

**PHILIPPINE HEALTH-CARE PROVIDERS, INC. (MAXICARE), Petitioner,
vs. CARMELA ESTRADA/CARA HEALTH SERVICES, Respondent.**

G.R. No. 171052. January 28, 2008

Ponente: NACHURA, J.

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NACHURA, J.:

This petition for review on certiorari assails the Decision[1] dated June 16, 2005 of the Court of Appeals (CA) in CA-G.R. CV No. 66040 which affirmed in toto the Decision[2] dated October 8, 1999 of the Regional Trial Court (RTC), Branch 135, of Makati City in an action for breach of contract and damages filed by respondent Carmela Estrada, sole proprietor of Cara Health Services, against Philippine Health-Care Providers, Inc. (Maxicare).

The facts, as found by the CA and adopted by Maxicare in its petition, follow:

[Maxicare] is a domestic corporation engaged in selling health insurance plans whose Chairman Dr. Roberto K. Macasaet, Chief Operating Officer Virgilio del Valle, and Sales/Marketing Manager Josephine Cabrera were impleaded as defendants-appellants.

On September 15, 1990, [Maxicare] allegedly engaged the services of Carmela Estrada who was doing business under the name of CARA HEALTH [SERVICES] to promote and sell the prepaid group practice health care delivery program called MAXICARE Plan with the position of Independent Account Executive. [Maxicare] formally appointed [Estrada] as its “General Agent,” evidenced by a letter-agreement dated February 16, 1991. The letter agreement provided for plaintiff-appellee’s [Estrada’s] compensation in the form of commission, viz.:

Commission

In consideration of the performance of your functions and duties as specified in this letter-agreement, [Maxicare] shall pay you a commission equivalent to 15 to 18% from individual, family, group accounts; 2.5 to 10% on tailored fit plans; and 10% on standard plans of commissionable amount on corporate accounts from all membership dues collected and remitted by you to [Maxicare].

[Maxicare] alleged that it followed a “franchising system” in dealing with its agents whereby an agent had to first secure permission from [Maxicare] to list a prospective company as client. [Estrada] alleged that it did apply with [Maxicare] for the MERALCO account and other accounts, and in fact, its franchise to solicit corporate accounts, MERALCO account included, was renewed on February 11, 1991.

Plaintiff-appellee [Estrada] submitted proposals and made representations to the officers of MERALCO regarding the MAXICARE Plan but when MERALCO decided to subscribe to the MAXICARE Plan, [Maxicare] directly negotiated with MERALCO regarding the terms and conditions of the agreement and left plaintiff-appellee [Estrada] out of the discussions on the terms and conditions.

On November 28, 1991, MERALCO eventually subscribed to the MAXICARE Plan and signed a Service Agreement directly with [Maxicare] for medical coverage of its qualified members, i.e.: 1) the enrolled dependent/s of regular MERALCO executives; 2) retired executives and their dependents who have opted to

enroll and/or continue their MAXICARE membership up to age 65; and 3) regular MERALCO female executives (exclusively for maternity benefits). Its duration was for one (1) year from December 1, 1991 to November 30, 1992. The contract was renewed twice for a term of three (3) years each, the first started on December 1, 1992 while the second took effect on December 1, 1995.

The premium amounts paid by MERALCO to [Maxicare] were alleged to be the following: a) P215,788.00 in December 1991; b) P3,450,564.00 in 1992; c) P4,223,710.00 in 1993; d) P4,782,873.00 in 1994; e) P5,102,108.00 in 1995; and P2,394,292.00 in May 1996. As of May 1996, the total amount of premium paid by MERALCO to [Maxicare] was P20,169,335.00.

On March 24, 1992, plaintiff-appellee [Estrada], through counsel, demanded from [Maxicare] that it be paid commissions for the MERALCO account and nine (9) other accounts. In reply, [Maxicare], through counsel, denied [Estrada's] claims for commission for the MERALCO and other accounts because [Maxicare] directly negotiated with MERALCO and the other accounts(,) and that no agent was given the go signal to intervene in the negotiations for the terms and conditions and the signing of the service agreement with MERALCO and the other accounts so that if ever [Maxicare] was indebted to [Estrada], it was only for P1,555.00 and P43.12 as commissions on the accounts of Overseas Freighters Co. and Mr. Enrique Acosta, respectively.

