

MEDCO INDUSTRIAL CORPORATION AND JOSE RAMON A. PONCE DE LEON, PETITIONERS, VS. THE HONORABLE COURT OF APPEALS AND ENGINEERING AND CONSTRUCTION CORPORATION OF ASIA (ECCO-ASIA), R...

G.R. No. 84610. November 24, 1988

Ponente: SARMIENTO, J.

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SARMIENTO, J.:

The reversal of the decision[*] of the Court of Appeals promulgated on July 20, 1988 affirming with modification the decision[**] of the lower court is sought in the instant petition for review on certiorari.

The decretal portion of the decision reads as follows:

WHEREFORE, the decision under appeal is hereby affirmed, but with the following modification: (1) the award of attorney's fees to be paid by defendant to plaintiffs is hereby reduced to P40,000; and (2) the award of moral and compensatory damages in the total sum of P300,000.00 is hereby deleted from the judgment. No pronouncement as to costs.

SO ORDERED.[1]

The private respondent herein, defendant in the trial court and appellant in the respondent Court of Appeals, did not file in this Court a petition for review. However the plaintiff-appellee corporation did. Jose Ramon Ponce A. De Leon does not appear as plaintiff-appellee in the title[2] of the Decision of the Court of Appeals for undisclosed reasons albeit the dispositive portion of the same Decision gives the award of attorney's fees "to plaintiffs."[3]

The sole issue raised by the petitioners is whether or not the Court of Appeals was justified in deleting the award for damages and reducing the amount of attorney's fees.

As the Court of Appeals committed no reversible error, the petition should be denied. However, we find the award of attorney's fees of P40,000.00 to be excessive.

It is settled that the award of attorney's fees lies upon the discretion of the court based on the facts and circumstances of each case.[4] The exercise of such discretion under Art. 2208 demands factual, legal, and equitable justification, without which, the award is a conclusion without a premise, its basis being improperly left to speculation and conjecture.[5]

The various invoices[6] presented in evidence in this case contained the following stipulation as to attorney's fees:

x x x. "In case collection is made thru an attorney, it is hereby agreed to pay an additional sum equal to 25% of the unpaid amount for attorney's fees."

On the basis thereof, the trial court awarded petitioners attorney's fees of P100,000.00 which amount was however

reduced by the Court of Appeals to P40,000.00. We nonetheless find the amount to be still excessive and unreason-able.

In *Bacharach vs. Golingco*,^[7] we enunciated thus:

X X X X X X X X

Contracts for attorney's services in this jurisdiction stand upon an entirely different footing from contracts for the payment of compensation for any other services. By express provision of section 29 of the Code of Civil Procedure, an attorney is not entitled in the absence of express contract to recover more than a reasonable compensation for his services; and even when an express contract is made the court can ignore it and limit the recovery to reasonable compensation if the amount of the stipulated fee is found by the court to be unreasonable. This is a very different rule from that announced in section 1091 of the Civil Code with reference to the obligation of contracts in general, where it is said that such obligation has the force of law between the contracting parties. Had the plaintiff herein made an express contract to pay his attorney an uncontingent fee of P2,115.25 for the services to be rendered in reducing the note here in suit to judgment, it would not have been enforced against him had he seen fit to oppose it, as such a fee is obviously far greater than is necessary to remunerate the attorney for the work involved and is therefore unreasonable. In order to enable the court to ignore an express contract for an attorney's fees, it is not necessary to show, as in other contracts, that it is contrary to morality or public policy (Art. 1255, Civil Code). It is enough that it is unreasonable or unconscionable. (Emphasis supplied).

Upon the other hand, "a written contract for services shall control the amount of recovery if found by the court not to be unconscionable or unreasonable."⁹

Civil Case No. 8431 from which this petition emanated is a simple collection case. Thus, we find that the reduced amount of P40,000.00 as attorney's fees awarded by the Court of Appeals to be still excessive and accordingly reduce it further to P20,000.00.

WHEREFORE, premises considered, the petition is DENIED and the decision of the Court of Appeals is AFFIRMED with modification, in that the award of attorney's fees of P40,000.00 is reduced to P20,000.00.

SO ORDERED.

Melencio-Herrera, (Chairperson), Paras, Padilla, and Regalado, JJ., concur.

[*] CA-G.R. No. 11002, Ninth Division; Lombos-de la Fuente, Lorna, ponente; Martinez, Antonio M. and Pe, Cecilio L. JJ., concurring.

[**] Civil Case No. 8431, Regional Trial Court of Negros Oriental, 7th Judicial Region, Branch XLI, Dumaguete City; Hon. Pedro C. Gabaton, Presiding Judge.

[1] Petition, Rollo, 27.

[2] Rollo, 18-a.

[3] Id., 27.

[4] *Maximo Pleno vs. The Hon. Court of Appeals, et al.*, G.R. No. 56505, May 9, 1988.

[5] *Jose Abrogar, et al. vs. IAC, et al.*, G.R. No. 67970, January 15, 1988.

[6] Petition, 8.

[7] 39 Phils. 138, No. 13660, November 13, 1918, cited in *Mambulao Lumber Co. vs. PNB*, L-22973, January 30, 1968, 22 SCRA 359.

[8] *Early vs. Sy-Guiang*, 1889, September 5, 1905, *Phil. Reports Annotated*, Vol. 4, 727.

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