

## THIRD DIVISION

[ G.R. No. 207675, January 20, 2021 ]

**RAMON JACINTO, PETITIONER, VS. ATTY. BENEDICT LITONJUA  
AND ATTY. JOSE MA. ROSENDO A. SOLIS, RESPONDENTS.**

### DECISION

**HERNANDO, J.:**

This Petition for Review on *Certiorari*<sup>[1]</sup> assails the April 14, 2011 Amended Decision<sup>[2]</sup> and May 30, 2013 Resolution<sup>[3]</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 92392 modifying its June 10, 2010 Resolution.<sup>[4]</sup> The Amended Decision awarded attorneys' fees to respondents, Atty. Benedict Litonjua (Litonjua) and Atty. Jose Ma. Rosendo A. Solis (Solis), equivalent to twenty five percent (25%) of the amount of the amicable settlement between petitioner Ramon Jacinto (Ramon), in his personal capacity and representing juridical persons,<sup>[5]</sup> on one hand, and Equitable PCI Bank (EPCIB),<sup>[6]</sup> on the other hand.

#### **The factual antecedents:**

Ramon and Marilene Jacinto (Marilene) are legitimate children of the Spouses Fernando and Bernardina Jacinto (Spouses Jacinto), decedents in separate probate proceedings pending before the Regional Trial Court (RTC), Branch 276 of Muntinlupa City and docketed as SP No. 02-218.<sup>[7]</sup>

To recover the decedents' properties fraudulently alienated to Forward Properties, Inc. (FPI) and subsequently mortgaged by it to EPCIB as security for a loan, Ramon filed an action for annulment of sale and mortgage with damages and injunction against the defendants therein, EPCIB and FPI, before the RTC, Branch 5 of Baguio City (RTC Baguio) docketed as Civil Case No. 5751-R.<sup>[8]</sup>

Upon the fraudulent transfer of the subject properties to FPI by virtue of a deed of sale purportedly executed by Fernando, and allegedly notarized on October 3, 1995, Transfer Certificates of Title (TCT) Nos. T-60157 and 60158 in the names of the Spouses Jacinto were cancelled. The Register of Deeds of Baguio City then issued new titles to FPI, *i.e.*, TCT Nos. 63207 and 63208.<sup>[9]</sup>

Significantly, on October 17, 1995, Fernando, after a lingering illness, died in the State of Hawaii, United States of America followed by his wife, Bernardina, on November 27, 1996.<sup>[10]</sup>

At the proceedings before the RTC Baguio, the then administratrix of the Spouses Jacinto's estate, Marilene, intervened in Civil Case No. 5751-R. She was represented by herein respondents, Attorneys Litonjua and Solis.<sup>[11]</sup>

In her complaint-in-intervention, Marilene's prayer included a judgment from the RTC Baguio:

h. ordering the defendants [FPI] and [EPCIB] to jointly and severally pay to the intervenor the following amounts: At least One Million Pesos as moral damages, One Hundred Thousand Pesos as exemplary damages, One Hundred Thousand Pesos as attorney's fees plus litigation expenses and costs of suit.<sup>[12]</sup>

On October 30, 2007, the RTC Baguio ruled in favor of the Jacinto siblings declaring void: (a) the October deed of sale between Fernando Jacinto and defendant FPI; (b) the real estate mortgage between defendants EPCIB and FPI, and (c) the subsequent sale of the subject properties on foreclosure to EPCIB. The dispositive portion of the Decision<sup>[13]</sup> reads:

