Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

ASIAN TERMINALS, INC., Petitioner,	**G.R. No. 182208**
	Present:
- *versus* -	VELASCO, JR., *J.*, *Chairperson*, PERALTA, VILLARAMA, JR., MENDOZA,* and JARDELEZA, *JJ.*
ALLIED GUARANTEE INSURANCE, CO., INC., Respondent.	**Promulgated**: October 14, 2015

x----------x

DECISION

PERALTA, *J.*:

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking to annul and set aside the Court of Appeals Decision[1] dated November 9, 2007 and Resolution[2] dated March 26, 2008 in CA-G.R. CV. No. 48661, which affirmed the trial court's finding that petitioner is liable for the damage to certain goods within its custody.

The facts of the case follow.

---

* Designated Acting Member in lieu of Associate Justice Bienvenido L. Reyes, per Special Order No. 2084 (Revised) dated June 29, 2015.

1 Penned by Associate Justice Vicente Q. Roxas, with Associate Justices Josefina Guevara-Salonga and Ramon R. Garcia, concurring, *rollo*, pp. 29-42.

2 *Id.* at 54.

Marina Port Services, Inc. (*Marina*), the predecessor of herein petitioner Asian Terminals, Inc. (*petitioner ATI*), is an arrastre operator based in the South Harbor, Port Area, Manila.[3] On February 5, 1989, a shipment was made of 72,322 lbs. of kraft linear board (a type of paperboard) loaded and received from the ports of Lake Charles, LA, and Mobile, AL, U.S.A., for transport and delivery to San Miguel Corporation (*San Miguel*) in Manila, Philippines.[4] The vessel used was the M/V Nicole, operated by Transocean Marine, Inc. (*Transocean*), a foreign corporation, whose Philippine representative is Philippine Transmarine Carrier, Inc. (*Philippine Transmarine*).[5]

The M/V Nicole arrived in Manila on April 8, 1989 and, shortly thereafter, the subject shipment was offloaded from the vessel to the arrastre Marina until April 13, 1989.[6] Thereafter, it was assessed that a total of 158 rolls of the goods were "damaged" during shipping.[7] Further, upon the goods' withdrawal from the arrastre and their delivery, first, to San Miguel's customs broker, Dynamic Brokerage Co. Inc. (*Dynamic*), and, eventually, to the consignee San Miguel, another 54 rolls were found to have been damaged, for a total of 212 rolls of damaged shipment worth ₱755,666.84.[8]

Herein respondent Allied Guarantee Insurance, Co., Inc., (*respondent Allied*), was the insurer of the shipment. Thus, it paid San Miguel ₱755,666.84 and was subrogated in the latter's rights.[9]

On March 8, 1990, Allied filed a Complaint[10] (and later, an Amended Complaint) for maritime damages against Transocean, Philippine Transmarine, Dynamic and Marina seeking to be indemnified for the ₱755,666.84 it lost in paying the consignee San Miguel. The suit alleged that the shipment was loaded from the ports of origin "in good and complete order condition," and all losses were due to the fault of the named defendants.[11] In addition, the suit sought legal interest, 25% of the indemnity as attorney's fees, and costs of the suit.[12]

In its Amended Answer with Compulsory Counterclaim and Crossclaim,[13] Marina denied the complaint's allegations and maintained that 158 rolls in the shipment were already in "bad order condition" when it turned over the same to the consignee's representative/broker. It claimed due care and diligence in the handling of the goods and that no damage was sustained

---

3 *Id.* at 56-57.
4 *Id.*
5 *Id.* at 57.
6 *Id.*
7 *Id.* at 57, 61-62.
8 *Id.* at 57, 94-95.
9 *Id.*
10 *Id.* at 56-58, 94-96.
11 *Id.* at 57.
12 *Id.*
13 *Id.* at 60-61, 97-98.

by the same while in its custody or care.[14] It alleged that whatever damage incurred was attributable to its co-defendants who should reimburse it for whatever amount the latter may be adjudged liable.[15]

