

Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

RAMON JACINTO,  
Petitioner,

G.R. No. 207675

Present:

LEONEN, J.,  
Chairperson,  
HERNANDO,  
INTING,  
DELOS SANTOS, and  
ROSARIO, \* JJ.

- versus -

ATTY. BENEDICT LITONJUA and  
ATTY. JOSE MA. ROSENDO A. SOLIS,  
Respondents.

Promulgated:

January 20, 2021

Mis-DCBatt

X-----X

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

\* On official leave.

<sup>1</sup> *Rollo*, pp. 9-24.

<sup>2</sup> *CA rollo*, pp. 350-356; penned by Associate Justice Danton Q. Bueser and concurred in by Associate Justices Mario L. Guarifia III, Marlene Gonzales-Sison, and Rodil V. Zalameda (now a member of this Court). Associate Justice Ramon A. Bato, Jr, dissented; see *CA rollo*, pp. 357-359.

<sup>3</sup> *Id.* at 469-470.

<sup>4</sup> *Id.* at 256-263; penned by Associate Justice Danton Q. Bueser and concurred in by Associate Justices Marlene Gonzales-Sison and Ramon A. Bato, Jr.

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>

---

<sup>5</sup> Estate of the Spouses Fernando and Bernardina Jacinto and Forward Properties, Inc. See Article 44 of the Civil Code and *Limjoco v. Intestate Estate of Fragante*, 80 Phil. 776 (1948).

Article 44. The following are juridical persons:

- (1) The State and its political subdivisions;
- (2) Other corporations, institutions and entities for public interest or purpose, created by law; their personality begins as soon as they have been constituted according to law;
- (3) Corporations, partnerships and associations for private interest or purpose to which the law grants a juridical personality, separate and distinct from that of each shareholder, partner or member.

<sup>6</sup> Now Banco De Oro Universal Bank.

<sup>7</sup> *Rollo* p. 70.

<sup>8</sup> *Id.* at 25-40.

<sup>9</sup> *Id.* at 27-28.

<sup>10</sup> *Id.* at 28.

<sup>11</sup> *Id.* at 13.

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>

---

<sup>12</sup> Id. at 72.

<sup>13</sup> Id. at 142-151; penned by Judge Antonio M. Esteves.

<sup>14</sup> Id. at 151.

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

---

<sup>15</sup> Id. at 15.

<sup>16</sup> Id. at 152-154.

<sup>17</sup> Id. at 153.

<sup>18</sup> CA *rollo*, pp. 131-133.

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;

---

<sup>19</sup> Id. at 132.

<sup>20</sup> Id. at 133.

<sup>21</sup> Id. at 136-139.

and (2) the value of RTC Baguio's judgment of ₱154,085,400.00 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 ₱100,000.00 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 ₱38,521,350.00 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 ₱38,521,350.00 based on an alleged agreement

<sup>22</sup> Id. at 256-263.

<sup>23</sup> Id. at 263.

<sup>24</sup> Id. at 350-356.

<sup>25</sup> Id. at 355.

<sup>26</sup> *Rollo*, pp. 9-24.

h

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 ₱100,000.00 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 **₱38,521,350.00 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 payment of respondents' attorney's fees can neither be charged against nor collected from the Compromise Agreement. Moreover, respondents' attorney's lien cannot be effected against the judgment of the RTC Baguio.

The appellate court's ruling that respondents, as counsels of the former administratrix of the Spouses Jacinto's estate, are entitled to 25% of the purported amicable settlement amount in the Compromise Agreement muddles:

- (1) the nature of the suit between Ramon and Marilene, on one hand, and EPCIB and FPI, on the other hand;
- (2) the actual judgment award of the RTC Baguio in favor of the plaintiffs consisting in the payment of damages, including attorney's fees;
- (3) the corresponding judgment award to EPCIB on its cross-claim against FPI in the amount of ₱154,085,400.00.

---

<sup>27</sup> Id. at 10-11.

- (4) the scope of available remedies in claims against the estate of a decedent; and
- (5) the consideration for a compromise agreement and judgment of the courts based thereon.