**WHEREFORE,** judgment is hereby rendered as follows:

1. declaring the Deed of Sale for the Baguio properties from Fernando P. Jacinto to Forward Properties, Incorporated as VOID for being fictitious, absolutely simulated and falsified;
2. ordering the Register of Deeds of Baguio City to cancel the Transfer Certificates of Title Nos. T-63207 and T-63208 in the name of Forward Properties;
3. declaring the real estate mortgage between Forward Properties and Equitable PCI Bank as NULL and VOID;
4. declaring the purchase by Equitable PCI Bank of the Baguio properties on foreclosure as VOID;
5. ordering the Register of Deeds of Baguio City to cancel Transfer Certificates of Title Nos. T-63207 and T-63208 in the name of Equitable PCI Bank and to issue a new title in the name of the estate of Fernando and Bernardina P. Jacinto;
6. ordering defendant Forward Properties to pay defendant EPCIB for the value of the loan and the mortgage in the amount of One Hundred Fifty-Four Million Eighty Five Thousand Four Hundred Pesos (P154,085,400) plus legal interest; and
7. ordering the defendants Forward Properties and Equitable PCI Bank to jointly and severally pay the plaintiff and intervenor the following amounts: Three Hundred Thousand (P300,000.00) as moral damages, Three Hundred Thousand Pesos (P300,000.00) as exemplary damages, One Hundred Thousand Pesos (P100,000.00) as attorney's fees and costs of the suit.<sup>[14]</sup>

Only defendant EPCIB appealed to the CA in CA-G.R. CV No. 92392.<sup>[15]</sup>

Meanwhile, on February 28, 2008, respondents filed a Notice of Attorney's Lien<sup>[16]</sup> before the RTC Baguio claiming (contingent) attorney's fees in the amount pursuant to their engagement contract dated May 9, 2004 with Marilene. The Notice reads:

A motion for reconsideration having been filed thereafter and subsequently denied in an order dated January 22, 2008, the decision has become final.

x x x x

It is respectfully prayed that this statement of claim of attorney's lien be entered upon the records of this Honorable Court, to henceforth be a lien upon the judgment and/or executions issued in pursuance of said judgment.<sup>[17]</sup>

During the pendency of the EPCIB's appeal to the CA, Ramon and EPCIB jointly moved for the approval of a Compromise Agreement<sup>[18]</sup> dated December 2, 2009. The Compromise Agreement was made and executed by and among Ramon, EPCIB, FPI and the Estate of the Spouses Jacinto. It provides in pertinent part:

1. The Parties agree to recognize the absolute right to ownership of [EPCIB] to the property located in Baguio City covered by TCT Nos. T-60157 and T-60158 (now TCT Nos. 76283 and 76284) and registered with the Registry of Deeds of Baguio City.
2. The Parties recognize the absolute right and authority of [EPCIB] to sell, transfer, convey and dispose of the Property.
3. By virtue of this Agreement, [EPCIB] shall not have any recourse against [FPI] for any loan obligations as provided for in the RTC [Baguio] Decision.
4. The Parties shall compromise the case in the Court of Appeals and RTC Baguio City, Branch 5 and shall file this Compromise Agreement in the proper Court immediately after its signing.
5. In the event that any one or more of the provisions of this Agreement be later on declared invalid, illegal or unenforceable by the appropriate court of justice, the validity, legality and enforceability of the remaining provisions shall in no way be impaired or affected thereby.
6. The parties hereby acknowledge that the stipulations contained in the foregoing Agreement have been mutually agreed upon by both parties, without any act of force, fraud or undue intimidation. Accordingly, the parties hereby agree to abide by the foregoing stipulations with the force and effect of a lawful right and a demandable obligation.
7. Upon the execution of this Agreement, [Ramon], the ESTATE of the SPOUSES JACINTO and [FPI] hereby waive and renounce any and all

claims for damages, causes of action, cause or demands of whatever nature, character, type or description, as well as the right to institute or initiate any action, complaint, suit or claim against [EPCIB] and its subsidiaries, directors, officers, employees and authorized representatives relating to, arising from or in connection with the above transactions.

8. [Ramon] hereby warrants that he is duly authorized and has obtained the necessary authority from [FPI] and the ESTATE of the SPOUSES JACINTO to execute this Compromise Agreement on their behalf. [Ramon] further agrees to hold [EPCIB] free and harmless from any claims that may be brought by the other heirs of the ESTATE of the SPOUSES JACINTO as a result of this Compromise Agreement.

9. Upon the execution of this Agreement, [EPCIB] hereby waives and renounces any and all claims for damages, causes of actions, cause or demands of whatever nature, character, type or description, as well as the right to institute or initiate any action, complaint, suit or claim against [Ramon], the ESTATE of the SPOUSES JACINTO and [FPI] and authorized representatives relating to, arising from or in connection with the above transactions.