[Estrada] filed a complaint on March 18, 1993 against [Maxicare] and its officers with the Regional Trial Court (RTC) of Makati City, docketed as Civil Case No. 93-935, raffled to Branch 135.

Defendants-appellants [Maxicare] and its officers filed their Answer with Counterclaim on September 13, 1993 and their Amended Answer with Counterclaim on September 28, 1993, alleging that: plaintiff-appellee [Estrada] had no cause of action; the cause of action, if any, should be is against [Maxicare] only and not against its officers; CARA HEALTH's appointment as agent under the February 16, 1991 letter-agreement to promote the MAXICARE Plan was for a period of one (1) year only; said agency was not renewed after the expiration of the one (1) year period; [Estrada] did not intervene in the negotiations of the contract with MERALCO which was directly negotiated by MERALCO with [Maxicare] and [Estrada's] alleged other clients/accounts were not accredited with [Maxicare] as required, since the agency contract on the MAXICARE health plans were not renewed. By way of counterclaim, defendants-appellants [Maxicare] and its officers claimed P100,000.00 in moral damages for each of the officers of [Maxicare] impleaded as defendant, P100,000.00 in exemplary damages, P100,000.00 in attorney's fees, and P10,000.00 in litigation expenses.[3]

After trial, the RTC found Maxicare liable for breach of contract and ordered it to pay Estrada actual damages in the amount equivalent to 10% of P20,169,335.00, representing her commission for the total premiums paid by Meralco to Maxicare from the year 1991 to 1996, plus legal interest computed from the filing of the complaint on March 18, 1993, and attorney's fees in the amount of P100,000.00.

On appeal, the CA affirmed in toto the RTC's decision. In ruling for Estrada, both the trial and appellate courts held that Estrada was the "efficient procuring cause" in the execution of the service agreement between Meralco and Maxicare consistent with our ruling in *Manotok Brothers, Inc. v. Court of Appeals*.^[4]

Undaunted, Maxicare comes to this Court and insists on the reversal of the RTC Decision as affirmed by the CA, raising the following issues, to wit:

- Whether the Court of Appeals committed serious error in affirming Estrada's entitlement to commissions for the execution of the service agreement between Meralco and Maxicare.
- Corollarily, whether Estrada is entitled to commissions for the two (2) consecutive renewals of the service agreement effective on December 1, 1992^[5] and December 1, 1995.^[6]

We are in complete accord with the trial and appellate courts' ruling. Estrada is entitled to commissions for the premiums paid under the service agreement between Meralco and Maxicare from 1991 to 1996.

Well-entrenched in jurisprudence is the rule that factual findings of the trial court, especially when affirmed by the appellate court, are accorded the highest degree of respect and are considered conclusive between the parties.[7] A review of such findings by this Court is not warranted except upon a showing of highly meritorious circumstances, such as: (1) when the findings of a trial court are grounded entirely on speculation, surmises or conjectures; (2) when a lower court's inference from its factual findings is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion in the appreciation of facts; (4) when the findings of the appellate court go beyond the issues of the case, or fail to notice certain relevant facts which, if properly considered, will justify a different conclusion; (5) when there is a misappreciation of facts; (6) when the findings of fact are conclusions without mention of the specific evidence on which they are based, are premised on the absence of evidence, or are contradicted by evidence on record.[8] None of the foregoing exceptions which would warrant a reversal of the assailed decision obtains in this instance.

Maxicare urges us that both the RTC and CA failed to take into account the stipulations contained in the February 19, 1991 letter agreement authorizing the payment of commissions only upon satisfaction of twin conditions, i.e., collection and contemporaneous remittance of premium dues by Estrada to Maxicare. Allegedly, the lower courts disregarded Estrada's admission that the negotiations with Meralco failed. Thus, the flawed application of the "efficient procuring cause" doctrine enunciated in *Manotok Brothers, Inc. v. Court of Appeals*,^[9] and the erroneous conclusion upholding Estrada's entitlement to commissions on contracts completed without her participation.

