

SUPREME COURT OF THE PHILIPPINES  
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**Republic of the Philippines  
Supreme Court  
Manila**

**FIRST DIVISION**

**ROSARIO ENRIQUEZ VDA.  
DE SANTIAGO,**  
Petitioner,

**G.R. No. 194814**

- *versus* -

**ATTY. JOSE A. SUING,**  
Respondent.

X-----X

**JAIME C. VISTAR,**  
Petitioner,

**G.R. No. 194825**

Present:

SERENO, *CJ.*,  
Chairperson,  
VELASCO, JR.,\*  
LEONARDO-DE CASTRO,  
BERSAMIN, and  
PERLAS-BERNABE, *JJ.*

- *versus* -

Promulgated:

**OCT 21 2015**

**ATTY. JOSE A. SUING,**  
Respondent.

X-----X

**DECISION**

**LEONARDO-DE CASTRO, J.:**

The Court is now faced with two consolidated cases that stemmed from litigation long-resolved but which gave rise to a dispute between a lawyer and his client.

\* Per Special Order No. 2253 dated October 14, 2015.

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**G.R. No. 194814** is a petition<sup>1</sup> for review on *certiorari* under Rule 45 of the Rules of Court filed by petitioner Rosario Enriquez Vda. de Santiago (Rosario), while **G.R. No. 194825** is a petition<sup>2</sup> for review on *certiorari* filed by Jaime C. Vistar (Vistar). Both petitions assail the Amended Decision<sup>3</sup> dated June 4, 2010 and the Resolution<sup>4</sup> dated December 17, 2010 of the Court of Appeals in CA-G.R. SP No. 97807.

## **THE FACTS**

### **The Complaint for Reconveyance**

Respondent Atty. Jose A. Suing (Atty. Suing) served as counsel for the plaintiff in **Civil Case No. 59439**, which was filed before the Regional Trial Court (RTC) of Pasig City, Branch 71 on May 7, 1990.<sup>5</sup> The original plaintiff, Eduardo M. Santiago (Eduardo), sought the reconveyance of 91 parcels of land from the Government Service Insurance System (GSIS). On October 18, 1994, Atty. Suing and Atty. Roberto R. Reverente (Atty. Reverente) entered their appearance as Eduardo's counsels.<sup>6</sup> Unfortunately, Eduardo passed away on March 6, 1996.<sup>7</sup> By virtue of the RTC Order<sup>8</sup> dated March 27, 1996, Eduardo was substituted by his widow, Rosario.

Consequently, on May 8, 1996, Rosario entered into a Memorandum of Understanding (MOU)<sup>9</sup> with Atty. Suing, Atty. Reverente,<sup>10</sup> and Atty. Wellington B. Lachica (Atty. Lachica). Said MOU pertinently states:

3. THAT [Atty. Suing, Atty. Reverente] and [Atty. Lachica] agree to render their legal services to [Rosario] on a contingency basis and shall not collect acceptance nor advance legal fees from [Rosario] excepting only as are consisting of out-of-pocket expenses, such as docket fees, sheriff fees and costs of stenographic notes and photocopies or certified true copies of documents and other legal papers;

4. THAT [Atty. Suing and Atty. Reverente] shall represent [Rosario] during all the trial hearings of the above case; while [Atty. Lachica] shall collaborate and endeavour (sic) also to secure a final and executory judgment of the case before the lower court;

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<sup>1</sup> *Rollo* (G.R. No. 194814), pp. 89-139.

<sup>2</sup> *Rollo* (G.R. No. 194825), pp. 18-62.

<sup>3</sup> *Rollo* (G.R. No. 194814), pp. 141-153; penned by Associate Justice Marlene Gonzales-Sison with Associate Justices Fernanda Lampas-Peralta and Michael P. Elbinias, concurring.

<sup>4</sup> *Id.* at 155-160.

<sup>5</sup> *Rollo* (G.R. No. 194825), pp. 96-102.

<sup>6</sup> *Rollo* (G.R. No. 194814), p. 233.

<sup>7</sup> *Id.* at 234-236.

<sup>8</sup> *Id.* at 237.

<sup>9</sup> *Id.* at 229-231.

<sup>10</sup> During the pendency of the case, Atty. Reverente passed away. However, the exact date of his death was not specifically alleged by the parties to this Court.

5. THAT in the [event] [Atty. Suing, Atty. Reverente] and [Atty. Lachica] are able to secure a favorable final and executory judgment from the lower court, [Rosario] shall share and deliver to [Atty. Suing, Atty. Reverente] and [Atty. Lachica] out of the net proceeds and/or net benefits which [Rosario] shall have acquired and/or obtained from the said judgment in the following proportions:

a. To [Atty. Suing and Atty. Reverente] - 35% of the net proceeds and/or net benefits;

b. To [Atty. Lachica] – 30% of the net proceeds and/or net benefits;

6. THAT in the [event] of said favorable final and executory judgment [Rosario] agrees to have the above net sharing be constituted as attorney's lien on all the property/ies which may be awarded to [Rosario] in satisfaction of said final judgment;

Thereafter, on December 17, 1997, the RTC rendered judgment in Civil Case No. 59439, ordering GSIS to reconvey 78 of the subject parcels to Rosario or to pay her the fair market value of said parcels of land if reconveyance cannot be done. GSIS appealed the trial court's decision to the Court of Appeals,<sup>11</sup> which appeal was docketed as CA-G.R. CV No. 62309.<sup>12</sup> In a Decision dated February 22, 2002, the Court of Appeals affirmed the trial court's ruling. GSIS elevated the case to this Court via a petition for review on *certiorari* that was docketed as G.R. No. 155206, but the petition was also denied in the Court's Decision dated October 28, 2003. Subsequently, after the denial of GSIS's motion for reconsideration, the Court issued an entry of judgment in G.R. No. 155206.<sup>13</sup>

### **The Motion for Execution**

Thereafter, Rosario, through Atty. Suing, filed a motion for execution of the RTC Decision dated December 17, 1997 as affirmed by the Court of Appeals and this Court. In an **Order dated April 27, 2004**, the trial court granted the motion for execution. The RTC subsequently issued a writ of execution and notices of garnishment to the Philippine National Bank (PNB) and Development Bank of the Philippines (DBP), among others, against the deposits of GSIS. GSIS moved to quash the writ of execution, but the RTC denied the same in its **Order dated May 13, 2004**.