The other co-defendants Transocean and Philippine Transmarine also denied most of the complaint's allegations and counter-alleged that a large portion of "the shipment was already in torn/scuffed condition prior to loading" in their vessel.[16] In addition, they attributed the damage to the nature, vice or defect of the goods, the perils and accidents of the sea, to pre-shipment loss and insufficiency of packing.[17] They claimed to have exercised the diligence required by law so that the damage incurred was not their fault.[18]

The case underwent trial and, thereafter, the Regional Trial Court (*RTC*) of Makati City, Branch 148, found all the defendants, including the predecessor of herein petitioner, liable for the losses. The dispositive portion of the trial court's Decision dated September 9, 1993 states:

> WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendants, thereby ordering the latter to pay the obligation in the following manner:
>
> a) the amount of ₱623,935.76 plus interest corresponding to the 158 rolls of kraft linear board that was damaged while in the custody of defendant Transocean Inc. to be paid by the latter to the plaintiff with legal rate of interest from the time when it was due and until fully paid;
>
> b) the amount of ₱131,731.08 plus interest corresponding to the additional 54 rolls of kraft linear board that was damaged, to be paid jointly and severally by defendants Marina Port Services Inc. and Dynamic Brokerage Co. Inc. to the plaintiff with legal rate of interest from the time when it was due until fully paid;
>
> c) 25% of the aforesaid principal amounts as attorney's fees to be paid jointly and severally by all the defendants.
>
> d) plus costs of suit.
>
> SO ORDERED.[19]

The RTC found the defendant shipping company Transocean liable for the 158 rolls of damaged goods due to the latter's failure to observe the necessary precautions and extraordinary diligence as common carrier to

---

14 *Id.*
15 *Id.* at 61, 64.
16 *Id.* at 67.
17 *Id.* at 68.
18 *Id.* at 70.
19 Penned by Judge Oscar B. Pimentel; *id.* at 51-52.

prevent such damage.[20] Then, the additional 54 rolls of the goods that were lost were found to have been damaged while in the possession of Marina, the arrastre operator and Dynamic, the broker.[21] It found Marina and Dynamic solidarily liable for the said damaged goods.[22] Thus, the trial court found all the defendants liable for portions of the cargo that were damaged in their respective custody. It dismissed the parties' counterclaims and crossclaims.

Marina, which changed its name to Asian Terminals Inc. (*ATI*), elevated the case to the Court of Appeals.[23] The lone assignment of error it attributes to the RTC decision is:

> THE COURT *A QUO* ERRED IN RENDERING ATI LIABLE FOR THE ADDITIONAL DAMAGES SUSTAINED BY THE SUBJECT SHIPMENT.

ATI maintained that the goods were withdrawn by the broker in the same condition as they were discharged from the vessel.[24] It argued that it is not liable for the damage to the additional 54 rolls as these were discovered only at the warehouse of San Miguel and these were the broker's responsibility after they were released from ATI's custody until delivery to the consignee.[25] It accused the trial court of merely speculating when it held ATI and Dynamic to be jointly and severally liable for the the additional damage.[26]

In its assailed Decision, the Court of Appeals did not sustain ATI's appeal and affirmed the decision of the RTC, as follows:

> WHEREFORE, premises considered, the assailed September 9, 1993 Decision of the Regional Trial Court of Makati City, Branch 148, in Civil Case No. 904661, is hereby AFFIRMED.
>
> SO ORDERED.[27]

Like the trial court, the appellate court found the carriers Transocean and Philippine Transmarine liable to the plaintiff insurer, the subrogee of the consignee, for the 158 rolls of kraft linear board that were lost or damaged while in the former's custody during shipping.[28] The common carriers were held liable because they were found unable to overcome the presumption of negligence while in custody of the goods.[29] Then, the arrastre ATI and the broker Dynamic were likewise found liable for the additional 54 rolls of the

