal of the defendants to pay their just obligation to the plaintiff and for taking advantage of the plaintiff's good faith. Article 2229 of the New Civil Code provides that 'exemplary or corrective damages are imposed, by way of example or correction for the public good, in addition to the moral, temperate, liquidated or compensatory damages'. And Article 2232 provides that 'in contracts and quasi-contracts, the court may award exemplary damages if the defendant acted in a wanton, fraudulent, reckless, oppressive, or malevolent manner'. The records of this case amply demonstrate that the defendants, in utter disregard of the rights of the plaintiff, had refused deliberately and wantonly to pay the plaintiff what is justly due. The installation of the bowling alleys, together with their equipment, and the billiard tables had brought the defendant a lucrative income from the year of its opening in 1951, to the present; and yet outside of the down payment which defendant had paid on the 18 bowling alleys, defendant had absolutely refused, which the Court has found without just cause, to pay the balance thereof and the cost of the bowling and billiard accessories - this notwithstanding that the defendant had promised to pay the balance of the price of the bowling alleys in installments, the first installment to be paid on the day that the plaintiff would commence work on the bowling alleys. Defendant, taking advantage of the plaintiff's good faith, requested a deferment of the payment until the installation shall have been completed; but the installation having been completed, defendants under one pretext or another, refused without just cause to pay what is due the plaintiff. Not only that, but defendant Mear's attitude towards the plaintiff was characterized by arrogance and his letters are replete with unsavory and discourteous remarks,

which demonstrate not only the character of the man but reveal his lack of intention to pay defendant's just obligation.

"Plaintiff is entitled to actual damages consisting in the payment of interest and attorney's fees, and considering that the defendants had acted wantonly, oppressively, if not fraudulently, in the performance of their obligation, plaintiff is likewise entitled to moral and exemplary damages, which the Court fixes in the amount of P20,000.00. Under the first cause of action, plaintiff is entitled to attorney's fees, since plaintiff in accordance with Article 2208 of the New Civil Code, has been awarded exemplary damages, and because defendant acted in gross and evident bad faith in refusing to satisfy the plaintiff's plainly valid, just and demandable claim, and it is just and equitable that attorney's fees and expenses of litigation should be recovered. Considering the lengthy pleadings, the voluminous records, the lengthy and protracted trial, and the professional standing of counsel, the Court hereby charges the defendants with the payment of attorney's fees in the amount of P15,000.00." (Record on Appeal, pp. 649-652.)

We are fully in accord with the foregoing view, which we adopt as ours.

WHEREFORE, the decision appealed from should be, as it is hereby, affirmed, with costs against defendant-appellant, Philippine Advertising Corporation.

Reyes, J.B.L., Dizon, Makalintal, Zaldivar, Sanchez, Castro, and Angeles, JJ., concur.
Fernando, J., did not take part.

[1] Pan Pacific Co. (Philippines).

[2] Dated August 28, 1950.

[3] Exhibit A further provided for "a surcharge of 8% per annum" on the "monthly payments."

[4] Later marked as Exhibit D.

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