

Republic of the Philippines Supreme Court Manila

FIRST DIVISION

AUGUSTO M. AQUINO,

G.R. NO. 221097

Petitioner,

Present:

I lesem.

- versus -

GESMUNDO, CJ., Chairperson,

CAGUIOA,

LAZARO-JAVIER,

LOPEZ, M., and

LOPEZ, J., JJ.:

MA. ALA F. DOMINGO and MA. MARGARITA IRENE F. DOMINGO,

Promulgated:

SEP 29 2021

Respondents.

DECISION

LOPEZ, J., *J.*:

Before the Court is a Petition for Review on Certiorari¹ under Rule 45 of the Rules of Court assailing the Decision² dated January 9, 2015 and the Resolution³ dated October 16, 2015 of the Court of Appeals (CA), in CA-G.R. CV No. 94760, which declared as void, the Orders dated April 13, 2009⁴ and September 15, 2009⁵ of the Regional Trial Court (RTC), Branch 33, Guimba, Nueva Ecija, acting as Special Agrarian Court (SAC) in AGR. Case No. 1221-G, insofar as they granted attorney's fees to Atty. Augusto M. Aquino (petitioner) equivalent to 30% of the increased just compensation awarded to the late father of respondents Ma. Ala F. Domingo and Ma. Margarita Irene F. Domingo (respondents).

Rollo, pp. 8-23.

² Rollo, pp. 24-36. Penned by Associate Justice Pedro B. Corales and concurred in by Associate Justices Mariflor P. Punzalan Castillo and Florito S. Macalino.

³ *Id.* at 38-39.

⁴ Id. at 12.

Jd. at 95-98. Penned by Judge Ismael P. Casabar.

Decision 2 G.R. No. 221097

The Antecedents

Angel T. Domingo (Angel), the late father of the respondents, was the owner of a 262.2346-hectare rice land in Guimba, Nueva Ecija, which was covered by the agrarian reform program and distributed to 193 farmer beneficiaries pursuant to Presidential Decree (P.D.) No. 27,6 as implemented by Executive Order (E.O.) No. 228.7 The Land Bank of the Philippines (LBP) initially valued the land at \$\frac{1}{2},086,735.09\$, but Angel disagreed.8 Consequently, he verbally contracted the legal services of petitioner who, on July 31, 2002, filed before the SAC, a petition for determination and payment of just compensation alleging that his land should have been valued at \$\frac{1}{2}39,335,190.00\$.

On April 12, 2004, the SAC rendered its Decision fixing the just compensation of the property at \$\P\$15,223,050.91. The ruling was affirmed by the CA, which in turn, was upheld by this Court in its Decision dated February 4, 2008 in G.R. No. 168533. Meanwhile, Angel died and was substituted by respondents. In the G.R. No. 168533, this Court held that the final valuation of the land should be computed in accordance with *Lubrica*, et al. v. Land Bank of the Philippines, and that the partial payment of \$\P\$1,845,999.71 already received by Angel should be deducted from the computation. This Court then directed the SAC to proceed with deliberate dispatch. 10

In an Order dated October 28, 2008, the SAC directed the LBP to compute the final valuation of Angel's land in accordance with the ruling of this Court. According to the LBP, the final just compensation is ₱15,269,313.66 but since Angel previously received the initial valuation of ₱2,086,735.09, the balance is now ₱13,182,578.57, which will be paid partly, in cash and partly, in bonds.¹¹

On February 2, 2009, petitioner filed a Manifestation with Motion to Approve Memorandum of Agreement (Manifestation) alleging that in a Memorandum of Agreement (MOA) dated December 12, 2005, Angel and his brother, Benjamin, engaged the services of Elmer San Vicente (San Vicente) and Josefina Gajitos (Gajitos) to obtain a higher valuation than the original amount of \$\mathbb{P}2,086,735.09\$ determined by the DAR and LBP. The MOA provided, among others, that Angel and Benjamin would shoulder the

No. 27: Determining the Value of Remaining Unvalued Rice and Corn Lands Subject to P.D. No. 27; And Providing for the Manner of Payment by the Farmer Beneficiary and Mode of Compensation to the Landowner, July 17, 1987.