---

20 *Rollo*, p. 48.
21 *Id.* at 50.
22 *Id.* at 51.
23 *Id.* at 212.
24 *Id.* at 215.
25 *Id.* at 217.
26 *Id.* at 217-218.
27 *Id.* at 42.
28 *Id.* at 38.
29 *Id.*

same goods destroyed as both failed to prove the exercise of the amount of diligence required in the safekeeping of said goods.[30] In particular, the appellate court stated that ATI failed to present the Turn Over Inspector and Bad Order Inspector as witnesses who could have testified that no additional goods were damaged during its custody.[31]

ATI filed a motion for reconsideration of the above decision, but the same was denied by the appellate court.[32]

From the said decision, ATI filed the instant petition for review.

Petitioner ATI argues that the appellate court erroneously failed to note the so-called Turn Over Survey of Bad Order Cargoes and the Requests for Bad Order Survey which supposedly could absolve it from liability for the damaged shipment.[33] The reports were allegedly made prior to the shipment's turnover from ATI to Dynamic and they purportedly show that no additional loss or damage happened while the shipment was in ATI's custody as the reports only mention the 158 rolls that were damaged during shipping or prior to ATI's possession.[34] ATI also assails the award of attorney's fees, stating that no findings of fact or law mas made to justify the grant of such an award.[35]

Hence, the Court resolves the issues of whether or not petitioner has been proven liable for the additional 54 rolls of damaged goods to respondent and, if so, whether it is also liable for attorney's fees.

The court denies the petition with respect to the additional 54 rolls of damaged goods, as petitioner's liability thereon was duly proven and well established during trial. The rulings of both the trial and appellate courts in this respect are upheld.

At the outset, it is fairly evident that the petition prays for this Court to re-examine the factual findings of the lower courts. But well-settled is the rule that an appeal to the Court via a petition for review on *certiorari* under Rule 45 should raise or involve only pure questions of law.[36] The distinction

---

30 *Id.* at 38-42.
31 *Id.* at 40.
32 *Id.* at 54.
33 *Id.* at 19-20.
34 *Id.* at 20.
35 *Id.* at 22-23.
36 *Far Eastern Surety and Insurance Co. Inc. v. People,* G.R. No. 170618, November 20, 2013, 710 SCRA 358, 365.

between questions of law and questions of fact are explained in *Microsoft Corporation v. Maxicorp, Inc.*[37] as follows:

> x x x A question of law exists when the doubt or difference centers on what the law is on a certain state of facts. A question of fact exists if the doubt centers on the truth or falsity of the alleged facts. Though this delineation seems simple, determining the true nature and extent of the distinction is sometimes problematic. For example, it is incorrect to presume that all cases where the facts are not in dispute automatically involve purely questions of law.
>
> There is a question of law if the issue raised is capable of being resolved without need of reviewing the probative value of the evidence. The resolution of the issue must rest solely on what the law provides on the given set of circumstances. Once it is clear that the issue invites a review of the evidence presented, the question posed is one of fact. If the query requires a re-evaluation of the credibility of witnesses, or the existence or relevance of surrounding circumstances and their relation to each other, the issue in that query is factual. x x x

A perusal of the current petition would show that it is disputing the facts as found by the courts below. Verily, the nexus of the petition is the allegation that the trial court did not appreciate the Turn Over Survey of Bad Order Cargoes and the Requests for Bad Order Survey which were supposedly proof that the goods suffered no additional damage while in petitioner's custody. Plainly, the petition requests this Court to re-examine these particular evidence and again weigh the same in relation to all other evidence in the case in the hope that a conclusion different from those arrived at by the trial court and appellate court may be reached. Such, however, is a resolution of a question of fact which is outside the office of a petition for review on *certiorari* under Rule 45.

