

## SECOND DIVISION

[ G.R. No. 128452, November 16, 1999 ]

**COMPANIA MARITIMA, INC., EL VARADERO DE MANILA, MINDANAO TERMINAL AND BROKERAGE SERVICES, CARLOS P. FERNANDEZ, VICENTE T. FERNANDEZ, LUIS T. FERNANDEZ, AND RAMON B. FERNANDEZ, PETITIONERS, VS. COURT OF APPEALS AND EXEQUIEL S. CONSULTA,. RESPONDENTS.**

### DECISION

**MENDOZA, J.:**

This is a petition for review on certiorari of the decision<sup>[1]</sup> of the Court of Appeals, dated February 27, 1996, affirming the decision of the Regional Trial Court, Branch 94, Quezon City, dated March 16, 1993, which ordered petitioners to pay private respondent, Atty. Exequiel S. Consulta, the total amount of P2,590,000.00, as attorney's fees, and P21,856.40, as filing fees, in connection with three cases which the latter, as attorney, handled for the former.

The facts are as follows:

Maritime Company of the Philippines was sued by Genstar Container Corporation before the Regional Trial Court, Branch 31, Manila. On November 29, 1985, it was ordered to pay Genstar Container Corporation the following amounts:

- a. \$469,860.35, or its equivalent in pesos at the current exchange rate.
- b. 25% of the total obligation, P2,000.00 as Acceptance Fee, and P250.00 per appearance - - as Attorney's Fees.
- c. Costs of suit.

As a result, properties of petitioners Compania Maritima, Inc., El Varadero de Manila, and Mindanao Terminal and Brokerage Services at Sangley Point, Cavite, were levied upon in execution. The properties, consisting of the tugboats *Dadiangas*, *Marinero*, and *Timonel*, the floating crane *Northwest Murphy Diesel Engine*, and the motorized launch *Sea Otter*, were worth P51,000,000.00 in sum. However, the same were sold at public auction for only P1,235,000.00 to the highest bidder, a certain Rolando Patriarca.<sup>[2]</sup>

Petitioners Compania Maritima, Inc., El Varadero de Manila, and Mindanao Terminal and Brokerage Services engaged the services of private respondent, Atty. Exequiel S. Consulta, who represented them in the following cases: (1) Civil Case No. 85-30134, entitled "Genstar Container Corporation v. Maritime Company of the Philippines," wherein petitioners' properties were levied upon although petitioners

had not been impleaded as defendants therein; (2) TBP Case No. 86-03662, entitled "Compania Maritima, Inc., v. Ramon C. Enriquez," which was a criminal case for falsification and for violation of R.A. No. 3019, otherwise known as the Anti-Graft and Corrupt Practices Act, against Deputy Sheriff Enriquez before the Tanodbayan; and (3) Civil Case No. 86-37196 entitled "Compania Maritima v. Genstar Container Corporation," an action for Injunction, Annulment of Execution Proceedings, and Damages.<sup>[3]</sup>

The cases were eventually resolved in this wise: (1) in Civil Case No. 85-30134, the trial court dismissed the third-party claim and motion for the issuance of a writ of preliminary injunction filed by Atty. Consulta; (2) after Atty. Consulta filed the complaint with the Tanodbayan in TBP Case No. 86-03662, petitioners transferred the handling of the case to another lawyer; and (3) Civil Case No. 86-37196 was eventually dismissed on motion of both parties, but only after the trial court's denial of the motion to dismiss filed by Genstar Container Corporation was upheld on appeal by both the Court of Appeals and the Supreme Court.<sup>[4]</sup>

For his services in the three cases, Atty. Consulta billed petitioners as follows: (1) P100,000.00 for Civil Case No. 85-30134; (2) P50,000.00 for TBP Case No. 86-03662; and (3) P5,000,000.00 for Civil Case No. 86-37196, including the subsequent appeals to the Court of Appeals and the Supreme Court. Petitioners did not pay the amount demanded but only P30,000.00 for Civil Case No. 85-30134 and P10,000.00 for TBP Case No. 86-03662.<sup>[5]</sup>

Because of the failure of corporate petitioners to pay the balance of his attorney's fees, Atty. Consulta brought suit against petitioners in the Regional Trial Court, Branch 94, Quezon City. He sought the recovery of the following: (1) P70,000.00, as the balance of the P100,000.00 attorney's fees billed for Civil Case No. 85-30134; (2) P40,000.00, as the balance of the P50,000.00 attorney's fees for TBP Case No. 86-03662, and (3) P5,000,000.00 as attorney's fees for Civil Case No. 86-37196, including the subsequent appeals therefrom to the Court of Appeals and the Supreme Court. He likewise asked for moral and exemplary damages, attorney's fees, and the costs of suit.<sup>[6]</sup>

On March 16, 1993, the trial court rendered a decision which in part stated:

Considering all the circumstances as above set forth, this Court believes that the amount equivalent to five percent (5%) of the amount involved, or the amount of Two Million Five Hundred Fifty Thousand Pesos (P2,550,000.00) would be reasonable attorney's fees for the services rendered by the plaintiff in Civil Case No. 37196 and the two related proceedings in the Court of Appeals and the Supreme Court.

As for the services rendered by the plaintiff in Civil Case No. 30134, for which he appears to have already been paid P30,000.00, the Court believes that an additional amount of P20,000.00 would be reasonable.

On plaintiff's demand of P40,000.00, in addition to the P10,000.00 he had initially received for services rendered in the Tanodbayan case No. 86-03662, the Court grants him an additional P20,000.00.

WHEREFORE, judgment is hereby rendered for the plaintiff and orders the defendant to pay the plaintiff, jointly and severally, damages as follows:

- a. For services rendered by plaintiff in Civil Case No. 37196 and the related proceedings in the Court of Appeals and the Supreme Court - Two Million Five Hundred Fifty Thousand Pesos (P2,550,000.00).
- b. For services rendered by plaintiff in Civil Case No. 30134 - Twenty Thousand Pesos (P20,000.00).
- c. For services rendered in the TBP Case No. 86-03662 - Twenty Thousand Pesos (P20,000.00).
- d. Filing fees in the amount of P21,856.40.

The defendants' counterclaim and plaintiff's counterclaim to defendants counterclaim are both dismissed.

SO ORDERED.

On appeal, the Court of Appeals affirmed the decision of the trial court. Said the appellate court:

In Civil Case No. 37196, where appellee rendered his legal services, appellants' property worth Fifty One Million Pesos (P51,000,000.00) was involved. Likewise, the aforementioned case was not a simple action for collection of money, considering that complex legal issues were raised therein which reached until the Supreme Court. In the course of such protracted legal battle to save the appellants' properties, the appellee prepared numerous pleadings and motions, which were diligently and effectively executed, as a result of which, the appellants' properties were saved from execution and their oppositors were forced to settle by way of a compromise agreement.

. . . .

It is a well-settled rule that in the recovery of attorney's fees, whether as a main action or as an incident of another action, the determination of the reasonableness is within the prerogative of the courts (Roldan vs. Court of Appeals, 218 SCRA 713; Radiowealth Finance Co., Inc. vs. International Corporate Bank, 182 SCRA 862; Panay Electric vs. Court of Appeals, 119 SCRA 456).

Based on the aforequoted ruling, We find that the court *a quo* did not commit any reversible error in awarding attorney's fees equivalent to five percent (5%) of the total value of properties involved in Civil Case No. 37196.

Hence, this appeal. Petitioners raise the following issues:

- a) Whether or not the amount of attorney's fees awarded to the private respondent by the court *a quo* and affirmed by the