

FIRST DIVISION

[G.R. No. 104600, July 02, 1999]

**RILLORAZA, AFRICA, DE OCAMPO AND AFRICA, PETITIONERS,
VS. EASTERN TELECOMMUNICATIONS PHILS., INC. AND
PHILIPPINE TELEPHONE LONG DISTANCE COMPANY,
RESPONDENTS.**

D E C I S I O N

PARDO, J.:

The Issue

The basic issue submitted for consideration of the Court is whether or not petitioner is entitled to recover attorney's fees amounting to Twenty Six Million Three Hundred Fifty Thousand Seven Hundred Seventy Nine Pesos and Ninety One Centavos (P26,350,779.91) for handling the case for its client Eastern Telecommunications Philippines, Inc. filed with the Regional Trial Court, Makati, though its services were terminated in midstream and the client directly compromised the case with the adverse party.

The Facts

In giving due course to the petition, we carefully considered the facts attendant to the case. On August 28, 1987, Eastern Telecommunications Philippines, Inc. (ETPI) represented by the law firm San Juan, Africa, Gonzales and San Agustin (SAGA), filed with the Regional Trial Court, Makati, a complaint for recovery of revenue shares against Philippine Long Distance Telephone Company (PLDT). Atty. Francisco D. Rilloraza, a partner of the firm appeared for ETPI.

After ETPI rested its case, it paid SAGA the billed amount of One Hundred Thousand Pesos (P100,000.00). On September 18, 1987, the trial court issued a resolution granting ETPI's application for preliminary restrictive and mandatory injunctions. During this period, SAGA was dissolved and four of the junior partners formed the law firm Rilloraza, Africa, De Ocampo & Africa (RADA), which took over as counsel in the case for ETPI. The latter signed a retainer agreement with counsel dated October 1, 1987.^[1]

Petitioners presented the three aspects of the main case in the trial court. First, the traffic revenue shares which ETPI sought to recover from PLDT in accordance with the contract between them. Second, ETPI sought preventive injunctive relief against the PLDT's threats to deny ETPI access to the Philippines international gateway switch. Third, ETPI called this the "foreign correspondentships aspect" where ETPI sought preventive injunctive relief against PLDT's incursions and inducements directed at ETPI's foreign correspondents in Hongkong, Taiwan and Singapore, to break their correspondentship contracts with PLDT, using the threat of denying them

access to the international gateway as leverage.

In this connection, ETPI filed with the trial court two urgent motions for restraining order, one on October 30, 1987 and another on November 4, 1987. As the applications were not acted upon, ETPI brought the case up to the Court of Appeals by petition for *certiorari*.

On June 28, 1988, petitioner received a letter from ETPI signed by E. M. Villanueva, President and Chief Executive Officer. In substance, the letter stated that ETPI was terminating the retainer contract dated October 1, 1987, effective June 30, 1988.

On June 29, 1988, petitioner filed with the Regional Trial Court a notice of attorney's lien, furnishing copies to the plaintiff ETPI, to the signatory of the termination letter and PLDT. On the same date, petitioner additionally sent a letter to ETPI attaching its partial billing statement. In its notice, RADA informed the court that there were negotiations toward a compromise between ETPI and PLDT.

In April 1990, petitioner confirmed that indeed the parties arrived at an amicable settlement and that the same was entered as a judgment. On April 26, 1990, petitioner filed a motion for the enforcement of attorney's lien with the Regional Trial Court of Makati and then appraised the Supreme Court thereof by manifestation.^[2] We noted the manifestation in a resolution dated July 23, 1990.

On May 24, 1990, PLDT filed with the trial court a manifestation that it is not a party to nor in any manner involved in the attorney's lien being asserted by Atty. Rilloraza for and in behalf of the law firm,^[3] while ETPI filed its opposition thereto on June 11, 1990.

The Lower Court's Ruling

The trial court in its resolution dated September 14, 1990 denied the motion for enforcement of attorney's lien. Thus:

"WHEREFORE, premises considered, the court finds that the Notice of Attorney's Lien filed by the law firm of Rilloraza, Africa, De Ocampo and Africa has no basis in fact and in law, and therefore denies the Motion for Enforcement of Attorney's Lien.

"SO ORDERED.