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<sup>11</sup> *Rollo* (G.R. No. 194814), pp. 142-143.

<sup>12</sup> *Id.* at 96.

<sup>13</sup> *Id.* at 163.

GSIS then assailed the above RTC orders before the Court of Appeals in a petition for *certiorari* and prohibition with a prayer for a temporary restraining order and/or a writ of preliminary injunction, which was docketed as **CA-G.R. SP No. 84079**. On May 27, 2004, the Court of Appeals temporarily enjoined the enforcement of the trial court's order of execution and garnishment. The appellate court also resolved to grant GSIS's application for a preliminary injunction.<sup>14</sup>

In a **Decision**<sup>15</sup> **dated August 3, 2006**, the Court of Appeals eventually allowed the partial execution of the RTC Decision dated December 17, 1997, to wit:

**WHEREFORE**, premises considered, the instant petition is **PARTIALLY GRANTED**. The orders dated April 27, 2004 and May 13, 2004 and writ of execution dated April 28, 2004, all issued by the Regional Trial Court of Pasig City (Branch 71) in Civil Case No. 59439 entitled "Eduardo M. Santiago, etc., vs. Government Service Insurance System", are **AFFIRMED** with **MODIFICATIONS** in (i) that said orders and writ shall be for the satisfaction of the decision dated December 17, 1997 rendered in said case to the extent of the sum of ₱399,828,000.00; and (ii) that said court is directed to immediately conduct a hearing for the purpose of determining the fair market value of the subject lots as of April 29, 2004 and, upon such determination, issue an order of execution and the corresponding writ for the unsatisfied portion of the decision, if any.

The motion for reconsideration of our resolution dated July 27, 2004 and motion to allow immediate partial execution filed by respondent Rosario Enriquez Vda. de Santiago are **PARTIALLY GRANTED** in that the writ of preliminary injunction heretofore issued by this Court is **PARTIALLY LIFTED**, such that execution of the decision in Civil Case No. 59439 for the amount of ₱399,828,000.00 may immediately proceed while the writ of preliminary injunction against the execution of the rest of the judgment award is made **PERMANENT** subject to the disposition in the preceding paragraph.

For lack of merit, the motion to cite GSIS and others for direct contempt is **DENIED**.<sup>16</sup> (Underscoring supplied.)

GSIS filed a Verified Motion for Reconsideration of the above ruling, but this was denied in the Court of Appeals Resolution dated April 27, 2007. GSIS then assailed in a petition for review on *certiorari* before this Court the Decision dated August 3, 2006 and the Resolution dated April 27, 2007 of the Court of Appeals. Said petition was docketed as **G.R. No. 177731**.

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<sup>14</sup> Id. at 301-303.

<sup>15</sup> Id. at 295-313.

<sup>16</sup> Id. at 312-313.

**The Enforcement of Atty. Suing's Lien**

Meanwhile, on April 26, 2006, Atty. Suing filed before the RTC in Civil Case No. 59439 a Notice of Attorney's Lien.<sup>17</sup> Given that the RTC Decision dated December 17, 1997 had since been affirmed with finality by this Court in a Decision dated October 28, 2003 in G.R. No. 155206, Atty. Suing prayed that his attorney's lien and that of Atty. Reverente – *i.e.*, 35% of the net proceeds and/or benefits, as stated in the MOU with Rosario – be satisfied accordingly. In an Order<sup>18</sup> dated May 3, 2006, the trial court merely noted the Notice of Attorney's Lien.

In a letter<sup>19</sup> dated May 29, 2006, Rosario informed Atty. Suing and Atty. Reverente that she was “very disturbed” by their filing of a Notice of Attorney's Lien. Rosario stated that the attorney's fees sought were clearly excessive and unjustified and that she was dismayed that Atty. Suing even filed the claim on behalf of Atty. Reverente and Atty. Lachica. Rosario said that she would be opposing the claim and that she was discharging Atty. Suing and Atty. Reverente as counsels in all of her cases against GSIS.

On June 1, 2006, Rosario filed before the RTC in Civil Case No. 59439 a Notice of Discharge of Counsel,<sup>20</sup> stating that she has terminated the legal services of Atty. Suing and Atty. Reverente as her counsels of record in said case. In his comment<sup>21</sup> thereto, Atty. Suing prayed for the denial of the Notice of Discharge of Counsel. He argued that the stipulated 35% of the net proceeds of the judgment award was neither unconscionable nor unreasonable since he and Atty. Reverente were Rosario's counsels for ten years and they successfully obtained a final judgment in her favor.

On June 20, 2006, Atty. Felito S. Ramirez (Atty. Ramirez) and Atty. Nicanor H. Lazaro (Atty. Lazaro) filed their Notice of Appearance<sup>22</sup> as counsels for Rosario before the RTC in Civil Case No. 59439. Said counsels likewise entered their Notice of Appearance<sup>23</sup> before the Court of Appeals in CA-G.R. SP No. 84079.

On August 10, 2006, Atty. Suing filed before the RTC in Civil Case No. 59439 a “Motion to Direct the Sheriff to Proceed with the Execution of Garnished Funds of Defendant GSIS with DBP and PNB with Motion for Immediate Execution of Undersigned Counsel's Attorney's Lien against

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<sup>17</sup> Id. at 290-293.

<sup>18</sup> Id. at 294.

<sup>19</sup> Id. at 394.

<sup>20</sup> Id. at 392-393.

<sup>21</sup> Id. at 398-404.

<sup>22</sup> Id. at 464-465.

<sup>23</sup> *Rollo* (G.R. No. 194825), pp. 189-190.

such Garnished Funds.”<sup>24</sup> He prayed, among others, for an order directing the Sheriff of the RTC to collect from the DBP and PNB the amount of ₱399,828,000.00 and for a writ of execution to be issued to satisfy his attorney’s lien amounting to ₱139,939,800.00.

Rosario opposed the motion, praying that Atty. Suing be required to prove the amount of attorney’s fees due him on the basis of *quantum meruit*. Other lawyers who previously represented Rosario in the instant case also filed their respective claims for attorney’s fees.