**Civil Case No. 5751-R is an action to recover and enforce registered ownership over real property.**

*First.* There is no dispute that the subject properties properly belonged to the Estate of the Spouses Jacinto. In fact, the October 30, 2007 Decision of the RTC Baguio in Civil Case No. 5751-R, to the June 10, 2010 Resolution and April 14, 2011 Amended Decision of the CA in CA-G.R. CV No. 92392, recognized that the subject properties form part of the Estate of the Spouses Jacinto. Hence, when Marilene, as the then administratrix of her parents' estate, intervened, the initial defect in the complaint filed by Ramon was cured.

To recall, Civil Case No. 5751-R was an action to recover and enforce the ownership of the Spouses Jacinto (decedents) and consequently their estate, over the subject properties against that of the titles of defendant EPCIB. The RTC Baguio's ensuing judgment thereon declared the transfers of the subject properties null the fraudulent, and ultimately settled the valid registered ownership over these. The RTC Baguio granted Ramon's and Marilene's prayer for damages in the total amount of ₱700,000.00, including ₱100,000.00 as attorney's fees. There was no other judgment award in favor of respondents' client, Marilene, as the then administratrix of her parents' estate.

Separate from the judgment award to plaintiffs, the RTC awarded EPCIB the value of FPI's loan and the mortgage in the amount of ₱154,085,400.00 plus legal interest, based on the cross claim of EPCIB against its co-defendant FPI. Plainly, the judgment debtors in the case are defendants EPCIB and FPI for the respective amounts adjudged by the RTC Baguio.

Fairly evident is that EPCIB was both a judgment debtor and judgment creditor in Civil Case No. 5751-R. It was jointly and severally liable with FPI to pay Ramon and Marilene ₱700,000.00 in damages and should likewise be paid by FPI the amount of ₱154,085,400.00 equivalent to the value of its loan. In all, while FPI is a judgment debtor in Civil Case No. 5751-R, jointly and



severally with EPCIB to pay ₱700,000.00 in damages to Ramon and Marilene, it was liable only to EPCIB for the value of the loan.

Verily, even without delving into the finality of the monetary awards to Ramon and Marilene, respondent lawyers have no claim to the judgment amount in favor of EPCIB. It was erroneous for the appellate court to set the amount of ₱154,085,400.00 on which to deduct respondents claimed 25% attorney's fees.

Perforce, the Notice of Attorney's Lien filed by respondents before the RTC Baguio was a superfluity and did not relate to the judgment amount in favor of EPCIB on its cross-claim against FPI.

Curiously, respondents did not present their contingency fee agreement with Marilene before the RTC Baguio while litigating Civil Case No. 5751-R; respondents also did not question the ₱100,000.00 award as attorney's fees.

Article 2208 of the Civil Code provides:

**ARTICLE 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;
- (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.** (Emphasis supplied)

Clearly, respondents are precluded from propounding a claim of attorney's fees beyond that what they prayed for, and that awarded by the RTC Baguio in Civil Case No. 5751-R.

**Respondents have no direct and preferential claim over the subject properties or the value thereof.**

*Second.* Notwithstanding their contingency fee agreement with Marilene, former administratrix of the Spouses Jacinto's estate, respondents have no direct and preferential claim to the subject properties forming part of this estate.

In settlement of estate proceedings, the ultimate objective is the distribution and partition of the decedent's estate under Rule 90 of the Rules of Court. In this regard, the suit filed by Ramon and Marilene for the recovery of the subject properties was undertaken on behalf of the Spouses Jacinto's estate and in connection with its final settlement and distribution thereof to the Jacinto heirs.

Legal costs for the recovery of the subject properties, including attorney's fees, are expenses of administration which respondents could have claimed against the estate of the Spouses Jacinto or in a separate action.

Nonetheless, prescinding from the validity of a contingency fee in this jurisdiction, the appellate court sustained respondents' insistence to 25% of the settlement amount of the Compromise Agreement based on the following provision in the engagement agreement with Marilene:

In lieu of an acceptance fee, I offer instead twenty-five percent (25%) of the value of the recovered property OR twenty-five percent (25%) on any possible amicable settlement between the parties, with the explicit understanding that no such settlement will acknowledge criminal liability for my brothers Fernando Jr. or Jose Ma. Jacinto.<sup>28</sup>

We disagree.

Prior to distribution and partition of the estate, Marilene, even as administratrix, cannot encumber a significant portion of the estate without providing recourse to other heirs, who are co-owners of the estate.<sup>29</sup> An

---

<sup>28</sup> CA *rollo*, p. 424.