We are not persuaded.

Contrary to Maxicare's assertion, the trial and the appellate courts carefully considered the factual backdrop of the case as borne out by the records. Both courts were one in the conclusion that Maxicare successfully landed the Meralco account for the sale of healthcare plans only by virtue of Estrada's involvement and participation in the negotiations. The assailed Decision aptly states:

There is no dispute as to the role that plaintiff-appellee [Estrada] played in selling [Maxicare's] health insurance plan to Meralco. Plaintiff-appellee [Estrada's] efforts consisted in being the first to offer the Maxicare plan to Meralco, using her connections with some of Meralco Executives, inviting said executives to dinner meetings, making submissions and representations regarding the health plan, sending follow-up letters, etc.

These efforts were recognized by Meralco as shown by the certification issued by its Manpower Planning and Research Staff Head Ruben A. Sapitula on September 5, 1991, to wit:

"This is to certify that Ms. Carmela Estrada has initiated talks with us since November 1990 with regards (sic) to the HMO requirements of both our rank and file employees, managers and executives, and that it was favorably recommended and the same be approved by the Meralco Management Committee."

x x x x

This Court finds that plaintiff-appellee [Estrada's] efforts were instrumental in introducing the Meralco account to [Maxicare] in regard to the latter's Maxicare health insurance plans. Plaintiff-appellee [Estrada] was the efficient "intervening cause" in bringing about the service agreement with Meralco. As pointed out by the trial court in its October 8, 1999 Decision, to wit:

"xxx Had not [Estrada] introduced Maxicare Plans to her bosom friends, Messrs. Lopez and Guingona of Meralco, PHPI would still be an anonymity. xxx"[10]

Under the foregoing circumstances, we are hard pressed to disturb the findings of the RTC, which the CA affirmed.

We cannot overemphasize the principle that in petitions for review on certiorari under Rules 45 of the Rules of Court, only questions of law may be put into issue. Questions of fact are not cognizable by this Court. The finding of “efficient procuring cause” by the CA is a question of fact which we desist from passing upon as it would entail delving into factual matters on which such finding was based. To reiterate, the rule is that factual findings of the trial court, especially those affirmed by the CA, are conclusive on this Court when supported by the evidence on record.[11]

The jettisoning of the petition is inevitable even upon a close perusal of the merits of the case.

First. Maxicare’s contention that Estrada may only claim commissions from membership dues which she has collected and remitted to Maxicare as expressly provided for in the letter-agreement does not convince us. It is readily apparent that Maxicare is attempting to evade payment of the commission which rightfully belongs to Estrada as the broker who brought the parties together. In fact, Maxicare’s former Chairman Roberto K. Macasaet testified that Maxicare had been trying to land the Meralco account for two (2) years prior to Estrada’s entry in 1990.[12] Even without that admission, we note that Meralco’s Assistant Vice-President, Donatila San Juan, in a letter[13] dated January 21, 1992 to then Maxicare President Pedro R. Sen, categorically acknowledged Estrada’s efforts relative to the sale of Maxicare health plans to Meralco, thus:

Sometime in 1989, Meralco received a proposal from Philippine Health-Care Providers, Inc. (Maxicare) through the initiative and efforts of Ms. Carmela Estrada, who introduced Maxicare to Meralco. Prior to this time, we did not know that Maxicare is a major health care provider in the country. We have since negotiated and signed up with Maxicare to provide a health maintenance plan for dependents of Meralco executives, effective December 1, 1991 to November 30, 1992.

At the very least, Estrada penetrated the Meralco market, initially closed to Maxicare, and laid the groundwork for a business relationship. The only reason Estrada was not able to participate in the collection and remittance of premium dues to Maxicare was because she was prevented from doing so by the acts of Maxicare, its officers, and employees.

