

ROMEL P. ALMEDA, IN SUBSTITUTION OF THE LATE PONCIANO L. ALMEDA AND/OR ALMEDA, INC., PETITIONERS, VS. LEONOR A. CARIÑO, THE SURVIVING SPOUSE, AND HIS CHILDREN, NAMELY: ROSARIO C...

G.R. No. 152143. January 13, 2003

Ponente: MENDOZA, J.

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MENDOZA, J.:

This is a petition for review on certiorari of the decision,[1] dated February 12, 2002, of the Court of Appeals in CA-G.R. CV No. 57778, affirming the decision[2] of the Regional Trial Court of Laguna, the dispositive portion of which reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff [Avelino G. Cariño] and against the defendants [Ponciano L. Almeda and Almeda, Inc.] as follows:

- Ordering the latter to pay the former jointly and severally the amount of P477,589.47 with a 12% rate of interest per annum as agreed upon from the date of demand on March [9], 1983 until fully paid;
- Ordering the latter to pay the former jointly and severally the amount of P150,000.00 as nominal damages; and
- Ordering the latter to pay the former jointly and severally the amount of P15,000.00 as and for attorney's fees plus costs of this suit.

Plaintiff's claim for moral and exemplary damages is hereby dismissed for want of merit.

SO ORDERED.[3]

The facts of the case are undisputed:

On April 30, 1980, Ponciano L. Almeda and Avelino G. Cariño, predecessors-in-interest of petitioners and respondents, entered into two agreements to sell, one covering eight titled properties[4] and another three untitled properties,[5] all of which are located in Biñan, Laguna. The agreed price of the eight titled properties was P1,743,800.00, 20% of which was to be paid upon the signing and execution of the agreement and the balance to be paid in four equal semi-annual installments, beginning six months from the signing thereof, with the balance earning 12% interest per annum. On the other hand, the purchase price of the three untitled properties was P1,208,580.00, 15% of which was to be paid upon the signing and execution of the agreement, and the balance, bearing a 12% annual interest from the signing thereof, to be paid as follows: 15% of the purchase price plus interest to be paid upon the issuance of titles to the lots, and the balance plus interests to be paid in semi-annual installments starting from the date of issuance of the respective certificates of title to the lots involved, which must be not later than March 30, 1982.

On April 3, 1982, Cariño and Almeda executed an amendment to their agreements to sell (a) extending the

deadline for the production of the titles to the untitled properties from March 31, 1982 to June 30, 1982, (b) providing for a partial payment of P300,000.00 for the titled properties, (c) requiring Cariño to render an accounting of the proceeds of the sugar cane crop on the properties subject of the sale up to the 1982 harvest season and (d) obliging the vendor (Cariño) to pay the vendee (Almeda) the sum of P10,000.00 a month in case of the failure of the former to produce the certificates of title to the untitled properties by June 30, 1982.

Before the end of April 1982, Almeda asked Cariño for the execution of a Deed of Absolute Sale over the eight titled properties although they had not been fully paid. Cariño granted the request and executed on May 3, 1982 the deed of sale over the eight titled lots in favor of Almeda, Inc.[6] On April 30, 1982, Almeda executed an undertaking[7] to pay Cariño the balance of the purchase price. Deeds of sale for two of the three untitled lots were also executed on July 2, 1982 and October 9, 1982.[8]

Subsequently, Cariño made demands for the full and final payment of the balance due him in the amount of P477,589.47 and the interests thereon. Despite demand letters sent to Almeda on March 9, 1983 and on July 20, 1983, however, the balance was not paid. Hence, Cariño filed before the RTC of Biñan a complaint against Almeda and Almeda, Inc., in whose name the titles to the properties had been transferred. Cariño prayed that Almeda and/or Almeda, Inc. be ordered to pay to him the balance of P477,589.47, the legal interests thereon from demand until full payment, 15% of all the amounts due, including interests as attorney's fees, P10,000.00 as litigation expenses, P100,000.00 as moral, exemplary and nominal damages and the costs of suit.

Almeda and Almeda, Inc. contended that the purchase price, including interest charges, of the eight titled properties had been fully paid as of April 3, 1982. With respect to the three untitled lots, they contended that the purchase price of Lot Nos. 2272 and 2268-B had likewise been fully paid, while that of Lot No. 3109 had only a remaining balance of P167,522.70.

The RTC of Biñan, Laguna found the claim of Cariño to be well founded and gave judgment in his favor as quoted at the beginning of this opinion.

