

THIRD DIVISION

[G.R. No. 107518, October 08, 1998]

**PNOC SHIPPING AND TRANSPORT CORPORATION, PETITIONER,
VS. HONORABLE COURT OF APPEALS AND MARIA EFIGENIA
FISHING CORPORATION, RESPONDENTS.**

D E C I S I O N

ROMERO, J.:

A party is entitled to adequate compensation only for such pecuniary loss actually suffered and duly proved.^[1] Indeed, basic is the rule that to recover actual damages, the amount of loss must not only be capable of proof but must actually be proven with a reasonable degree of certainty, premised upon competent proof or best evidence obtainable of the actual amount thereof.^[2] The claimant is duty-bound to point out specific facts that afford a basis for measuring whatever compensatory damages are borne.^[3] A court cannot merely rely on speculations, conjectures, or guesswork as to the fact and amount of damages^[4] as well as hearsay^[5] or uncorroborated testimony whose truth is suspect.^[6] Such are the jurisprudential precepts that the Court now applies in resolving the instant petition.

The records disclose that in the early morning of September 21, 1977, the *M/V Maria Efigenia XV*, owned by private respondent Maria Efigenia Fishing Corporation, was navigating the waters near Fortune Island in Nasugbu, Batangas on its way to Navotas, Metro Manila when it collided with the vessel *Petroparcel* which at the time was owned by the Luzon Stevedoring Corporation (LSC).

After investigation was conducted by the Board of Marine Inquiry, Philippine Coast Guard Commandant Simeon N. Alejandro rendered a decision finding the *Petroparcel* at fault. Based on this finding by the Board and after unsuccessful demands on petitioner,^[7] private respondent sued the LSC and the *Petroparcel* captain, Edgardo Doruelo, before the then Court of First Instance of Caloocan City, paying thereto the docket fee of one thousand two hundred fifty-two pesos (P1,252.00) and the legal research fee of two pesos (P2.00).^[8] In particular, private respondent prayed for an award of P692,680.00, allegedly representing the value of the fishing nets, boat equipment and cargoes of *M/V Maria Efigenia XV*, with interest at the legal rate plus 25% thereof as attorney's fees. Meanwhile, during the pendency of the case, petitioner PNOC Shipping and Transport Corporation sought to be substituted in place of LSC as it had already acquired ownership of the *Petroparcel*.^[9]

For its part, private respondent later sought the amendment of its complaint on the ground that the original complaint failed to plead for the recovery of the lost value of the hull of *M/V Maria Efigenia XV*.^[10] Accordingly, in the amended complaint, private respondent averred that *M/V Maria Efigenia XV* had an actual value of P800,000.00 and that, after deducting the insurance payment of P200,000.00, the

amount of P600,000.00 should likewise be claimed. The amended complaint also alleged that inflation resulting from the devaluation of the Philippine peso had affected the replacement value of the hull of the vessel, its equipment and its lost cargoes, such that there should be a reasonable determination thereof. Furthermore, on account of the sinking of the vessel, private respondent supposedly incurred unrealized profits and lost business opportunities that would thereafter be proven.^[11]

Subsequently, the complaint was further amended to include petitioner as a defendant^[12] which the lower court granted in its order of September 16, 1985.^[13] After petitioner had filed its answer to the second amended complaint, on February 5, 1987, the lower court issued a pre-trial order^[14] containing, among other things, a stipulations of facts, to wit:

"1. On 21 September 1977, while the fishing boat 'M/V MARIA EFIGENIA' owned by plaintiff was navigating in the vicinity of Fortune Island in Nasugbu, Batangas, on its way to Navotas, Metro Manila, said fishing boat was hit by the LSCO tanker 'Petroparcel' causing the former to sink.

2. The Board of Marine Inquiry conducted an investigation of this marine accident and on 21 November 1978, the Commandant of the Philippine Coast Guard, the Honorable Simeon N. Alejandro, rendered a decision finding the cause of the accident to be the reckless and imprudent manner in which Edgardo Doruelo navigated the LSCO 'Petroparcel' and declared the latter vessel at fault.

3. On 2 April 1978, defendant Luzon Stevedoring Corporation (LUSTEVECO), executed in favor of PNOC Shipping and Transport Corporation a Deed of Transfer involving several tankers, tugboats, barges and pumping stations, among which was the LSCO Petroparcel.

4. On the same date on 2 April 1979 (sic), defendant PNOC STC again entered into an Agreement of Transfer with co-defendant Lusteveco whereby all the business properties and other assets appertaining to the tanker and bulk oil departments including the motor tanker LSCO Petroparcel of defendant Lusteveco were sold to PNOC STC.