Verily, there are exceptions to this rule that only questions of law may be entertained by this Court in a petition for review on *certiorari*, such as when:

> (1) the conclusion is grounded on speculations, surmises or conjectures;
> (2) the inference is manifestly mistaken, absurd or impossible;
> (3) there is grave abuse of discretion;
> (4) the judgment is based on a misapprehension of facts;
> (5) the findings of fact are conflicting;
> (6) there is no citation of specific evidence on which the factual findings are based;
> (7) the findings of absence of facts are contradicted by the presence of evidence on record;
> (8) the findings of the Court of Appeals are contrary to those of the trial court;
> (9) the Court of Appeals manifestly overlooked certain relevant and undisputed facts that, if properly considered, would justify a

---

[37] 481 Phil. 550, 561-562 (2004), quoted in *Insurance Company of North America v. Asian Terminals, Inc.*, 682 Phil. 213, 223-224 (2012).

different conclusion;
(10) the findings of the Court of Appeals are beyond the issues of the case; and
(11) such findings are contrary to the admissions of both parties.[38]

None of these, however, obtains in the case at bar. The petition fails to even explain or argue if or why any of these apply to the present case. In fact, the petition cites only three (3) of the said exceptions, namely:

(a) when the findings of facts of the appellate court are at variance with those of the trial court;
(b) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties which, if properly considered, would justify a different conclusion; and
(c) when the judgment itself is based on misapprehension of facts.[39]

Still, none of the above applies in the present case. The first exception does not apply as it is well established that the trial court and the Court of Appeals have made similar findings in this case as, in fact, the latter's decision fully affirms the former's. Then, as for the second and third exceptions, petitioner could cite no undisputed fact that was "overlooked" by the Court of Appeals and neither does it explain any "misapprehension" of established facts. And even if it is granted, for argument's sake, that by "misapprehension" is meant the trial court's alleged failure to see the significance of the Turn Over Survey of Bad Order Cargoes and the Requests for Bad Order Survey in absolving petitioner of liability over the additional damage, the trial court had sufficiently explained why it gave little or no credence to these pieces of evidence. The trial court narrated:

> Similarly, defendant Dynamic Brokerage Co., Inc., points to the same facts. Its witness, Mr. Robert Rosario, Head of defendant's trucking department, whose duties and functions consist of monitoring and supervising the delivery of cargoes from the pier zone to the consignee's warehouse, claimed that Dynamic received the subject cargoes in damaged condition and when it was delivered to the consignee, San Miguel Corporation's warehouse, the condition of the cargoes were the same as when it was received by Dynamic Brokerage.
>
> **He further claimed that the personnel of Marina Port Services loaded the cargoes to Dynamic's truck**. After the loading, their truck proceeded to the consignee's warehouse which is located in Tabacalera, at United Nations, Manila, and then they unloaded said cargoes with their equipments. **He claimed that the Marina personnel used a "grabbed lift."** The consignee sometimes used forklift(s), depending on the availability of equipment. Before they received the cargoes from Marina, the condition of the cargoes were already in damaged condition (sic). **He noted that there were some tearages due to the use of equipment in loading to their truck.** When they delivered the cargoes to the consignee's warehouse, they issued

---

38 *Republic of the Philippines v. Spouses Guilalas,* 676 Phil. 220, 229 (2011).
39 *Rollo,* p. 7.

> delivery receipt(s). He does not know if there are additional damages (sic) sustained by the cargoes from the time that they withdrew the same from the pier zone (Marina's custody) up to the consignee's warehouse. x x x[40]
>
> x x x x
>
> It is noteworthy to mention that "in general, the nature of the work of an arrastre operator covers the handling of cargoes at piers and wharves," which was what exactly defendant Marina's function entails in this case. "To carry out its duties, the arrastre is required to provide cargo handling equipment which includes, among others, trailer, chassis for containers." On the other hand, defendant Dynamic (which) in its capacity as broker, withdrew the 357 rolls of kraft linear board from the custody of defendant Marina and delivered the same to the consignee, San Miguel Corporation's warehouse in Tabacalera at United Nations, Manila, is considered a common carrier.
>
> Hence, the "legal relationship between the consignee and the arrastre operator is akin to that of a depositor and the warehouseman. The relationship between the consignee and the common carrier is similar to that of the consignee and the arrastre operator. Since it is the duty of the arrastre to take good care of the goods that are in its custody and to deliver them in good condition to the consignee, such responsibility also develops upon the carrier. Both the arrastre and the carrier are, therefore, charged with and obligated to deliver the goods in good condition to the consignee."[41]