Without questioning the amount of judgment debt for which they were held liable, Ponciano Almeda and Almeda, Inc. appealed to the Court of Appeals for a modification of judgment, contending that the lower court erred in awarding nominal damages and attorney's fees in favor of Cariño and imposing a 12% annual interest on the judgment debt from the time of demand on March 9, 1983 until it was fully paid. They maintained that they were not guilty of any unfair treatment or reckless and malevolent actions so as to justify an award of nominal damages. They claimed that they refused to pay the remaining balance because the proceeds of certain harvests from the lands in question and liquidated damages were also due them. As for the award of attorney's fees, they contended that there was no finding that they acted in gross and evident bad faith in refusing to satisfy Cariño's demand so as to justify its award under Art. 2208 (5) of the Civil Code, because they had acted on the basis of what they honestly believed to be correct as their residual obligations. Finally, they contended that the imposition of a 12% interest rate was contrary to law and jurisprudence since Cariño sought payment of legal interest, which, under Central Bank Circular No. 416, was only 6%.

During the pendency of the case, Almeda died. He was substituted by his heirs, namely, his wife Eufemia P. Almeda and their children, Elenita A. Cervantes, Susan A. Alcazar, Florecita A. Datoc, Laurence P. Almeda, Edwin P. Almeda, Marlon P. Almeda, Wenilda A. Diaz, Carolyn A. Santos, Alan P. Almeda and Romel P. Almeda, the last having been designated to act as their representative.[9]

The Court of Appeals affirmed the decision of the lower court. It held that the award of nominal damages was justified by the unjust refusal of Almeda and Almeda, Inc. to settle and pay the balance of the purchase price in violation of the rights of Cariño. The award of attorney's fees was also affirmed, it being shown that Cariño was

forced to litigate to protect his interests. Finally, the appeals court also affirmed the 12% interest rate per annum, as agreed upon by the parties in their contracts, following Art. 2209 of the Civil Code. The appeals court also ruled that the amount of the unpaid purchase price, P477,589.47, should be awarded to Cariño, considering the failure of Almeda and/or Almeda, Inc. to respond to the two demand letters and the computation sheet sent to them by Cariño, as well as their failure to rebut the correctness of the outstanding balance before the lower court.

Hence, this petition for review on certiorari under Rule 45 filed by Romel P. Almeda, based on the following assignment of errors:

- THE COURT OF APPEALS ERRED IN AWARDING NOMINAL DAMAGES IN THE AMOUNT OF P150,000.00.
- THE COURT OF APPEALS ERRED IN AWARDING ATTORNEY'S FEES IN THE AMOUNT OF P15,000.00 IN FAVOR OF THE RESPONDENT.
- THE COURT OF APPEALS ERRED IN ORDERING THE PETITIONER TO PAY JOINTLY AND SEVERALLY THE AMOUNT OF P477,589.47 WITH A 12% RATE OF INTEREST PER ANNUM FROM THE DATE OF DEMAND ON MARCH [9], 1983 UNTIL FULLY PAID.[10]

In this appeal, petitioners do not dispute the amount of the outstanding balance on the purchase price of the lots. Petitioners only seek a modification of the decision of the appeals court insofar as it upheld the trial court's award of nominal damages, attorney's fees, and 12% interest. We find their appeal to be without merit and, accordingly, affirm the decision of the Court of Appeals.

First. Petitioners contend that the trial court erred in awarding nominal damages in favor of respondents since there was no showing that they acted in an unfair, reckless or malevolent manner so as to justify such an award.

Petitioners' argument is based on a misreading of the decision in *FNCB Finance v. Estavillo*.^[11] Contrary to petitioners' claim, this Court did not award nominal damages to the respondent in that case because of petitioner's reckless action, malevolent manner and lack of regard to the feelings and reputation of the other party. Such factors were cited in that case to justify the award of exemplary, not nominal, damages.

Indeed, nominal damages may be awarded to a plaintiff whose right has been violated or invaded by the defendant, for the purpose of vindicating or recognizing that right, and not for indemnifying the plaintiff for any loss suffered by him.^[12] Its award is thus not for the purpose of indemnification for a loss but for the recognition and vindication of a right. ^[13] Indeed, nominal damages are damages in name only and not in fact. When granted by the courts, they are not treated as an equivalent of a wrong inflicted but simply a recognition of the existence of a technical injury.^[14] A violation of the plaintiff's right, even if only technical, is sufficient to support an award of nominal damages. Conversely, so long as there is a showing of a violation of the right of the plaintiff, an award of nominal damages is proper.

Applying such principles to the instant case, we have on record the fact that petitioners have an unpaid balance on the purchase price of lots sold to them by respondents. Their refusal to pay the remaining balance of the purchase price despite repeated demands, even after they had sold the properties to third parties, undoubtedly constitutes a violation of respondents' right to the said amount under their agreements. The facts show that the right of the vendor to receive the unpaid balance to the lots sold was violated by petitioners, and this entitles respondents at the very least to nominal damages.