5. The aforesaid agreement stipulates, among others, that PNOC-STC assumes, without qualifications, all obligations arising from and by virtue of all rights it obtained over the LSCO 'Petroparcel'.

6. On 6 July 1979, another agreement between defendant LUSTEVECO and PNOC-STC was executed wherein Board of Marine Inquiry Case No. 332 (involving the sea accident of 21 September 1977) was specifically identified and assumed by the latter.

7. On 23 June 1979, the decision of Board of Marine Inquiry was affirmed by the Ministry of National Defense, in its decision dismissing the appeal of Capt. Edgardo Doruelo and Chief mate Anthony Estenzo of LSCO 'Petroparcel'.

8. LSCO `Petroparcel' is presently owned and operated by PNOC-STC and likewise Capt. Edgardo Doruelo is still in their employ.

9. As a result of the sinking of M/V Maria Efigenia caused by the reckless and imprudent manner in which LSCO Petroparcel was navigated by defendant Doruelo, plaintiff suffered actual damages by the loss of its fishing nets, boat equipments (sic) and cargoes, which went down with the ship when it sank the replacement value of which should be left to the sound discretion of this Honorable Court."

After trial, the lower court^[15] rendered on November 18, 1989 its decision disposing of Civil Case No. C-9457 as follows:

"WHEREFORE, and in view of the foregoing, judgment is hereby rendered in favor of the plaintiff and against the defendant PNOC Shipping & Transport Corporation, to pay the plaintiff:

- a. The sum of P6,438,048.00 representing the value of the fishing boat with interest from the date of the filing of the complaint at the rate of 6% per annum;
- b. The sum of P50,000.00 as and for attorney's fees; and
- c. The costs of suit.

The counterclaim is hereby DISMISSED for lack of merit. Likewise, the case against defendant Edgardo Doruelo is hereby DISMISSED, for lack of jurisdiction.

SO ORDERED."

In arriving at the above disposition, the lower court cited the evidence presented by private respondent consisting of the testimony of its general manager and sole witness, Edilberto del Rosario. Private respondent's witness testified that *M/V Maria Efigenia XV* was owned by private respondent per Exhibit A, a certificate of ownership issued by the Philippine Coast Guard showing that *M/V Maria Efigenia XV* was a wooden motor boat constructed in 1965 with 128.23 gross tonnage. According to him, at the time the vessel sank, it was then carrying 1,060 tubs (bañeras) of assorted fish the value of which was never recovered. Also lost with the vessel were two cummins engines (250 horsepower), radar, pathometer and compass. He further added that with the loss of his flagship vessel in his fishing fleet of fourteen (14) vessels, he was constrained to hire the services of counsel whom he paid P10,000 to handle the case at the Board of Marine Inquiry and P50,000.00 for commencing suit for damages in the lower court.

As to the award of P6,438,048.00 in actual damages, the lower court took into account the following pieces of documentary evidence that private respondent proffered during trial:

- (a) Exhibit A - certified xerox copy of the certificate of ownership of *M/V Maria Efigenia XV*;

(b) Exhibit B - a document titled "Marine Protest" executed by Delfin Villarosa, Jr. on September 22, 1977 stating that as a result of the collision, the *M/V Maria Efigenia XV* sustained a hole at its left side that caused it to sink with its cargo of 1,050 bañeras valued at P170,000.00;

(c) Exhibit C - a quotation for the construction of a 95-footer trawler issued by Isidoro A. Magalong of I. A. Magalong Engineering and Construction on January 26, 1987 to Del Rosario showing that construction of such trawler would cost P2,250,000.00;

(d) Exhibit D - *pro forma* invoice No. PSPI-05/87-NAV issued by E.D. Daclan of Power Systems, Incorporated on January 20, 1987 to Del Rosario showing that two (2) units of CUMMINS Marine Engine model N855-M, 195 bhp. at 1800 rpm. would cost P1,160,000.00;

(e) Exhibit E - quotation of prices issued by Scan Marine Inc. on January 20, 1987 to Del Rosario showing that a unit of Furuno Compact Daylight Radar, Model FR-604D, would cost P100,000.00 while a unit of Furuno Color Video Sounder, Model FCV-501 would cost P45,000.00 so that the two units would cost P145,000.00;