The trial court correctly held that the broker, Dynamic, cannot alone be held liable for the additional 54 rolls of damaged goods since such damage occurred during the following instances: (1) while the goods were in the custody of the arrastre ATI; (2) when they were in transition from ATI's custody to that of Dynamic (*i.e.,* during loading to Dynamic's trucks); and (3) during Dynamic's custody. While the trial court could not determine with pinpoint accuracy who among the two caused which particular damage and in what proportion or quantity, it was clear that both ATI and Dynamic failed to discharge the burden of proving that damage on the 54 rolls did not occur during their custody. As for petitioner ATI, in particular, what worked against it was the testimony, as cited above, that its employees' use of the wrong lifting equipment while loading the goods onto Dynamic's trucks had a role in causing the damage. Such is a finding of fact made by the trial court which this Court, without a justifiable ground, will not disturb.

As previously held by this Court, the arrastre operator's principal work is that of handling cargo, so that its drivers/operators or employees should observe the standards and measures necessary to prevent losses and damage to shipments under its custody.[42] In the performance of its obligations, an arrastre operator should observe the same degree of diligence as that required

---

40 *Id.* at 47. (Emphasis ours; citations omitted)

41 *Id.* at 50. (Citations omitted)

42 *Philippines First Insurance Co., Inc. v. Wallem Phils. Shipping, Inc., et al.,* 601 Phil. 454, 464 (2009).

of a common carrier and a warehouseman.[43] Being the custodian of the goods discharged from a vessel, an arrastre operator's duty is to take good care of the goods and to turn them over to the party entitled to their possession.[44] With such a responsibility, the arrastre operator must prove that the losses were not due to its negligence or to that of its employees.[45] And to prove the exercise of diligence in handling the subject cargoes, petitioner must do more than merely show the possibility that some other party could be responsible for the loss or the damage.[46] It must prove that it exercised due care in the handling thereof.[47]

But ATI submits that the Turn Over Survey of Bad Order Cargoes and the Requests for Bad Order Survey help establish that damage to the additional 54 rolls of goods did not happen in its custody. In particular, the Requests for Bad Order Survey was allegedly signed by Dynamic's representative stating that only 158 rolls were damaged as of the goods' transfer from ATI to Dynamic. However, this Court has already held that a mere sign-off from the customs broker's representative that he had received the subject shipment "in good order and condition without exception" would not absolve the arrastre from liability, simply because the representative's signature merely signifies that said person thereby frees the arrastre from any liability for loss or damage to the cargo so withdrawn while the same was in the custody of such representative to whom the cargo was released, but it does not foreclose the remedy or right of the consignee (or its subrogee) to prove that any loss or damage to the subject shipment occurred while the same was under the custody, control and possession of the arrastre operator.[48] Additionally, the finding of the trial court, as stated above, that at least some of the damage occurred during ATI's custody cannot be ignored.

Certainly, ATI's reliance on the Turn Over Survey of Bad Order Cargoes as well as the Requests for Bad Order Survey is misplaced. An examination of the documents would even reveal that the first set of documents, the Turn Over Survey of Bad Order Cargoes, pertain to the 158 rolls of damaged goods which occurred during shipment and prior to ATI's custody.[49] But responsibility for the 158 rolls was already established to be that of the common carrier and is no longer disputed by the parties. Thus, this fact has little or no more relevance to the issue of liability over the additional 54 rolls of damaged goods. Anent the second set of documents, the Requests for Bad Order Survey, which mention only 158 rolls of damaged goods and do not mention any additional damage, the same do not result in an automatic exculpation of ATI from liability. As previously stated,

---

43 *Asian Terminals, Inc., v. First Lepanto-Taisho Insurance Corporation,* G.R. No. 185964, June 16, 2014, 726 SCRA 415, 427-428; *Asian Terminals, Inc. v. Daehan Fire And Marine Insurance Co., Ltd.,* 625 Phil. 394, 401 (2010).