**In an Order dated September 12, 2006**, the RTC resolved thus:

WHEREFORE, premises considered, let the enforcement of the Writ of Execution dated April 28, 2004, up to the extent allowed by the Decision of Court of Appeals proceed immediately. **Ten percent (10%) of the proceeds of the execution or (₱39,982,800.00) shall be turned over to the Court to await the disposition of the various claims of the lawyers. The 90% proceeds of the execution shall be turned over immediately to [Rosario].**

The Branch Sheriff of the Court is hereby directed to proceed immediately.<sup>25</sup> (Emphasis ours.)

On September 13, 2006, Atty. Suing filed before the trial court a Manifestation (re: Proof of Claims for Attorney’s Fees per Order dated August 16, 2006).<sup>26</sup> He argued therein that he remained the counsel of Rosario as the latter’s Notice of Discharge of Counsel and the Notice of Appearance of Atty. Ramirez and Atty. Lazaro were yet to be favorably acted upon by the trial court. Atty. Suing also reiterated his and Atty. Reverente’s entitlement to 35% of the judgment award as attorney’s fees.

Subsequently, GSIS, Atty. Suing, and the other lawyers who filed charging liens on the judgment award to Rosario all assailed the Order dated September 12, 2006 of the trial court. However, the RTC affirmed its previous ruling in an **Order<sup>27</sup> dated November 20, 2006**, decreeing thus:

WHEREFORE, premises considered, the Court resolves to DENY the defendant’s motions x x x.

x x x x

The Sheriff is hereby directed to deliver the amount of Php359,845,200.00 representing the 90% of Php399,828,000.00 to [Rosario] or her attorney-in-fact, Mr. Gregorio S.B. Enriquez, Jr.

<sup>24</sup> *Rollo* (G.R. No. 194814), pp. 606-611.

<sup>25</sup> *Id.* at 143; *CA rollo* (CA-G.R. SP No. 97807), p. 43.

<sup>26</sup> *Id.* at 314-321.

<sup>27</sup> *Id.* at 214-228.

The court further determines the respective attorney's fees and distributes the **Php39,982,800.00 (10% of Php399,828,000.00)** in the following manner:

1. **Atty. Jose A. Suing and Atty. Roberto R. Reverente – 60% or Php23,989,680.00;**
2. Atty. Sherwin S. Gatdula – 4% or Php1,599,312.00;
3. Atty. Wellington B. Lachica – 1% or Php399,828.00; and
4. Atty. Benjamin C. Santos – 35% or Php13,993,980.00.<sup>28</sup> (Emphases ours.)

GSIS, thereafter, filed before the Court a petition for *certiorari* and prohibition, seeking to annul the RTC Orders dated September 12, 2006 and November 20, 2006 in Civil Case No. 59439 for having been issued with grave abuse of discretion. Said petition was docketed as **G.R. No. 175393**, which was consolidated with G.R. No. 177731. To recall, G.R. No. 177731 involved GSIS's petition for review on *certiorari* under Rule 45, seeking to reverse the Court of Appeals' Decision dated August 3, 2006 and Resolution dated April 27, 2007 in CA-G.R. SP No. 84079.

**The Court's Decision in G.R. Nos. 175393 and 177731**

In our **Decision<sup>29</sup> dated December 18, 2009**, we dismissed GSIS's consolidated petitions in this wise:

**WHEREFORE**, in view of the foregoing, the consolidated petitions docketed as **G.R. Nos. 175393 and 177731** are hereby **DISMISSED**. The **Decision of the Court of Appeals** dated August 3, 2006 in **CA-G.R. SP No. 84079** and **Resolution** dated April 27, 2007 modifying the **Orders** by respondent judge dated November 20, 2006 and September 12, 2006 issued in **Civil Case No. 59439** are hereby **AFFIRMED**.

On February 15, 2010, we denied with finality GSIS's motion for reconsideration of the above decision. Our ruling then became final on April 12, 2010.

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<sup>28</sup> Id. at 226-227.

<sup>29</sup> *Government Service Insurance System v. Regional Trial Court of Pasig City, Branch 71*, 623 Phil. 453, 489-490 (2009).

**Atty. Suing's Petition (CA-G.R. SP No. 97807)**

For his part, Atty. Suing filed on February 5, 2007 a petition<sup>30</sup> for *certiorari*, prohibition and mandamus before the Court of Appeals, assailing the RTC Orders dated September 12, 2006 and November 20, 2006. The petition was docketed as CA-G.R. SP No. 97807. Atty. Suing argued that the aforesaid orders of the RTC contravened the agreement of the parties in the MOU regarding the payment of attorney's fees.

On February 19, 2010, the Court of Appeals rendered a **Decision**<sup>31</sup> against Atty. Suing, disposing thusly:

**WHEREFORE**, all the foregoing considered, the instant petition is **DISMISSED** for lack of merit. The orders of the Regional Trial Court of Pasig City (Branch 71) dated 12 September 2006 and 20 November 2006 in Civil Case No. 59439 are **AFFIRMED in so far as they were assailed in this case.**<sup>32</sup>

The Court of Appeals explained that it found no grave abuse of discretion on the part of the trial court in granting attorney's fees to Atty. Suing and his co-counsels based on *quantum meruit*. Under the MOU insisted upon by Atty. Suing, he and Atty. Reverente were entitled to receive 35% of the net proceeds of the judgment award in the case; while his co-counsel, Atty. Lachica, was entitled to 30% thereof. As said lawyers charged Rosario a contingent attorney's fees equivalent to 65% of the net proceeds of the judgment award, the appellate court held that said fees contained in the MOU were unreasonable and unconscionable.

Atty. Suing moved for reconsideration of the above ruling, which the appellate court granted. In an **Amended Decision dated June 4, 2010**, the Court of Appeals reversed its earlier decision, thusly:

**WHEREFORE**, premises considered, the instant Motion for Reconsideration is **GRANTED** and our Decision dated 19 February 2010, is hereby **REVERSED** and **SET ASIDE**, such that the Regional Trial Court of Pasig City (Branch 71) is hereby **ORDERED to AWARD to Atty. Jose A. Suing and Atty. Roberto R. Reverente 35% of the net proceeds of the total judgment award in Civil Case No. 59439.**<sup>33</sup> (Emphasis ours.)