In *Tan v. Gullas*,[14] we had occasion to define a broker and distinguish it from an agent, thus:

[O]ne who is engaged, for others, on a commission, negotiating contracts relative to property with the custody of which he has no concern; the negotiator between the other parties, never acting in his own name but in the name of those who employed him. [A] broker is one whose occupation is to bring the parties together, in matter of trade, commerce or navigation.[15]

An agent receives a commission upon the successful conclusion of a sale. On the other hand, a broker earns his pay merely by bringing the buyer and the seller together, even if no sale is eventually made.[16]

In relation thereto, we have held that the term “procuring cause” in describing a broker’s activity, refers to a cause originating a series of events which, without break in their continuity, result in the accomplishment of the prime objective of the employment of the broker—producing a purchaser ready, willing and able to buy on the owner’s terms.[17] To be regarded as the “procuring cause” of a sale as to be entitled to a commission, a broker’s efforts must have been the foundation on which the negotiations resulting in a sale began.[18] Verily, Estrada was instrumental in the sale of the Maxicare health plans to Meralco. Without her intervention, no sale could have been consummated.

Second. Maxicare next contends that Estrada herself admitted that her negotiations with Meralco failed as shown

in Annex “F” of the Complaint.

The chicanery and disingenuousness of Maxicare’s counsel is not lost on this Court. We observe that this Annex “F” is, in fact, Maxicare’s counsel’s letter dated April 10, 1992 addressed to Estrada. The letter contains a unilateral declaration by Maxicare that the efforts initiated and negotiations undertaken by Estrada failed, such that the service agreement with Meralco was supposedly directly negotiated by Maxicare. Thus, the latter effectively declares that Estrada is not the “efficient procuring cause” of the sale, and as such, is not entitled to commissions.

Our holding in *Atillo III v. Court of Appeals*,^[19] ironically the case cited by Maxicare to bolster its position that the statement in Annex “F” amounted to an admission, provides a contrary answer to Maxicare’s ridiculous contention. We intoned therein that in spite of the presence of judicial admissions in a party’s pleading, the trial court is still given leeway to consider other evidence presented.^[20] We ruled, thus:

As provided for in Section 4 of Rule 129 of the Rules of Court, the general rule that a judicial admission is conclusive upon the party making it and does not require proof admits of two exceptions: 1) when it is shown that the admission was made through palpable mistake, and 2) when it is shown that no such admission was in fact made. The latter exception allows one to contradict an admission by denying that he made such an admission.

For instance, if a party invokes an “admission” by an adverse party, but cites the admission “out of context,” then the one making the admission may show that he made no “such” admission, or that his admission was taken out of context.

This may be interpreted as to mean “not in the sense in which the admission is made to appear.” That is the reason for the modifier “such.”^[21]

In this case, the letter, although part of Estrada’s Complaint, is not, ipso facto, an admission of the statements contained therein, especially since the bone of contention relates to Estrada’s entitlement to commissions for the sale of health plans she claims to have brokered. It is more than obvious from the entirety of the records that Estrada has unequivocally and consistently declared that her involvement as broker is the proximate cause which consummated the sale between Meralco and Maxicare.

Moreover, Section 34,^[22] Rule 132 of the Rules of Court requires the purpose for which the evidence is offered to be specified. Undeniably, the letter was attached to the Complaint, and offered in evidence, to demonstrate Maxicare’s bad faith and ill will towards Estrada.^[23]

Even a cursory reading of the Complaint and all the pleadings filed thereafter before the RTC, CA, and this Court, readily show that Estrada does not concede, at any point, that her negotiations with Meralco failed. Clearly, Maxicare’s assertion that Estrada herself does not pretend to be the “efficient procuring cause” in the execution of the service agreement between Meralco and Maxicare is baseless and an outright falsehood.

After muddling the issues and representing that Estrada made an admission that her negotiations with Meralco failed, Maxicare’s counsel then proceeds to cite a case which does not, by any stretch of the imagination, bolster the flawed contention.