<sup>29</sup> See Book II, Title III of the Civil Code on Co-Ownership.

administrator, although a putative heir of the decedent, does not hold the properties of the estate in the concept of absolute owner.<sup>30</sup>

Rule 84,<sup>31</sup> in relation to Rule 85,<sup>32</sup> of the Rules of Court, lays down the powers and duties of executors or administrators and their accountability for the entire estate. Specifically, Section 3 of Rule 84 prescribes the administrator's right to possession and administration of the decedent's properties so long as necessary for the payment of the debts and the expenses of administration. An administrator is chargeable with the whole of the estate, including all the interest, profit and income thereof.<sup>33</sup>

The general rule is that an administrator has all the powers necessary for administration of the estate and which powers he can exercise without leave of court. However, as regards the sale, mortgage or other encumbrances on the estate, the provisions of Rule 89 apply.

In this case, respondents' claim of attorney's fees over the recovered properties and the succeeding compromise agreement cannot override Ramon's acts of administration over the decedents' estate consisting in opting to settle CA-G.R CV No. 92392 and the originating case, Civil Case No. 5751-R. Respondents cannot then litigate and assert their claim of attorney's fees in CA-G.R. CV No. 92392, actually evade payment of proper filing fees, receive relief beyond what they prayed for, and that already adjudged with finality by the trial court. Certainly, respondents are not preferred creditors of the estate of the Spouses Jacinto; they do not have a preferential right or claim to a specific property thereof.

---

Article 484. There is co-ownership whenever the ownership of an undivided thing or right belongs to different persons.

In default of contracts, or of special provisions, co-ownership shall be governed by the provisions of this Title.

<sup>30</sup> See Article 777, in relation to Articles 427 and 428, of the Civil Code.

Article 777. The rights to the succession are transmitted from the moment of the death of the decedent.

Article 427. Ownership may be exercised over things or rights.

Article 428. The owner has the right to enjoy and dispose of a thing, without other limitations than those established by law.

The owner has also a right of action against the holder and possessor of the thing in order to recover it.

<sup>31</sup> General Powers and Duties of Executors and Administrators.

<sup>32</sup> Accountability and Compensation of Executors and Administrators.

<sup>33</sup> See Section 1, Rule 85 of the Rules of Court.

Section 1. Executor or administrator chargeable with all estate and income. — Except as otherwise expressly provided in the following sections, every executor or administrator is chargeable in his account with the whole of the estate of the deceased which has come into his possession, at the value of the appraisal contained in the inventory; with all the interest, profit, and income of such estate; and with the proceeds of so much of the estate as is sold by him, at the price at which it was sold.

Again, we refer to the Rules of Special Proceedings in the settlement of estate of a decedent.<sup>34</sup> Rules 86 to 89 of the Rules of Court provide for “Claims Against Estate,” “Actions By and Against Executors and Administrators,” “Payment of the Debts of the Estate,” and “Sales, Mortgages and Other Encumbrances of Property of Decedent.” While it is not the duty of this Court to lay out the appropriate and proper legal remedies which respondents should have pursued, we have enumerated the aforesaid rules to emphasize the number of remedies available relating to respondents’ claim for payment of their attorney’s fees.

**The Compromise Agreement had multiple causes and consideration.**

*Last.* The appellate court erroneously sustained the contention of respondents insisting on the value of the judgment in the amount of ₱154,085,400.00 as the basis of the 25% contingency fee owed them. The CA grounded its ruling on the May 9, 2004 engagement letter<sup>35</sup> of respondents allowing for a contingency fee arrangement:

In lieu of an acceptance fee, I offer instead twenty-five percent (25%) of the value of the recovered property OR twenty-five percent (25%) on any possible amicable settlement between the parties, with the explicit understanding that no such settlement will acknowledge criminal liability for my brothers Fernando Jr. or Jose Ma. Jacinto.

x x x x

In case we terminate our arrangement at any stage of the procedure, be assured you will be compensated with a value of 25% [of] the recovered property or amicable settlement of said procedure.<sup>36</sup>

As earlier adverted, payment of respondents’ attorney’s fees cannot be claimed in the compromise agreement in CA-G.R. CV No. 92392.

There is a fundamental flaw in the appellate court’s April 14, 2011 Amended Decision when it ruled that:

---

<sup>34</sup> See Articles 1058 and 1059 of the Civil Code.

Article 1058. All matters relating to the appointment, powers and duties of executors and administrators and concerning the administration of estates of deceased persons shall be governed by the Rules of Court.