Decreeing the Emancipation of Tenants from the Bondage of the Soil, transferring to them the Ownership of the Land they till and Providing the Instruments and Mechanism Therefor, October 21, 1972.

Declaring Full Land Ownership to Qualified Farmer Beneficiaries Covered by Presidential Decree No. 27: Determining the Value of Remaining Unvalued Rice and Corn Lands Subject to P.D. No. 27; And

⁸ Rollo, p. 25.

⁹ 537 Phil. 571 (2006).

¹⁰ Rollo, p. 26.

¹¹ *Id.* at 26-27.

Decision 3 G.R. No. 221097

filing fees while San Vicente and Gajitos would shoulder all other expenses, including attorney's fees. In the event of a higher valuation, the latter would be entitled to a 35% of the increase thereof. Thus, petitioner sought to collect, on behalf of San Vicente and Gajitos, the said 35% commission, which is equivalent to \$\mathbb{P}4,613,902.49.\frac{12}{2}\$ Incidentally, petitioner attached to his Manifestation, a Contract for Legal Services purportedly executed by him and Benjamin, wherein they agreed on a contingent attorney's fees of 30% of any increase above the original valuation.\frac{13}{2}

Respondents opposed the Manifestation and assailed the authenticity of the MOA. They claimed that the MOA was falsified and that Angel already paid attorney's and commissioner's fees before his death. Moreover, the case was only for the application of the Comprehensive Agrarian Reform Program (*CARP*) and thus, petitioner's monetary claim should be filed with the settlement of Angel's estate and not with the SAC.¹⁴

In an Order¹⁵ dated April 13, 2009, however, the SAC adopted the computation of the LBP, granted petitioner's Manifestation, and directed the segregation of 35% of ₱13,182,578.57 or ₱4,613,902.49 in his favor. The agrarian court ruled that the MOA partakes the nature of a contract for payment of attorney's fees of petitioner and the persons who collaborated with him in accomplishing his tasks.

In another Order¹⁶ dated September 15, 2009, the SAC modified its ruling and instead, granted contingent attorney's fees in favor of petitioner at 30% of ₱13,182,578.57 or ₱3,954,773.57. According to said court, even in the absence of a written contract between the parties, petitioner should be reasonably compensated for his services in the prosecution of the case. It also maintained jurisdiction to act on the Manifestation since there was still no judicial proceeding for the settlement of Angel's estate. Thus, the trial court disposed of the case as follows:

WHEREFORE, foregoing considered, order is hereby issued as follows:

- 1. Denying the motion for reconsideration;
- 2. Denying the Motion to Approve the Memorandum of Agreement dated December 12, 2005;
- 3. Deleting the portion of the order dated April 13, 2009 directing Land Bank to release the amount of \$\mathbb{P}4,613,902.49\$ to Atty. Augusto Aquino,

¹² *Id.* at 27.

¹³ *Id.*

¹⁴ Id. at 27-28.

¹⁵ *Id.* at 28.

¹⁶ Id. at 95-98.

Elmer San Vicente and Josefina L. Gajitos in cash and in bonds in the manner provided by law;

- 4. Fixing the contingent attorney's fees of Atty. Augusto Aquino at 30% based on the increase in the compensation for petitioners' lands in the amount of ₱13,182,578.57 or the amount of ₱3,954,773.57 for the services he has rendered to the deceased petitioner.
- 5. Directing Land Bank to release the amount of ₱3,954,773.57 to Atty. Augusto Aquino.

SO ORDERED.17

Disagreeing with the SAC Orders, respondents filed their Notice of Appeal. They maintained that the agrarian court erred in granting the 30% attorney's fees in favor of petitioner. Instead, they moved to execute the April 12, 2004 SAC Decision, which this Court had affirmed, with the directive to compute and pay just compensation with deliberate dispatch. Subsequently, the SAC gave due course to the Notice of Appeal.¹⁸

On January 14, 2010, petitioner filed a Motion for Execution Pending Appeal (*Motion for Execution*). He claimed that since his right to attorney's fees would be prejudiced by the execution of the April 12, 2004 SAC Decision, it should also enforce the September 15, 2009 SAC Order, which awarded him 30% attorney's fees despite the pendency of the appeal.