(f) Exhibit F - quotation of prices issued by Seafgear Sales, Inc. on January 21, 1987 to Del Rosario showing that two (2) rolls of nylon rope (5" cir. X 300fl.) would cost P140,000.00; two (2) rolls of nylon rope (3" cir. X 240fl.), P42,750.00; one (1) binocular (7 x 50), P1,400.00, one (1) compass (6"), P4,000.00 and 50 pcs. of floats, P9,000.00 or a total of P197, 150.00;

(g) Exhibit G - retainer agreement between Del Rosario and F. Sumulong Associates Law Offices stipulating an acceptance fee of P5,000.00, per appearance fee of P400.00, monthly retainer of P500.00, contingent fee of 20% of the total amount recovered and that attorney's fee to be awarded by the court should be given to Del Rosario; and

(h) Exhibit H - price quotation issued by Seafgear Sales, Inc. dated April 10, 1987 to Del Rosario showing the cost of poly nettings as: 50 rolls of 400/18 3kts. 100md x 100mtrs., P70,000.00; 50 rolls of 400/18 5kts. 100md x 100mtrs., P81,500.00; 50 rolls of 400/18 8kts. 100md x 100mtrs., P116,000.00, and 50 rolls of 400/18 10kts. 100md x 100mtrs., P146,500 and banera (tub) at P65.00 per piece or a total of P414,065.00

The lower court held that the prevailing replacement value of P6,438,048.00 of the fishing boat and all its equipment would regularly increase at 30% every year from the date the quotations were given.

On the other hand, the lower court noted that petitioner only presented Lorenzo Lazaro, senior estimator at PNOC Dockyard & Engineering Corporation, as sole witness and it did not bother at all to offer any documentary evidence to support its position. Lazaro testified that the price quotations submitted by private respondent were "excessive" and that as an expert witness, he used the quotations of his suppliers in making his estimates. However, he failed to present such quotations of prices from his suppliers, saying that he could not produce a breakdown of the costs

of his estimates as it was "a sort of secret scheme." For this reason, the lower court concluded:

"Evidently, the quotation of prices submitted by the plaintiff relative to the replacement value of the fishing boat and its equipments in the tune of P6,438,048.00 which were lost due to the recklessness and imprudence of the herein defendants were not rebutted by the latter with sufficient evidence. The defendants through their sole witness Lorenzo Lazaro relied heavily on said witness' bare claim that the amount aforesaid is excessive or bloated, but they did not bother at all to present any documentary evidence to substantiate such claim. Evidence to be believed, must not only proceed from the mouth of the credible witness, but it must be credible in itself. (Vda. de Bonifacio vs. B. L. T. Bus Co., Inc. L-26810, August 31, 1970)."

Aggrieved, petitioner filed a motion for the reconsideration of the lower court's decision contending that: (1) the lower court erred in holding it liable for damages; that the lower court did not acquire jurisdiction over the case by paying only P1,252.00 as docket fee; (2) assuming that plaintiff was entitled to damages, the lower court erred in awarding an amount greater than that prayed for in the second amended complaint; and (3) the lower court erred when it failed to resolve the issues it had raised in its memorandum.^[16] Petitioner likewise filed a supplemental motion for reconsideration expounding on whether the lower court acquired jurisdiction over the subject matter of the case despite therein plaintiff's failure to pay the prescribed docket fee.^[17]

On January 25, 1990, the lower court declined reconsideration for lack of merit.^[18] Apparently not having received the order denying its motion for reconsideration, petitioner still filed a motion for leave to file a reply to private respondent's opposition to said motion.^[19] Hence, on February 12, 1990, the lower court denied said motion for leave to file a reply on the ground that by the issuance of the order of January 25, 1990, said motion had become moot and academic.^[20]

Unsatisfied with the lower court's decision, petitioner elevated the matter to the Court of Appeals which, however, affirmed the same *in toto* on October 14, 1992.^[21] On petitioner's assertion that the award of P6,438,048.00 was not convincingly proved by competent and admissible evidence, the Court of Appeals ruled that it was not necessary to qualify Del Rosario as an expert witness because as the owner of the lost vessel, "it was well within his knowledge and competency to identify and determine the equipment installed and the cargoes loaded" on the vessel. Considering the documentary evidence presented as in the nature of market reports or quotations, trade journals, trade circulars and price lists, the Court of Appeals held, thus:

"Consequently, until such time as the Supreme Court categorically rules on the admissibility or inadmissibility of this class of evidence, the reception of these documentary exhibits (price quotations) as evidence rests on the sound discretion of the trial court. In fact, where the lower court is confronted with evidence which appears to be of doubtful admissibility, the judge should declare in favor of admissibility rather than of non-admissibility (*The Collector of Palakadhari*, 124 [1899], p.