This time, the Court of Appeals adjudged that the 35% contingent fee claimed by Atty. Suing was warranted since he rendered a total of 12 years

<sup>30</sup> *Rollo* (G.R. No. 194814), pp. 175-207.

<sup>31</sup> *Id.* at 162-174.

<sup>32</sup> *Id.* at 173.

<sup>33</sup> *Id.* at 152.

of legal service to Rosario and her late husband. While the case before the RTC was a mere action for reconveyance, the appellate court found that the events subsequent to the trial court's decision showed that Atty. Suing rendered legal services far more than what was expected of him. After the RTC rendered its Decision dated December 17, 1997 in favor of Rosario, GSIS appealed the same to the Court of Appeals and to the Supreme Court, albeit unsuccessfully. Thereafter, GSIS still questioned the execution of the trial court's decision in the Court of Appeals and again in this Court.

The Court of Appeals also faulted Rosario for belatedly questioning the validity of the MOU in a letter dated May 29, 2006, despite the fact that the MOU was executed more than a decade ago on May 8, 1996. The Court of Appeals found no indication that the MOU was obtained through fraud, imposition or suppression of facts. Moreover, the timing of Rosario's letter, *i.e.*, right before the execution of the RTC decision, raised suspicion that she was merely trying to avoid a just and valid obligation to Atty. Suing. The appellate court further stressed that Atty. Suing undertook a considerable risk in taking the case on a contingent basis, which risk was extended for at least 12 years. Thus, the award of legal fees to Atty. Suing amounting to 35% of the net proceeds under the MOU, which must still be shared with Atty. Reverente, was commensurate to their efforts in pursuing Rosario's cause.

Rosario<sup>34</sup> and GSIS respectively moved for a reconsideration of the above decision. During the pendency thereof, on October 1, 2010, Jaime C. Vistar filed a **Motion for Leave to File Motion for Intervention**.<sup>35</sup> Attached therewith was the Motion for Intervention<sup>36</sup> sought to be admitted. Vistar alleged, among others, that he had a legal interest in the matter in litigation as he was a transferee of Rosario's right equivalent to fifty percent (50%) of the judgment award to Rosario in Civil Case No. 59439. This interest was allegedly embodied in the Agreement<sup>37</sup> dated January 12, 2009 he executed with Rosario. He argued that said interest would be affected by the outcome of the proceedings before the Court of Appeals.

In a **Resolution dated December 17, 2010**, the Court of Appeals denied the pending incidents in this wise:

**WHEREFORE**, premises considered, the Motion for Reconsideration of [Rosario] is **DENIED**, the Motion for Reconsideration of respondent GSIS is **DENIED**, the Motion to Intervene by Jaime C.

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<sup>34</sup> Id. at 405-429, 430-436.

<sup>35</sup> *Rollo* (G.R. No. 194825), pp. 222-224.

<sup>36</sup> Id. at 225-233.

<sup>37</sup> *Rollo* (G.R. No. 194814), pp. 602-605.

Vistar is **DENIED** and the Court's Amended Decision dated 04 June 2010 is hereby **AFFIRMED**.<sup>38</sup>

The Court of Appeals reiterated, *inter alia*, that Atty. Suing rendered legal service for Rosario for a total of 12 years and throughout said period, he was able to secure favorable decisions in the trial court, the Court of Appeals, and the Supreme Court. Thus, the appellate court deemed it proper to give effect to the clear terms of the MOU regarding the stipulated attorney's fees. The Court of Appeals also found no substantial evidence to support the allegation that Atty. Suing took advantage of Rosario in securing the MOU. Contrary to the claim of Rosario, the appellate court ruled that the Amended Decision dated June 4, 2010 did not run counter to the Court's Decision dated December 18, 2009 in G.R. Nos. 175393 and 177731. The Court Appeals stated that said judgment of the Supreme Court did not touch upon the issues pertaining to the validity of the MOU or the distribution of attorney's fees.

The Court of Appeals also rejected the Motion for Intervention of Vistar, holding that the same was belatedly filed, *i.e.*, filed after the rendition of the trial court's decision in the reconveyance case. The appellate court ruled that Vistar was not precluded from pursuing his claim against Rosario in a separate action.

To assail the above-mentioned rulings of the Court of Appeals, Rosario, thus, filed before this Court the instant petition for review docketed as **G.R. No. 194814** on February 7, 2011, while Vistar filed the petition for review docketed as **G.R. No. 194825** on even date. In a Resolution<sup>39</sup> dated January 17, 2011, the Court ordered the consolidation of the said petitions.

### **The Intervention of Jaime Vistar**

To provide a clearer picture of Vistar's prayer for intervention, a brief background thereof is in order.

On January 12, 2009, Rosario and Vistar, both purportedly represented by a certain Atty. Rene Lazaro Bondal, filed a **Joint Manifestation (with Motion for Judicial Confirmation and Approval)**<sup>40</sup> before the RTC in Civil Case No. 59439. They prayed for the trial court to confirm and approve the Agreement they entered into, which was attached to their motion. In accordance therewith, Vistar was to render financial assistance and consultancy services to Rosario for the purpose of assisting her in recovering from the GSIS certain real properties and/or compensation

<sup>38</sup> Id. at 154-160.

<sup>39</sup> *Rollo* (G.R. No. 194825), pp. 9-10.

<sup>40</sup> *Rollo* (G.R. No. 194814), pp. 598-601.

for real properties in Civil Case No. 59439 and other related cases before the Court of Appeals and the Supreme Court. As consideration for said services, Rosario was to transfer to Vistar 50% of whatever amount she was entitled to receive as judgment award in the aforesaid case. The Agreement likewise provided that the parties shall submit the same to the RTC for approval and implementation, after which Vistar may be substituted and/or impleaded in Civil Case No. 59439 to the extent of his assignment without further consent from Rosario.

In an **Order<sup>41</sup> dated September 17, 2010**, the RTC in Civil Case No. 59439 resolved the above Joint Manifestation, together with the other pending incidents in the case. The trial court noted that:

The Joint Manifestation for Judicial Confirmation and Approval filed by Atty. Rene Lazaro Bondal, for [Rosario], and Mr. Vistar, is nothing else but the agreements [sic] between Mr. Vistar and [Rosario] which, on its face, is the law between the parties.