44 *Id.* at 428; *id.*

45 *Id.* at 402; *id.*

46 *Id.* at 429; *id.*

47 *Id.; id.*

48 *Id.*

49 *Rollo,* pp. 276-277.

jurisprudence states that the signature by a customs broker's representative of "receipt in good order" does not foreclose the consignee's or its subrogee's right or remedy to prove that additional loss or damage to the subject shipment occurred while the same was under the custody, control and possession of the arrastre operator.[50] Further, it is unclear whether these Requests for Bad Order Survey were executed prior to or after loading was done onto Dynamic's trucks. As earlier indicated, there is testimony that it was during the loading to the trucks that some or all of the damage was incurred.

Since the relationship of an arrastre operator and a consignee is akin to that between a warehouseman and a depositor, then, in instances when the consignee claims any loss, the burden of proof is on the arrastre operator to show that it complied with the obligation to deliver the goods and that the losses were not due to its negligence or that of its employees.[51] ATI failed to dislodge this burden. As observed by the Court of Appeals,

> Marina, the arrastre operator, from the above evidence, was not able to overcome the presumption of negligence. The Bad Order Cargo Receipts, the Turn Over Survey of Bad Order Cargoes as well as the Request for Bad Order Survey did not establish that the additional 54 rolls were in good condition while in the custody of the arrastre. Said documents proved only that indeed the 158 rolls were already damaged when they were discharged to the arrastre operator and when it was subsequently withdrawn from the arrastre operator by [the] customs broker. Further, the Turn Over Inspector and the Bad Order Inspector who conducted the inspections and who signed the Turn Over Survey of Bad [Order] Cargoes and the Request for Bad Order Survey, respectively, were not presented by Marina as witnesses to verify the correctness of the document and to testify that only 158 rolls was reported and no others sustained damage while the shipment was in its possession.[52]

The non-presentation of ATI of the so-called inspectors who prepared the Requests for Bad Order Survey further proved detrimental to its case. The inspectors could have verified on direct and cross-examination when the additional damage was sustained and by whose fault. They could have testified on whether the surveys on the 158 damaged rolls were the only ones prepared by them or if there were others, pertaining to additional damage during ATI's possession. Or they could have categorically stated whether all such additional damage was sustained while in ATI's or Dynamic's custody alone. Instead, all that ATI presented were the Requests for Bad Order Survey which, being private documents that had not been authenticated by the inspectors who prepared them, were correctly disregarded by the trial court and appellate court. Private documents whose authenticity and due execution was not established may not be received in evidence and are hearsay.[53]

---

50 *Asian Terminals, Inc. v. Daehan Fire And Marine Insurance Co., Ltd., supra* note 43, at 402.

51 *International Container Terminal Services, Inc. v. Prudential Guarantee and Assurance Co., Inc.*, 377 Phil. 1082, 1091 (1999); *Summa Insurance Corporation v. Court of Appeals,* 323 Phil. 214, 222 (1996).

52 *Rollo,* p. 40.

53 RULES OF COURT, Rule 132, Sec. 20; *Otero v. Tan,* 692 Phil. 714, 727-728 (2012).

Failing to present the necessary evidence, ATI was unable to overcome the presumption of its own negligence while in the custody of the goods.