On February 16, 2010, the SAC granted petitioner's Motion for Execution and issued writs ordering the release of his 30% contingent attorney's fees. ¹⁹ The LBP complied with said order.

Aggrieved, respondents filed a Motion to Reverse and Set Aside Order of Execution Pending Appeal and to Order Respondent LBP to Indemnify Petitioners-Appellants for the Sum of ₱4,497,977.95 Belonging to Petitioners-Appellants Unlawfully/Unduly Delivered by it to Atty. Aquino as and for Attorney's Fees (*Motion to Reverse*).²⁰

In a Resolution²¹ dated August 9, 2010, the CA denied respondents' Motion to Reverse. It rejected their contention that the RTC/SAC already lost jurisdiction when petitioner moved for execution pending appeal. The CA held that the SAC still had authority to grant petitioner's motion for

¹⁷ Id. at 98.

¹⁸ Id. at 29.

¹⁹ Id.

²⁰ Id. at 45-57

Id. at 58-63. Penned by Associate Justice Remedios A. Salazar-Fernando, with Associate Justices Michael P. Elbinias and Celia C. Librea-Leagogo, concurring.

Decision 5 G.R. No. 221097

execution since he filed the same before the records were transmitted to the appellate court.²²

In a Resolution²³ dated March 2, 2012, the CA further denied respondents' motion for reconsideration.

Thereafter, in its Decision²⁴ dated January 9, 2015, the CA, declared as void, the April 13, 2009 SAC Order insofar as it treated the Manifestation as a motion to charge attorney's fees as lien, and the September 15, 2009 SAC Order insofar as it granted the 30% contingent attorney's fees to petitioner, but without prejudice to the filing of a proper action before the regular courts, *to wit*:

WHEREFORE, the instant appeal is hereby GRANTED. Accordingly, the April 13, 2009 Order of the Regional Trial Court, Branch 33, Guimba, Nueva Ecija in AGR. Case. No. 1221-G is hereby declared VOID insofar as it treated the Manifestation with Motion to Approve Memorandum of Agreement as a motion to charge attorney's fees as lien. Similarly, the September 15, 2009 Order in the said case is declared VOID with respect only to the grant of ₱3,954,773.57 contingent attorney's fees to Atty. Augusto M. Aquino, equivalent to 30% of the increased just compensation awarded to Angel T. Domingo. Atty. Augusto M. Aquino is hereby ORDERED to return the ₱3,954,773.57 adjudged as his attorney's fees without prejudice to the filing of a proper action before the regular courts.

SO ORDERED.²⁵

According to the CA, while a claim for attorney's fees may be asserted either in the action where the services of the lawyer had been rendered, or in a separate action, the special circumstances of the case dictates that the claim be resolved in a separate action. The appellate court found that the SAC could not have awarded attorney's fees because petitioner's Manifestation pertains not to the payment of his attorney's fees, but to the approval of a MOA purportedly between Angel and Benjamin, on the one hand, and San Vicente and Gajitos, on the other. Besides, the jurisdiction of the SAC under Republic Act (R.A.) No. 6657, while original and exclusive, is limited only to petitions for the determination of just compensation and all offenses under the Act.²⁶

Aggrieved, petitioner filed the present petition on December 8, 2015. He harps on the idea that the issues discussed by the January 9, 2015 CA

² Id. at 62.

¹d. at 110-112. Penned by Associate Justice Angelita A. Gacutan, with Associate Justices Magdangal M. De Leon and Francisco P. Acosta, concurring.

²⁴ Id. at 24-36.

¹⁵ Id. at 35.

²⁶ *Id.* at 31-33

Decision 6 G.R. No. 221097

Decision were already passed upon by the August 9, 2010 and March 2, 2012 CA Resolutions, which became final and executory. This is due to the fact that respondents did not file a petition before this Court to question said Resolutions and instead, allowed them to attain finality. Thus, even if the Resolutions turned out to be erroneous, they may no longer be altered.

Petitioner added that the issue of whether the SAC can rule on his entitlement to attorney's fees was not raised by the respondents and, thus, the CA should not have dealt with the matter.

Issues

I.