We, therefore, ADMONISH Maxicare’s counsel, and, in turn, remind every member of the Bar that the practice of law carries with it responsibilities which are not to be trifled with. Maxicare’s counsel ought to be reacquainted with Canon 10^[24] of the Code of Professional Responsibility, specifically, Rule 10.02, to wit:

Rule 10.02 – A lawyer shall not knowingly misquote or misrepresent the contents of a paper, the language or the argument of opposing counsel, or the text of a decision or authority, or knowingly cite as law a provision already rendered inoperative by repeal or amendment, or assert as a fact that which has not been proved.

Third. Finally, we likewise affirm the uniform ruling of the RTC and CA that Estrada is entitled to 10% of the total amount of premiums paid[25] by Meralco to Maxicare as of May 1996. Maxicare's argument that assuming Estrada is entitled to commissions, such entitlement only covers the initial year of the service agreement and should not include the premiums paid for the succeeding renewals thereof, fails to impress. Considering that we have sustained the lower courts' factual finding of Estrada's close, proximate and causal connection to the sale of health plans, we are not wont to disturb Estrada's complete entitlement to commission for the total premiums paid until May 1996 in the amount of P20,169,335.00.

WHEREFORE, premises considered and finding no reversible error committed by the Court of Appeals, the petition is hereby DENIED. Costs against the petitioner.

SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, Corona, and Reyes, JJ., concur.

* In lieu of Associate Justice Minita V. Chico-Nazario per Special Order No. 484 dated January 11, 2008.

[1] Penned by Associate Justice Vicente Q. Roxas, with Associate Justices Portia Aliño-Hormachuelos and Juan Q. Enriquez, Jr., concurring; rollo, pp. 37-46.

[2] Penned by Judge Francisco B. Ibay; id. at 137-147.

[3] Rollo, pp. 38-41.

[4] G.R. No. 94753, April 7, 1993, 221 SCRA 224.

[5] The renewed service agreement was for a period of three (3) years and expired on November 30, 1995.

[6] A subsequent renewal of the service agreement which commenced on December 1, 1995, was likewise for a period of three (3) years.

[7] Titan Construction Corporation v. Uni-Field Enterprises, Inc., G.R. No. 153874, March 1, 2007, 517 SCRA 180, 186, Sigaya v. Mayuga, G.R. No. 143254, August 18, 2005, 467 SCRA 341, 353.

[8] Ilao-Quianay v. Mapile, G.R. No. 154087, October 25, 2005, 474 SCRA 246, 253; see Child Learning Center, Inc. v. Tagorio, G.R. No. 150920, November 25, 2005, 476 SCRA 236, 241-242.

[9] Supra note 4.

[10] Rollo, pp. 43-44.

[11] Lambert v. Heirs of Ray Castillon, G.R. No. 160709, February 23, 2005, 452 SCRA 285, 290, citing Imperial v. Jaucian, 427 SCRA 517 (2004).

[12] Rollo, p. 10.

[13] Id. at 83.

[14] 441 Phil. 622 (2002).

[15] Tan v. Gullas, 441 Phil. 622, 631 (2002), citing Schmid and Oberly v. RJL Martinez Fishing Corporation, 166 SCRA 493 (1988).

[16] Id. at 633, citing Alfred Hahn v. Court of Appeals, 266 SCRA 537 (1997).

[17] Medrano v. Court of Appeals, G.R. No. 150678, February 18, 2005, 452 SCRA 77, 88, citing Clark v. Ellsworth, 66 Ariz. 119, 184 P. 2d 821 (1947).

[18] Id.

[19] 334 Phil. 546 (1997).

[20] Id. at 554.

[21] Id. at 552.

[22] Sec. 34. Offer of Evidence.— The court shall consider no evidence which has not been formally offered. The purpose for which the evidence is offered must be specified.

[23] Rollo, p. 72.

[24] CANON 10 – A LAWYER OWES CANDOR, FAIRNESS AND GOOD FAITH TO THE COURT.

[25] P20,169,335.00.

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