Article 1059. If the assets of the estate of a decedent which can be applied to the payment of debts are not sufficient for that purpose, the provisions of articles 2239 to 2251 on Preference of Credits shall be observed, provided that the expenses referred to in article 2244, No. 8, shall be those involved in the administration of the decedent's estate.

<sup>35</sup> CA *rollo*, pp. 424.

<sup>36</sup> *Id.*

A perusal of the Compromise Agreement shows that defendant-appellant EPCIB and plaintiff-appellee [Ramon] Jacinto, as Chairman/President of defendant Forward Properties, Inc. and administrator of the Estate of Fernando and Bernardina Jacinto, compromised based on the judgment of the trial court in the case a quo which adjudicated in EPCIB's favor One Hundred Fifty-Four Million Eighty-Five Thousand Four Hundred Pesos (P154,085,400.00). The same judgment likewise states (which part the parties failed to quote in the said compromise agreement) the aggregate amount of Seven Hundred Thousand Pesos (P700,000.00) and the recovery of the subject properties is adjudicated in favor of plaintiff [Ramon] Jacinto and intervenor-appellee Marilene Jacinto as administratrix of the Estate of Fernando and Bernardina Jacinto xxx.<sup>37</sup>

It sets the amicable settlement amount on the cross claim of EPCIB against FPI as the only consideration for the compromise agreement.

Article 2028 of the Civil Code states that “a compromise is a contract whereby the parties, by making reciprocal concessions, avoid a litigation or put an end to one already commenced.”

The CA ruling is a myopic view of the various considerations for entering into a contract<sup>38</sup> and the extinguishment of obligations.<sup>39</sup> Given the relationship between the parties, with Ramon as administrator of the Spouses Jacinto's estate and President of FPI, the compromise agreement had both an onerous and remunerative cause.<sup>40</sup>

On the whole, respondents cannot zero in on the amount of FPI's loan to EPCIB, FPI's judgment liability in Civil Case No. 5751-R, which was extinguished upon approval of the compromise agreement, as the base amount for their claim of attorney's fees.

WHEREFORE, the petition is **GRANTED**. The April 14, 2011 Amended Decision of the Court of Appeals in CA G.R. CV No. 92392 is **SET ASIDE**. The June 10, 2010 Resolution of the Court of Appeals in CA G.R. CV No. 92392 is **REINSTATED**. No costs.

---

<sup>37</sup> Id. at 354.


<sup>38</sup> See Title II, Chapter 2, Section 3 on Cause of Contracts of the Civil Code.

<sup>39</sup> See Article 1275 of the Civil Code.


Article 1275. The obligation is extinguished from the time the characters of creditor and debtor are merged in the same person.


<sup>40</sup> See *Arrogante v. Deliarde*, 555 Phil. 60 [2007].

**SO ORDERED.**

  
**RAMON PAUL L. HERNANDO**  
Associate Justice

**WE CONCUR:**

  
**MARVIC M. V. F. LEONEN**  
Associate Justice  
Chairperson

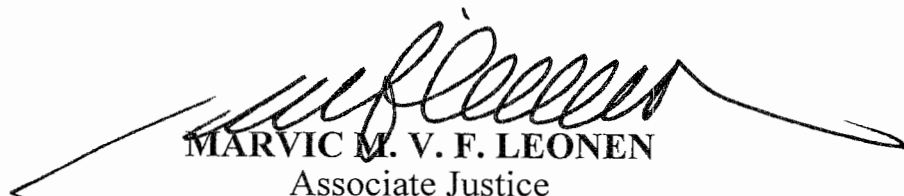
  
**HENRI JEAN PAUL B. INTING**  
Associate Justice

  
**EDGARDO DELOS SANTOS**  
Associate Justice

On official leave  
**RICARDO R. ROSARIO**  
Associate Justice

## ATTESTATION

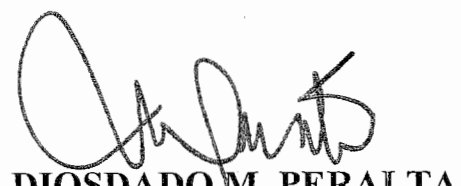
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**MARVIC M. V. F. LEONEN**  
Associate Justice  
Chairperson

## 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.



**DIOSDADO M. PERALTA**  
Chief Justice