Atty. Ramirez claims, however, that the foregoing agreements (sic) was repudiated by [Rosario], despite [her] admission that Mr. Vistar has helped [her] financially in the amount [of] one (1) million in cash. The claims of Mr. Vistar is one-half (1/2) of the amount of the initial award.

x x x x

This Court is now faced with the claims of the attorney's fees which are now enforceable and the contending claims and interest of [another intervenor, Albert U. Espiritu] and Mr. Vistar which have yet to be ascertained in a protracted legal battle which will take the time of this Court and the parties.

This Court cannot accede to the claims of the intervenor and Mr. Vistar for the 90% already earmarked to [Rosario] which will result to the travesty of justice.

x x x x

In its efforts to settle the varied and contending claims of the intervenor, Mr. Vistar and the lawyers themselves[,] they were given a chance to sit down and discuss the possibility of arriving [at] a compromise agreement.

x x x x

The parties are directed anew to continue these negotiations for a possible settlement of their respective claims and interest in good faith and mutual trusts, in order to serve best the interest of justice.

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<sup>41</sup> Id. at 747-751.

For this purpose, the intervenor and Jaime Vistar are given the personality to participate in the negotiation for settlement of their respective claims as directed by the Court.

The Court has already made a ruling on the fight for attorney's fees. This time, since the Court has recognized the efforts of the intervenor on the negotiations for settlement and the claims of Mr. Vistar, the Court[,] to avoid any further legal battle among themselves and in its efforts to settle the claim, hereby **rules**:

1. To issue an alias writ of execution on the partial execution of Php399,828,000.00;

2. Upon satisfaction/payment by [GSIS] of the aforesaid amount, the Branch Sheriff of this Court is directed to immediately deposit 35% of the said amount to the account of [Rosario];

3. The other 35% shall remain in *custodia legis* subject to the final disposition of Atty. Suing's claim for attorney's fees now pending before the Court of Appeals or any settlement he may enter into with [Rosario];

4. The award of attorney's fees to Atty. Benjamin Santos (Php13,993,980.00), Atty. Sherwin S. Gatdula (Php1,599,312.00) and Atty. Wellington Lachica (Php399,828.00) shall be satisfied immediately from the remaining 30% of the partial executed amount; and

5. The balance on the remaining 30% shall also remain in *custodia legis* subject to any settlement or compromise the claimants may enter into with [Rosario] and her lawyers.

As previously stated, Vistar filed on October 1, 2010 a Motion for Leave to File Motion for Intervention before the Court of Appeals in CA-G.R. SP No. 97807. In the appellate court's Resolution dated December 17, 2010, however, Vistar's Motion was denied. He then filed the petition to this Court docketed as G.R. No. 194825.

Meanwhile, upon motion by Atty. Suing, the trial court modified its Order dated September 17, 2010. In the **Order**<sup>42</sup> **dated December 8, 2010**, the amount of ₱23,989,680.00 was ordered to be released to Atty. Suing to be taken from the 35% set aside in *custodia legis* subject to the disposition of his claim for attorney's fees.

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<sup>42</sup> Id. at 752-755.

### **Subsequent Incidents**

After the filing of the instant petitions, other relevant incidents subsequently transpired.

On February 28, 2011, Rosario and GSIS filed a **Joint Manifestation**<sup>43</sup> before the trial court in Civil Case No. 59439, stating that they have agreed to amicably settle the case. Rosario acknowledged the full and final settlement of the judgment embodied in the RTC Decision dated December 17, 1997 and she declared that she had no more cause of action against GSIS in connection with Civil Case No 59439. Rosario further stated that she executed a Waiver, Release and Quitclaim, which released GSIS and its officers from any claim or cause of action arising from said case. She likewise agreed “to hold GSIS and its officers free from any and all liabilities and claims which any third party may have including, but not limited to, Atty. Jose A. Suing, Atty. Antonio Vilar, Mr. Jaime Vistar, Eastern Petroleum Corporation and its chairman Fernando L. Martinez, may have relative to the instant case and all subsequent cases arising therefrom.” Lastly, Rosario repudiated the right of the aforesaid parties to lay claim on the judgment award or settlement of Civil Case No. 59439.

In the same vein, Atty. Suing also executed a Waiver, Release and Quitclaim<sup>44</sup> dated March 10, 2011, whereby he acknowledged the receipt of ₱23,989,680.00 from GSIS that was deducted from the ₱139,939,800.00 that constituted the 35% of the partial executed judgment award set aside by the trial court subject to the final disposition of his claim for attorney’s fees. Atty. Suing thereby waived any further claim against GSIS.

### **OTHER PENDING MOTIONS BEFORE THE COURT**

#### **GSIS’s Manifestation and Motion**

On March 29, 2012, GSIS filed a **Manifestation and Motion**<sup>45</sup> dated March 21, 2012, stating that it had already released to Atty. Suing the amount of ₱23,989,680.00 in accordance with the RTC Order dated December 8, 2010. GSIS then prayed for an order allowing it to place in an escrow account with the Land Bank of the Philippines the ₱115,950,000.00 remainder of the 35% of the partial executed judgment. Thereafter, GSIS sought its release from any responsibility relative to the outcome of the case.

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<sup>43</sup> Id. at 500-508.

<sup>44</sup> Id. at 737-738.

<sup>45</sup> Id. at 733-736.

Atty. Suing moved<sup>46</sup> for the above motion to be expunged from the records of the instant consolidated cases given that GSIS is not a party thereto. Rosario, on the other hand, did not object to GSIS's motion provided that the interest income from the escrow account will be awarded in favor of the prevailing party and GSIS will not be discharged from further liability should the amount deposited be deemed insufficient.<sup>47</sup> Vistar likewise did not object to the motion of GSIS, except that the latter should not be released from liability relative to the outcome of the case since what was ordered executed was only a portion of the judgment of the trial court.<sup>48</sup>

### **The Intervention of Atty. Antonio T. Vilar**

Thereafter, on March 28, 2014, Atty. Antonio T. Vilar (Vilar) filed in the instant consolidated petitions a **Motion for Leave of Court to Intervene**.<sup>49</sup> He alleged that before the RTC decided Civil Case No. 59439, the late Eduardo Santiago executed in his favor two Deeds of Assignment of Rights dated November 14, 1989<sup>50</sup> and November 27, 1990.<sup>51</sup> By virtue thereof, Eduardo purportedly transferred to Vilar ninety percent (90%) of the former's rights and interests in the excluded lots subject of the said case.