"Makati, Metro Manila, September 4, 1990.

"(s/t) ZEUS C. ABROGAR

"J u d g e"^[4]

On October 10, 1990, petitioner filed with the trial court a notice of appeal from the above-mentioned order to the Supreme Court. On November 6, 1990, ETPI filed a Motion to Dismiss Appeal contending that the case could be brought to the Supreme Court only *via* a petition for review on *certiorari*, not by a mere notice of appeal. In an order dated January 16, 1991, the trial court dismissed RADA's appeal.

The trial court said:

"There is no more regular appeal from the Regional Trial Court to the Supreme Court. Under the amendment of Section 17 of the Judiciary Act by R.A. 5440, orders and judgments of the Regional Trial Court may be elevated to the Supreme Court only by petition for review on certiorari.

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"Wherefore, premises considered, the order dated September 14, 1990 is hereby reconsidered and set aside. The Notice of Appeal filed by movant RADA is dismissed.

"SO ORDERED.

"Given this 16th day of January, 1991, at Makati, Metro Manila.

"(s/t) ZEUS C. ABROGAR

"Judge"^[5]

Hence, on February 9, 1991, petitioner filed a petition for *certiorari* with the Supreme Court, which we remanded to the Court of Appeals. The latter dismissed the petition in a decision promulgated on November 14, 1991,^[6] ruling that the judge committed no abuse of discretion in denying petitioner's motion for enforcement of attorney's lien. Thus:

"We therefore rule that respondent judge committed no abuse of discretion, much less a grave one, in denying petitioner's motion for enforcement of attorney's lien.

"Assuming that respondent judge committed an error in denying petitioner's motion for enforcement of attorney's lien, it cannot be corrected by certiorari.

"WHEREFORE, the writs prayed for are DENIED, and the petition is hereby DISMISSED, with cost against petitioner.

"SO ORDERED.

"(s/t) REGINA G. ORDOÑEZ-BENITEZ

"Associate Justice"

"WE CONCUR:

"(s/t) JOSE A. R. MELO "(s/t) EMETERIO C. CUI

"Associate Justice "Associate Justice"^[7]

DISCUSSION

A. The Procedural Aspect

There is nothing sacrosanct about procedural rules, which are liberally construed in order to promote their objectives and assist the parties in obtaining just, speedy and inexpensive determination of every action or proceeding.^[8] In an analogous case,^[9] we ruled that where the rigid application of the rules would frustrate substantial justice^[10], or bar the vindication of a legitimate grievance, the courts are justified in exempting a particular case from the operation of the rules.

In *A-One Feeds, Inc. vs. Court of Appeals*, we said -

"Litigations should, as much as possible, be decided on the merits and not on technicality. Dismissal of appeals purely on technical grounds is frowned upon, and the rules of procedure ought not to be applied in a very rigid, technical sense, for they are adopted to help secure, not override, substantial justice and thereby defeat their very claims. As has been the constant ruling of this Court, every party litigant should be afforded the amplest opportunity for the proper and just determination of his cause, free from the constraints of technicalities."^[11]

A basic legal principle is that no one shall be unjustly enriched at the expense of another.^[12] This principle is one of the mainstays of every legal system for centuries and which the Civil Code echoes:

"ART. 22. Every person who through an act of performance by another, or any other means, acquires or comes into possession of something at the expense of the latter without just or legal ground, shall return the same to him."^[13]

The Code Commission, its report, emphasized that:

"It is most needful that this ancient principle be clearly and specifically consecrated in the proposed Civil Code to the end that in cases not foreseen by the lawmaker, no one may unjustly benefit himself to the prejudice of another. The German Civil Code has a similar provision (Art. 812)."^[14]

With this in mind, one could easily understand why, despite technical deficiencies, we resolved to give due course to this petition. More importantly, the case on its face appears to be impressed with merit.

B. The Attorney's Fees

We understand that Atty. Francisco Rilloraza handled the case from its inception until ETPI terminated the law firm's services in 1988. Petitioner's claim for attorney's fees hinges on two grounds: first, the fact that Atty. Rilloraza personally handled the case when he was working for SAGA; and second, the retainer agreement dated October 1, 1987.

We agree that petitioners are entitled to attorneys' fees. We, however, are not