Whether the CA was precluded by its Resolutions dated August 9, 2010 and March 2, 2012 to rule upon the matter of petitioner's attorney's fees in its subsequent January 9, 2015 Decision; and

H

Whether the CA, in its January 9, 2015 Decision, correctly invalidated the award of 30% contingent attorney's fees in petitioner's favor without prejudice to the filing of a separate action before the courts.

Our Ruling

The petition is partly meritorious.

Prefatorily, this Court deems it necessary to shed light on the seeming confusion of petitioner, insofar as the procedural antecedents is concerned. The fact that respondents did not question the August 9, 2010 and March 2, 2012 Resolutions of the CA, does not render the case, in its entirety, final and executory.

To recall, when this Court directed the SAC to compute the final amount of just compensation due to the respondents for their land, petitioner sought to collect attorney's fees by filing his Manifestation. In its September 15, 2009 Order, the SAC granted attorney's fees in favor of petitioner at 30% of the increase in the value of the land. Aggrieved, respondents appealed this Order by filing their Notice of Appeal, which was given due course by the said agrarian court.²⁷

9

²⁷ Rollo, pp. 28-29.

Decision 7 G.R. No. 221097

In the meantime, petitioner filed a Motion for Execution seeking to enforce the September 15, 2009 SAC Order and collect the 30% attorney's fees awarded therein pending appeal.²⁸ The SAC granted the same and ordered the release of funds. Respondents opposed this and filed their motion to reverse. In its Resolution dated August 9, 2010, however, the CA denied respondents' motion to reverse finding that the SAC had authority to grant the award pending appeal.²⁹ When respondents moved for a reconsideration, the CA further denied their motion in its Resolution dated March 2, 2012.³⁰

According to petitioner, these CA Resolutions dated August 9, 2010 and March 2, 2012 have the effect of finally disposing with the issue of petitioner's attorney's fees, which may only be reviewed by this Court. Since respondents did not file a petition before this Court for said purpose, the Resolutions, and the entire case for that matter, already attained finality. Hence, the CA, erred in resolving the issue anew in its Decision dated January 9, 2015, nullifying the grant of 30% attorney's fees in petitioner's favor.

The argument fails to persuade.

It must be remembered that respondents timely appealed the September 15, 2009 SAC Order before the CA. As stated in the January 9, 2015 CA Decision, for review therein, was the appeal of the respondents' subject of their Notice of Appeal that was aptly given due course by the SAC.³¹ This January 9, 2015 CA Decision, therefore, addresses the appeal itself that was pursued by the respondents when the SAC awarded 30% attorney's fees in its September 15, 2009 Order.

As such, contrary to the claims of petitioner, the issue resolved by the CA in its August 9, 2010 and March 2, 2012 Resolutions are not identical to the issue it resolved in its January 9, 2015 Decision. On one hand, the Resolutions resolved the question of whether it was proper to execute the September 15, 2009 SAC Order pending appeal, and consequently release the amount of attorney's fees prior to final judgement. On the other hand, the Decision involved the propriety of the actual award of attorney's fees in the September 15, 2009 SAC Order.

Thus, it cannot be said that the CA Resolutions dated August 9, 2010 and March 2, 2012 can no longer be altered or annulled by the CA Decision dated January 9, 2015. To put things in perspective, the CA Decision nullified the September 15, 2009 SAC Order and not the CA Resolutions.

²⁸ Id. at 29.

²⁹ Id. at 58-63.

³⁰ Id. at 110-112.

³¹ *Id.* at 31-33.

Decision 8 G.R. No. 221097

This SAC Order was timely appealed by the respondents before the CA. Hence, the CA was not precluded by the CA Resolutions from ruling on the appeal.