Vilar averred that after the RTC rendered its Order dated September 17, 2010, which directed the issuance of an alias writ of execution on the partial execution of ₱399,828,000.00, Vilar filed a Verified Omnibus Motion (For Substitution Of Party Plaintiff With Authority To Implement Writ Of Execution Until Full Satisfaction Of The Final Judgment Of The Court).<sup>52</sup> Vilar pointed out, however, that in the RTC Order dated December 8, 2010, the trial court merely noted his motion without acting on the same.

Vilar assailed the aforesaid order in a petition for *certiorari* before the Court of Appeals, which was docketed as **CA-G.R. SP No. 117439**. In a **Decision dated February 10, 2014**,<sup>53</sup> the Court of Appeals ruled in favor of Vilar. The appellate court granted his Verified Omnibus Motion and he was ordered impleaded in Civil Case No. 59439 as party-plaintiff in substitution of Rosario. The Court of Appeals further ruled that upon GSIS's payment of the amount of ₱399,828,000.00, the Branch Sheriff of the trial court was directed to give to Vilar 90% of the 35% share of Rosario. The remaining 10% of the 35% shall be deposited to Rosario's account.

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<sup>46</sup> Id. at 740-746.

<sup>47</sup> Id. at 771-775.

<sup>48</sup> Id. at 916-917.

<sup>49</sup> Id. at 922-930.

<sup>50</sup> CA *rollo* (CA-G.R. SP No. 117439), pp. 46-47.

<sup>51</sup> Id. at 48-49.

<sup>52</sup> Id. at 31-40.

<sup>53</sup> *Rollo* (G.R. No. 194814), pp. 938-959.

Before this Court, Vilar argues that he is a transferee *pendente lite* in Civil Case No. 59439, to the extent of 90% of the judgment award therein. He thus prays for an order allowing him to intervene and that the assailed rulings of the Court of Appeals be reversed such that 90% of the 35% of the amount of ₱399,828,000.00 shall be awarded to him.

### **THE ISSUES**

#### **The Arguments of Rosario**

In her **Memorandum**<sup>54</sup> in the instant consolidated cases, Rosario invoked the following points to impugn the Amended Decision dated June 4, 2010 and the Resolution dated December 17, 2010 of the Court of Appeals in CA-G.R. SP No. 97807:

#### **ARGUMENTS**

##### A.

As ruled in the case of *Radiowealth Finance Co., Inc., et al., v. International Corporate Bank, et al.*, the reasonableness of the attorney's fees is a question of law. Thus, being a question of law, it is a proper subject of a petition for review on certiorari under Rule 45 of the Rules of Court.

##### B.

Considering that the Orders dated 12 September 2006 and 20 November 2006 of the trial court in Civil Case No. 59439 have been rendered final and immutable by the Honorable Court in the consolidated cases docketed as G.R. Nos. 175393 and 177731, the Court of Appeals committed reversible error when it promulgated the assailed amended Decision dated 04 June 2010 and assailed Resolution dated 17 December 2010 as it disregarded the Honorable Court's decision in G.R. Nos. 175393 and 177731 in violation of the principle of *res judicata*.

##### C.

Even assuming *arguendo* that said Orders dated 12 September 2006 and 20 November 2006 of the trial court in Civil Case No. 59439 are not final and immutable, the Court of Appeals committed reversible error in its assailed Amended Decision and Resolution when it declared the validity of the Memorandum of Understanding despite the fact that the contingency fee of 35% is unconscionable (*sic*) and unreasonable under the facts and circumstances of the case.

##### D.

The Court of Appeals committed reversible error when it disregarded the fact that there was bad faith and actual fraud employed upon petitioner Mrs. Santiago when she executed the Memorandum of Understanding containing the unconscionable and unreasonable contingency fee of 65%.

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<sup>54</sup>

Id. at 861-915.

## E.

The Court of Appeals committed reversible error when it failed to consider the fact that the attorney's fees due to respondent Atty. Suing and Atty. Reverente should be based on *quantum meruit* and several factors exist warranting the reduction of the fees due to said lawyers.

## F.

Considering the lack of legal interest, delay of the intervention, and as an alleged assignee *pendente lite*, petitioner Mr. Vistar should not be allowed to intervene on the issue on the reasonableness of the attorney's fees. Further, his money claims based on the alleged assignment of rights should be pursued in a separate action.<sup>55</sup>

Rosario argued that the power to determine the reasonableness of attorney's fees stipulated by a lawyer and client falls within the regulatory prerogative of the courts. Even if there is an agreement between said parties, the courts may reduce the attorney's fees fixed in the contract if the amount thereof appears to be unconscionable or unreasonable.

Rosario also claimed that the Court of Appeals erred in setting aside the RTC Orders dated September 12, 2006 and November 20, 2006 in Civil Case No. 59439, which orders awarded to the former counsels of Rosario **10%** of the proceeds of the execution of the RTC Decision dated December 17, 1997. Rosario claimed that the said RTC Orders were already rendered final and immutable by virtue of this Court's Decision dated December 18, 2009 in G.R. Nos. 175393 and 177731. Rosario opined that the Court of Appeals ignored the said decision and erroneously promulgated the assailed rulings, which awarded 35% of the net proceeds of the judgment award to Atty. Suing and Atty. Reverente.

Assuming that the RTC Orders dated September 12, 2006 and November 20, 2006 were not yet final, Rosario posited that the Court of Appeals still erred in declaring valid the MOU between the parties. By awarding the 35% contingency fee of Atty. Suing and Atty. Reverente, the Court of Appeals manifestly gave its approval to a total contingency fee of 65% stated in the MOU for nothing could prevent Atty. Lachica from claiming his 30% share.