Second. Petitioners claim that the imposition of a 12% annual interest rate is erroneous because it is contrary to law and jurisprudence. According to them, the applicable rate is 6% since the case does not involve a loan or forbearance of money.

This contention is without merit. Art. 2209 of the Civil Code provides:

If the obligation consists in the payment of a sum of money, and the debtor incurs in delay, the indemnity for damages, there being no stipulation to the contrary, shall be the payment of the interest agreed upon, and in the absence of stipulation, the legal interest, which is six per cent per annum.

The contracts to sell of the parties stipulated that the balance of the purchase price shall earn an interest rate of 12% per annum upon signing of the contract. Such stipulations have the force of law between the contracting parties and should be complied with by them in good faith.[15] The interest in this case should be allowed to run from March 9, 1993, respondents' extrajudicial demand for payment of the remaining balance plus interest having begun on said date.[16]

In addition, in accordance with our decision in *Eastern Shipping Lines, Inc. v. Court of Appeals*,^[17] when the judgment of the court awarding the sum of money becomes final and executory, a 12% legal interest per annum shall also be imposed from such finality until satisfaction thereof, this interim period being deemed to be by then an equivalent to a forbearance of credit.

Third. Nor is there any basis for petitioners' claim that the appellate court erred in awarding attorney's fees in favor of respondents. Under the Civil Code, attorney's fees and litigation expenses can be recovered in cases where the court deems it just and equitable.[18] We see no reason therefore to set aside the order of the trial court, as affirmed by the appeals court, granting to respondents attorney's fees in the amount of P15,000.00.

Fourth. We observe that this case has dragged on for more than a decade. While the records reveal that respondents engaged the services of two lawyers, petitioners had a total of sixteen counsels starting from January 24, 1984 up to December 22, 1997. Of the sixteen, one lawyer served for more than 2 years, another for 8 days only, and still another entered his appearance and withdrew it only to re-enter his appearance after some time. The records show that most of the lawyers who entered their appearances either filed only motions to cancel hearings or motions for postponements, claiming to have misplaced the calendar of court hearings or to be staying abroad. These unduly delayed the disposition of the case in violation of the right of respondents to claim what is rightfully due them. This fact further justifies the award of nominal damages and supports the grant of attorney's fees.

WHEREFORE, the petition for review on certiorari is DENIED and the decision of the Court of Appeals is AFFIRMED. Interest at the rate of twelve percent (12%) shall be imposed on the amount due upon finality of this decision until payment thereof.

SO ORDERED.

Bellosillo, (Chairman), Quisumbing, Austria-Martinez, and Callejo, Sr., JJ., concur.

[1] Per Associate Justice Conchita Carpio-Morales (now Associate Justice of the Supreme Court) and concurred in by Associate Justice Martin S. Villarama, Jr. and Associate Justice Sergio L. Pestano.

[2] Per Judge Rodrigo V. Cosico.

[3] Records, pp. 529-532.

[4] TCT No. (T-2734) T-26454, Lot No. 2305; TCT No. (T-2735) T-26455, Lot No. 2281; TCT No. (T-2732) T-26452, Lot No. 2282; TCT No. T-2727, Lot No. 2273; TCT No. T-2722, Lot No. 3108; TCT No. T-2721, Lot No. 2269, TCT No. (T-2730) T-26450, Lot No. 3110; and TCT No. T-2733, Lot No. 2280.

[5] Tax Declaration No. 12964, Cadastral Lot No. 2272; Tax Declaration No. 12972, Cadastral Lot No. 3109; and

Tax Declaration No. 1037, Cadastral Lot No. 2268.

[6] Exh. D; Records, pp. 231-236.

[7] Records, p. 240.

[8] Exhs. D-1 and D-2; Records, pp. 237-239.

[9] Notice of Death of Party with Motion for Substitution, dated Dec. 29, 1997; CA Resolution, dated June 11, 1998, CA Records, pp. 44-45, 56.

[10] Rollo, p. 14.

[11] 192 SCRA 514 (1990).

[12] CIVIL CODE, Art. 2221.

[13] Francisco v. Ferrer, Jr., 353 SCRA 261 (2001) citing Cojuangco, Jr. v. Court of Appeals, 309 SCRA 602 (1999) and Areola v. Court of Appeals, 236 SCRA 643 (1994).

[14] Pedrosa v. Court of Appeals, 353 SCRA 620 (2001) citing PNOC Shipping and Transport Corporation v. Court of Appeals, 297 SCRA 402 (1998).

[15] CIVIL CODE, Art. 1159.

[16] Records, pp. 241-244. See Keng Hua Paper Products Co., Inc. v. Court of Appeals, 286 SCRA 257, 270 (1998).

[17] 234 SCRA 78 (1994).

[18] CIVIL CODE, Art. 2208.

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