

SECOND DIVISION

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

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. SANTOS, REMEDIOS C. GALSIM, RAMON A. CARIÑO, REGINALDO A. CARIÑO, RANIEELA C. DIONELA AND RACHELLE C. SAMANIEGO, IN SUBSTITUTION OF THE LATE AVELINO G. CARIÑO, RESPONDENTS.

D E C I S I O N

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:

1. 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;
2. Ordering the latter to pay the former jointly and severally the amount of P150,000.00 as nominal damages; and
3. 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:

- I. THE COURT OF APPEALS ERRED IN AWARDING NOMINAL DAMAGES IN THE AMOUNT OF P150,000.00.
- II. THE COURT OF APPEALS ERRED IN AWARDING ATTORNEY'S FEES IN THE AMOUNT OF P15,000.00 IN FAVOR OF THE RESPONDENT.
- III. 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