Rosario further insisted that Atty. Suing and Atty. Reverente should not be solely credited for securing a favorable judgment. Said lawyers were already discharged as counsels when the Court of Appeals issued the Decision dated August 3, 2006 in CA-G.R. SP No. 84079, which allowed the partial execution of the judgment in Rosario's favor. In other

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<sup>55</sup> Id. at 884-885.

proceedings before the appellate courts, Rosario was already represented by other counsels.

Rosario asserted that an action for reconveyance premised on the erroneous consolidation of titles of several parcels of land mortgaged to GSIS was not a novel and difficult case requiring extraordinary skills and undivided attention, which would prevent Atty. Suing, Atty. Reverente, and Atty. Lachica from accepting other cases and would warrant a total contingency fee of 65% of the judgment award. Rosario added that the Amended Decision of the Court of Appeals failed to point out the extraordinary services allegedly rendered by Atty. Suing and Atty. Reverente and that they did more than what was expected of them.

Rosario, being of old age and very unfamiliar with the intricacies of litigation, argued that she was an easy prey for opportunistic lawyers who charge unconscionable fees. She claimed that she was merely forced to continue the engagement of Atty. Suing, Atty. Reverente, and Atty. Lachica as she was still grieving the loss of her husband and she desperately needed legal representation in a case she inherited from her husband. When they executed the MOU, Rosario stated that it was already two years after said lawyers first entered their appearance as counsels for Eduardo on October 18, 1994 and the proceedings was already past the rebuttal evidence stage. Otherwise stated, the lawyers already knew of the probable outcome of the case, which would entitle Rosario to a very large monetary award.

On Vistar's intervention, Rosario argued that he has no legal interest insofar as the determination of attorney's fees due to Atty. Suing and Atty. Reverente was concerned given that he was not privy to the agreement between Rosario and said lawyers. Vistar would allegedly not be affected by any adverse or favorable ruling on said issue. Rosario averred that Vistar's motion for intervention was belatedly filed and it was even untenable for him to claim that he was entitled to intervene because the alleged assignment was made *pendente lite*. Rosario stated that Vistar's alleged rights pursuant to a purported assignment could best be asserted in a separate action. Thus, Rosario agreed with the ruling of the Court of Appeals that denied Vistar's intervention.

### **The Arguments of Vistar**

Vistar, on the other hand, cited the following issues in his **Memorandum**<sup>56</sup>:

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<sup>56</sup> Id. at 827-859.

## ISSUES

The main issue to be resolved is whether or not the award of 35% attorney's fees to respondent Atty. Suing is contrary to the jurisprudentially established guiding principles in determining attorney's fees on *quantum meruit* basis.

The procedural issues are: a.) whether or not respondent Atty. Suing availed of the proper remedy; b.) whether or not respondent Atty. Suing's claim for attorney's fees should be dismissed for failure to pay the requisite docket fees; c.) whether or not the Branch Sheriff and the GSIS are indispensable parties; d.) whether or not petitioner Vistar has legal personality to question respondent Suing's attorney's fees; e.) whether or not petitioner Vistar's intervention was belatedly filed; and, f.) whether or not petitioner Vistar can pursue his claim against Rosario in the instant proceeding.

Vistar maintained that his Motion for Intervention may still be entertained and that he has legal personality to question Atty. Suing's attorney's fees. He averred that he has an interest in the instant cases as an assignee of Rosario's right in Civil Case No. 59439 equivalent to 50% of the amount the latter was entitled to receive from said case. Vistar also claimed that the RTC already ruled that his Agreement with Rosario was the law between the two of them. By virtue of the said Agreement, Vistar argued that his interest would be adversely affected by the outcome of the instant proceedings. Furthermore, Vistar stressed that his intervention will not unduly delay or prejudice the rights of Rosario and Atty. Suing since the issue of Atty. Suing's entitlement to an exorbitant attorney's fees has not yet attained finality.

Considering the assignment to him of 50% of the amount Rosario was entitled to collect from GSIS and that the latter had been notified of the assignment, Vistar claimed that GSIS was obligated to pay to him 50% of the partial judgment award. Vistar, thus, prayed for an order reversing the assailed Amended Decision dated June 4, 2010 of the Court of Appeals. He pleaded for the reinstatement of the appellate court's original Decision dated February 19, 2010 with a pronouncement that Vistar may collect from GSIS the amount assigned to him by Rosario.

**The Arguments of Atty. Suing**

Atty. Suing primarily argued that the provisions of the MOU regarding the payment of attorney's fees should be respected given that the same was valid and binding between and among the parties. The MOU cannot be said to be null and void because it was undertaken in good faith and with no intent to defeat or circumvent the rights of Rosario. According to Atty. Suing, the MOU clearly stipulated that Atty. Suing and Atty.

Reverente shall be entitled to only 35% of the net proceeds of the case as contingent attorney's fees. In turn, Rosario was free to dispose of the balance of 65% in a manner she saw fit. When Rosario decided to separately engage the services of another lawyer, Atty. Wellington Lachica, to whom she agreed to assign 30% of the net proceeds, it was well within her prerogative to do so.

Atty. Suing stated that Rosario intended to be bound by the MOU when she signed the same. As observed by the Court of Appeals in the assailed Amended Decision, the repudiation of the provisions of the MOU came about after Atty. Suing had completed more than twelve years of legal service to Rosario and with the latter purportedly not spending a single centavo for legal expenses and professional fees.

Atty. Suing emphasized that the legal victory which he obtained for Rosario was no ordinary accomplishment as GSIS deliberately put up a protracted legal battle and managed to prolong the proceedings by way of two petitions filed with the Court of Appeals and the Supreme Court. GSIS allegedly attempted several times to quash the writ of execution issued by the trial court in favor of Rosario.

Atty. Suing claimed that the totality of the effort and industry that he exerted in defending Rosario's cause entitles him to a fair and reasonable compensation. He added that he cannot be considered grossly negligent in the performance of his duties. By the time the substitute lawyers entered the picture, Atty. Suing asserted that there was nothing left to do but to pursue the logical consequences of the motion for execution that he filed. The dilatory tactics employed by GSIS to prevent the immediate execution of the trial court's judgment were allegedly beyond his control.