Indeed, until the case in its entirety is definitely closed, the grant of attorney's fees remains subject to review. In *Gatmaytan v. Court of Appeals*, ³² for instance, Atty. Gatmaytan similarly sought to compel, by *mandamus*, the execution of a probate court's order granting him 30% attorney's fees on account of his services as counsel in an estate proceeding. We dismissed his action in view of the fact that the probate court adjudged a new amount of attorney's fees of \$\bilde{P}\$10 million in lieu of the original rate of 30% of the inheritance. This Court acknowledged that:

It is settled that an order of a probate court fixing the amount of fees is regarded as interlocutory in nature, subject to modification or setting aside until the estate proceeding is terminated and the case definitely closed, after which the order becomes final. In other words, an order fixing the fees continues to be under the control of the probate court until the proceeding is closed and until then it may increase or decrease the fees as facts and circumstances develop and unfold which may justify modification of the order even if the fees have already been partially or fully paid, as they may be ordered returned or reimbursed to the estate or a bond required to be filed to guarantee their return or reimbursement.³³

On the merits of the subject CA Decision, We take cognizance of Our pronouncement in Aquino v. Judge Casabar,³⁴ a case between the same parties involving the same issue albeit a different piece of property. In Casabar, petitioner similarly sought payment of attorney's fees for the services he rendered in the heirs' just compensation case. In that case, We held that the SAC had authority to pass upon the issue in the main case rather than a separate action, and despite finality of the SAC decision. Nevertheless, We found that since petitioner failed to present sufficient evidence to prove that the late Angel expressly agreed to a 30% contingent attorney's fees, the principle of quantum meruit is controlling. Hence, the rate of 15% is deemed more appropriate, thus:

Ordinarily, We would have left it to the trial court the determination of attorney's fees based on quantum meruit, however, following the several pronouncements of the Court that it will be just and equitable to now assess and fix the attorney's fees in order that the resolution thereof would not be needlessly prolonged, this Court, which holds and exercises the power to fix attorney's fees on quantum meruit basis in the absence of an express written agreement between the attorney and the client, deems it fair to fix petitioner's attorney's fees at fifteen

³² 531 Phil. 253-264 (2006).

³³ *Id.* at 262-263.

⁷⁵² Phil. 1-14 (2015).

Decision 9 G.R. No. 221097

percent (15%) of the increase in the just compensation awarded to private respondents.³⁵

In the same vein, the central issue in the present case is whether the SAC, in its September 15, 2009 Order, correctly granted the 30% contingent attorney's fees in favor of petitioner.

As in *Casabar*, the heirs of Angel in this case also alleged that the SAC had lost jurisdiction over the claim of attorney's fees of petitioner upon finality of the just compensation case. Again, We "see no valid reason why respondents cannot pass upon a proper petition to determine attorney's fees considering that it is already familiar with the nature and the extent of petitioner's legal services." The case of *Traders Royal Bank Employees Union-Independent v. NLRC*³⁷ is instructive, thus:

. . . It is well settled that a claim for attorney's fees may be asserted either in the very action in which the services of a lawyer had been rendered or in a separate action.

With respect to the first situation, the remedy for recovering attorney's fees as an incident of the main action may be availed of only when something is due to the client. Attorney's fees cannot be determined until after the main litigation has been decided and the subject of the recovery is at the disposition of the court. The issue over attorney's fees only arises when something has been recovered from which the fee is to be paid.

While a claim for attorney's fees may be filed before the judgment is rendered, the determination as to the propriety of the fees or as to the amount thereof will have to be held in abeyance until the main case from which the lawyer's claim for attorney's fees may arise has become final. Otherwise, the determination to be made by the courts will be premature. Of course, a petition for attorney's fees may be filed before the judgment in favor of the client is satisfied or the proceeds thereof delivered to the client.

It is apparent from the foregoing discussion that a lawyer has two options as to when to file his claim for professional fees. Hence, private respondent was well within his rights when he made his claim and waited for the finality of the judgment for holiday pay differential, instead of filing it ahead of the award's complete resolution. To declare that a lawyer may file a claim for fees in the same action only before the judgment is reviewed by a higher tribunal would deprive him of his aforestated options and render ineffective the foregoing pronouncements of this Court. 38



³⁵ *Id.* at 13-14.

³⁶ *Id.* at 9.

^{37 336} Phil. 705-724 (1997), cited in Aquino v. Judge Casabar, supra note 34.

⁸ Traders Royal Bank Employees Union-Independent v. NLRC, id. at 713-714.