As it is now established that there was negligence in both petitioner ATI's and Dynamic's performance of their duties in the handling, storage and delivery of the subject shipment to San Miguel, resulting in the loss of 54 rolls of kraft linear board, both shall be solidarily liable for such loss.[54]

Anent the grant of attorney's fees, the Court sustains the petitioner's stance that the same is unjustified. The Court has held, with respect to the award of attorney's fees, as follows:

> We have consistently held that an award of attorney's fees under Article 2208 **demands factual, legal, and equitable justification to avoid speculation and conjecture surrounding the grant thereof.** Due to the special nature of the award of attorney's fees, a rigid standard is imposed on the courts before these fees could be granted. Hence, **it is imperative that they clearly and distinctly set forth in their decisions the basis for the award thereof.** It is not enough that they merely state the amount of the grant in the dispositive portion of their decisions. It bears reiteration that the award of attorney's fees is an exception rather than the general rule; thus, there must be compelling legal reason to bring the case within the exceptions provided under Article 2208 of the Civil Code to justify the award.[55]

The court must always state the basis for the grant of attorney's fees before such is justified, because the principle that is generally observed is that no premium should be placed on the right to litigate.[56] Under Article 2208 of the New Civil Code, absent any stipulation from the parties as to the award of attorney's fees, the instances under which the same may be granted is restricted in the following manner:

> Art. 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:
>
> (1) When exemplary damages are awarded;
> (2) When the defendant's act or omission has compelled the plaintiff to litigate with third persons or to incur expenses to protect his interest;
> (3) In criminal cases of malicious prosecution against the plaintiff;
> (4) In case of a clearly unfounded civil action or proceeding against the plaintiff;
> (5) Where the defendant acted in gross and evident bad faith in refusing to satisfy the plaintiff's plainly valid, just and demandable claim;
> (6) In actions for legal support;

---

54 *Asian Terminals, Inc., v. Daehan Fire And Marine Insurance Co., Ltd., supra* note 43, at 404.

55 *Philippine National Construction Corporation v. APAC Marketing Corporation,* G.R. No. 190957, June 5, 2013, 697 SCRA 441, 450. (Emphasis ours; citations omitted)

56 *Id.*

> (7) In actions for the recovery of wages of household helpers, laborers and skilled workers;
> (8) In actions for indemnity under workmen's compensation and employer's liability laws;
> (9) In a separate civil action to recover civil liability arising from a crime;
> (10) When at least double judicial costs are awarded;
> (11) In any other case where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered.
>
> In all cases, the attorney's fees and expenses of litigation must be reasonable.

In the case at bar, other than a mere mention that "plaintiff was constrained to litigate to enforce its valid claim" by the trial court,[57] there is no other compelling reason cited that would make the respondent entitled to attorney's fees as held in the trial court's as well as the appellate court's decision. It has been previously held that the mere fact of "having been forced to litigate to protect one's interest" does not amount to the compelling legal reason that would make a case covered by any of the exceptions provided under Article 2208.[58] Although attorney's fees may be awarded when a claimant is "compelled to litigate with third persons or incur expenses to protect his interest" by reason of an unjustified act or omission on the part of the party from whom it is sought, but when there is a lack of findings on the amount to be awarded, and since there is no sufficient showing of bad faith in the defendant's refusal to pay other than an erroneous assertion of the righteousness of its cause, attorney's fees cannot be awarded against the latter.[59]

Hence, such an award in the case at bar is unjustified and must be deleted.

WHEREFORE, the petition is **DENIED.** The Court of Appeals Decision dated November 9, 2007 in CA-G.R. CV. No. 48661 is **AFFIRMED** with the **MODIFICATION** that the award of attorney's fees is **DELETED.**

SO ORDERED.

DIOSDADO M. PERALTA
Associate Justice

---

57 *Rollo*, p. 51.

58 *Philippine National Construction Corporation v. APAC Marketing Corporation, supra* note 55, at 451.

59 *Asian Construction and Development Corporation, v. COMFAC Corporation,* 535 Phil. 513, 519-520 (2006).

WE CONCUR:

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

MARTIN S. VILLARAMA, JR.
Associate Justice

JOSE CATRAL MENDOZA
Associate Justice

FRANCIS H. JARDELEZA
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARIA LOURDES P. A. SERENO
Chief Justice