10. Following the execution of the foregoing Agreement, the parties hereby agree and covenant to request the Regional Trial Court of Baguio City and the Court of Appeals to issue a Judgment/Decision in the above-captioned civil cases, based on the terms and conditions of this Agreement.<sup>[19]</sup>

Significantly, Ramon signed the Compromise Agreement in three capacities: (1) President of defendant FPI; (2) Administrator of the Estate of the Spouses Fernando and Bernardina Jacinto; and (3) Complainant in Civil Case No. 5751-R.<sup>[20]</sup>

Respondents filed an Opposition<sup>[21]</sup> to the Joint Motion for Approval of Compromise Agreement attaching their Notice of Attorney's Lien, and arguing that: (1) the agreement violates law, morals, good customs, public order or public policy for failure to include the respondents' attorney's lien; and (2) the value of RTC Baguio's judgment of P154,085,400.00 should be the basis of the 25% contingency fee due to them.

In a Resolution<sup>[22]</sup> dated June 10, 2010, the appellate court approved the Compromise Agreement but denied respondents' claim for attorney's fees. It ruled that a charging lien requires as a condition *sine qua non* the execution of a judgment for money. The dispositive portion of the June 10, 2010 Resolution states:

**WHEREFORE**, it appearing that the Compromise Agreement in this case is not contrary to law, morals, good customs, public morals and public policy, the same is hereby **APPROVED**. The parties are hereby ordered to faithfully comply with the terms and conditions of the said agreement.

<sup>[23]</sup>

On motion for partial reconsideration of respondents, the appellate court rendered the assailed April 14, 2011 Amended Decision,<sup>[24]</sup> allowing respondents' attorney's lien:

**WHEREFORE**, premises considered, the instant Motion for Partial Reconsideration is **PARTIALLY GRANTED** and the *Resolution* dated 10 June 2010 is **MODIFIED**. Plaintiff-Appellee [Ramon] Jacinto and defendant-appellant [EPCIB] is ordered to disclose to the Court within five (5) days from receipt of this resolution the amount of the amicable settlement awarded in favor of the Estate of Fernando and Bernardina Jacinto or the value to which the latter was benefitted pursuant to the compromise agreement. Thereafter, plaintiff-appellee [Ramon] Jacinto is ordered to pay counsel for intervenor-appellee[, herein respondents,] 25% of the amount of the amicable settlement.<sup>[25]</sup>

Upon the denial of his motion for reconsideration, Ramon filed this appeal by *certiorari*<sup>[26]</sup> raising the following -

### **Issues**

1. May a party or her lawyers who prayed for an attorney's fees of only P100,000.00 in the Complaint-in-Intervention before the Regional Trial Court, where they paid a filing fee of a very minimal amount, now claim and be awarded the amount of **P38,521,350.00 by way of attorney's fees?**
2. May the private respondents who represented the plaintiff-in-intervention before the Regional Trial Court, Branch 5, Baguio City, validly claim an attorney's fees of about P38,521,350.00 based on an alleged agreement with the intervenor-client WHEN THEY DID NOT APPEAL THE DECISION OF THE RTC OF BAGUIO AWARDING THE PLAINTIFF THEREIN (PETITIONER IN THIS CASE) AND THE INTERVENOR THE AMOUNT OF P100,000.00 ONLY BY WAY OF ATTORNEY'S FEES?
3. Stated otherwise, may the lawyers for the intervenor in a civil case before the RTC of Baguio City, and rendered NEGLIGIBLE LEGAL SERVICES BECAUSE THEY JUST ADOPTED THE EVIDENCE OF THE PETITIONER AS THE MAIN PLAINTIFF THEREIN, JUSTLY AND VALIDLY DEMAND FOR 25% OF THE VALUE OF THE PROPERTY RECOVERED OR **P38,521,350.00 AS THEIR ATTORNEY'S FEES?**  
Is this quantum meruit or unjust enrichment?<sup>[27]</sup>

We reduce the foregoing to the singular issue of whether the CA correctly allowed the respondents' attorney's fees to be charged against the supposed amicable settlement amount contemplated by the Compromise Agreement (approved by the CA) between Ramon and the EPCIB.

### **Our Ruling**

We cannot subscribe to the appellate court's April 14, 2011 Amended Decision. The