Decision 10 G.R. No. 221097

Accordingly, it is of no moment that petitioner filed his claim after the finality of the main case and as an incident thereof. As long as the claim is filed within the period allowed under the law, he is permitted to recover reasonable compensation for the legal services he rendered.³⁹ Under Article 1145⁴⁰ of the Civil Code, an action to enforce an oral contract, as in the present case, may be commenced within a period of six (6) years. Considering the absence of a written contract between the parties, petitioner seasonably filed his action on February 2, 2009, which is well within six (6) years from the February 4, 2008 Decision of this Court.

Indeed, against the CA's directive for petitioner to file yet another action to enforce his claim for attorney's fees, this Court is aware of the fact that this case has dragged on long enough. A review of the records, further reveals that the parties are no longer interested in enforcing the MOA since neither petitioner nor respondents bothered to question the SAC's rejection thereof. As such, instead of allowing the case to find its way back to the trial court to address the same issue of determining attorney's fees, this Court deems it to be more in line with prudence to simply resolve the matter once and for all.⁴¹

To support his claim for attorney's fees, petitioner filed his Manifestation seeking to enforce the MOA whereby Angel and his brother purportedly agreed to pay San Vicente and Gajitos 35% of the increase in just compensation, while the latter agreed to pay attorney's fees. Petitioner also attached a Contract for Legal Services allegedly executed by Angel's brother wherein they agreed to pay the former, 30% contingent attorney's fees. ⁴² In its September 15, 2009 Order, however, the SAC disapproved the MOA and its attachment. Despite this, We find that the SAC correctly found that even if petitioner's documentary evidence are disregarded, he should still be reasonably compensated for the professional services he rendered in the prosecution of respondents' case.

As to the proper amount of attorney's fees, We resolve to modify the 30% rate awarded by the SAC in accordance with *Casabar*. There, We ruled that in the absence of an express contract, the only way to determine his right to appropriate attorney's fees is to apply the principle of *quantum meruit*, to wit:

Quantum meruit — literally meaning as much as he deserves — is used as basis for determining an attorney's professional fees in the absence of an express agreement. The recovery of attorney's fees on the basis of quantum meruit is a device that prevents an unscrupulous client

42 Rollo, p. 27.

Supra note 34.

ART, 1145. The following actions must be commenced within six years:

⁽¹⁾ Upon an oral-contract

⁽²⁾ Upon a quasi-contract.

Rosario Jr. v. De Guzman, et al., 713 Phil. 678, 689 (2013).

from running away with the fruits of the legal services of counsel without paying for it and also avoids unjust enrichment on the part of the attorney himself. An attorney must show that he is entitled to reasonable compensation for the effort in pursuing the client's cause, taking into account certain factors in fixing the amount of legal fees.⁴³

As in *Casabar*, the fact that petitioner rendered professional services was never denied by respondents. From the filing of the petition for just compensation on July 31, 2002 up, until the time when the respondents terminated his services on March 3, 2009, petitioner exerted efforts in obtaining a favorable judgment from the agrarian court, which the respondents undoubtedly benefited from. Thus, consistent with the previous award to petitioner in *Casabar*, ⁴⁴ We deem it fair to fix the award of attorney's fees in favor of petitioner at 15% of the increase in the just compensation awarded to the respondents. Indeed, while the practice of law is not a business, that an attorney plays a vital role in the administration of justice, underscores the need to secure him his honorarium lawfully earned as a means to preserve the decorum and respectability of the legal profession. ⁴⁵

WHEREFORE, premises considered, the instant petition is PARTLY GRANTED. The Decision dated January 9, 2015 and the Resolution dated October 16, 2015 of the Court of Appeals, in CA-G.R. CV No. 94760, are REVERSED and SET ASIDE. Petitioner Atty. Augusto M. Aquino is hereby granted attorney's fees at the rate of fifteen percent (15%) of the amount of the increase in valuation of just compensation awarded to the respondents Ma. Ala F. Domingo and Ma. Margarita Irene F. Domingo.

SO ORDERED.

HOSEP AJOPEZ
Associate Justice

WE CONCUR:

ALEXANDER G. GESMUNDO
Chief Justice

Supra note 34 at 12.

⁴⁴ Id. at 13-14.

⁴⁵ *Id.* at 14.

ALFREDO BENJAMIN S. CAGUIOA

Associate Justice

AMY C. LAZARO-JAVIER

Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.

ALEXANDER G. GESMUNDO

Chief Justice