Anent Vistar's petition, Atty. Suing argued that the former never acquired legal standing in the trial court, except on the matter of participating in the negotiations for the amicable settlement of the case. Atty. Suing pointed out that there was no proof that Vistar was a transferee of the legal interest of Rosario against GSIS or that the trial court recognized him as such. Also, Atty. Suing alleged that Vistar's contentions regarding the former's claim for attorney's fees were merely based on speculation given that the latter was neither a party to the MOU nor a participant in the proceedings before the trial court even as a substituting party.

**THE RULING OF THE COURT****G.R. No. 194814**

Before proceeding to discuss the merits of Rosario's petition, a minor clarification of the Court's Decision dated December 18, 2009 in G.R. Nos. 175393 and 177731 is in order. In the said decision, we definitively disallowed the prolonged attempts of GSIS to avoid the execution of the final judgment in favor of Rosario in Civil Case No. 59439. The dispositive portion of the aforesaid decision reads:

WHEREFORE, in view of the foregoing, the consolidated petitions docketed as G.R. Nos. 175393 and 177731 are hereby DISMISSED. **The Decision of the Court of Appeals dated August 3, 2006 in CA-G.R. SP No. 84079 and Resolution dated April 27, 2007** modifying the *Orders by respondent judge dated November 20, 2006 and September 12, 2006 issued in Civil Case No. 59439* are hereby **AFFIRMED**.<sup>57</sup> (Emphases ours.)

Verily, in dismissing the consolidated petitions of GSIS, we specifically affirmed the Decision dated August 3, 2006 and the Resolution dated April 27, 2007 of the Court of Appeals in CA-G.R. SP No. 84079. Said rulings of the appellate court ordered the partial execution of the judgment award in favor of Rosario. In so doing, the Court of Appeals affirmed with modifications the RTC Orders dated April 27, 2004 and May 13, 2004 and the writ of execution dated April 28, 2004 issued in Civil Case No. 59439, which granted the motion for execution filed by Rosario.

A perusal of our Decision dated December 18, 2009 in G.R. Nos. 175393 and 177731 also reveals that the issue regarding the payment of attorney's fees was neither passed upon nor settled with finality by this Court. Thus, the descriptive phrase "*modifying the Orders by respondent judge dated November 20, 2006 and September 12, 2006 issued in Civil Case No. 59439*" in the dispositive portion of our Decision dated December 18, 2009 has no bearing on the issues raised in the present consolidated petitions.

On the merits of Rosario's petition, the threshold issue therein is whether the Court of Appeals, in its assailed rulings, erred in awarding in favor of Atty. Suing and Atty. Reverente a contingent fee of 35% of the net proceeds of the judgment award to Rosario based on the MOU.

The Court rules in the affirmative.

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<sup>57</sup> *Government Service Insurance System v. Regional Trial Court of Pasig City, Branch 71*, supra note 29 at 489-490.

In *The Conjugal Partnership of the Spouses Cadavedo v. Lacaya*,<sup>58</sup> we defined a contingent fee contract as “an agreement in writing where the fee, often a fixed percentage of what may be recovered in the action, is made to depend upon the success of the litigation.”

The Court further expounded in *Sesbreño v. Court of Appeals*<sup>59</sup> the concept of a contingent fee contract thusly:

Contingent fee contracts are under the supervision and close scrutiny of the court in order that clients may be protected from unjust charges. Its validity depends in large measure on the reasonableness of the stipulated fees under the circumstances of each case.

When the courts find that the stipulated amount is excessive or the contract is unreasonable or unconscionable, or found to have been marred by fraud, mistake, undue influence or suppression of facts on the part of the attorney, public policy demands that said contract be disregarded to protect the client from unreasonable exaction.

Stipulated attorney’s fees are unconscionable whenever the amount is by far so disproportionate compared to the value of the services rendered as to amount to fraud perpetrated upon the client. This means to say that the amount of the fee contracted for, standing alone and unexplained would be sufficient to show that an unfair advantage had been taken of the client, or that a legal fraud had been perpetrated on him.

The decree of unconscionability or unreasonableness of a stipulated amount in a contingent fee contract, will not however, preclude recovery. It merely justifies the court’s fixing a reasonable amount for the lawyer’s services. (Citations omitted.)

In *Roxas v. De Zuzuarregui, Jr.*,<sup>60</sup> the Court stressed that attorney’s fees are unconscionable if the amount constituting the same affront one’s sense of justice, decency or reasonableness. Verily, the power to determine the reasonableness or the unconscionable character of attorney’s fees stipulated by the parties is a matter falling within the regulatory prerogative of the courts. On this note, the principle of *quantum meruit* (as much as he deserves) may serve as a basis for determining the reasonable amount of attorney’s fees. *Quantum meruit* is a device to prevent undue enrichment based on the equitable postulate that it is unjust for a person to retain benefit without paying for it. The same is applicable even if there is a formal written contract for attorney’s fees as long as the agreed fee was found by the court to be unconscionable.<sup>61</sup>

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<sup>58</sup> G.R. No. 173188, January 15, 2014, 713 SCRA 397, 421-422.

<sup>59</sup> 314 Phil. 884, 893-894 (1995).

<sup>60</sup> 516 Phil. 605, 625 (2006).

<sup>61</sup> *Orocio v. Anguluan*, 597 Phil. 524, 543 (2009).

In determining the reasonableness of the attorney's fees, Rule 138, Section 24 of the Rules of Court expressly mandates that:

SEC. 24. *Compensation of attorney's; agreement as to fees.* - An attorney shall be entitled to have and recover from his client no more than a reasonable compensation for his services, with a view to the importance of the subject matter of the controversy, the extent of the services rendered, and the professional standing of the attorney. No court shall be bound by the opinion of attorneys as expert witnesses as to the proper compensation, but may disregard such testimony and base its conclusion on its own professional knowledge. A written contract for services shall control the amount to be paid therefor unless found by the court to be unconscionable or unreasonable.

Canon 20 of the Code of Professional Responsibility likewise imposes upon a lawyer the obligation to "charge only fair and reasonable fees." Rule 20.1 of the same Code lays down the following factors that shall serve to guide a lawyer in determining his attorney's fees:

- a) The time spent and the extent of the services rendered or required;
- b) The novelty and difficulty of the questions involved;
- c) The importance of the subject matter;
- d) The skill demanded;
- e) The probability of losing other employment as a result of acceptance of the proffered case;
- f) The customary charges for similar services and the schedule of fees of the IBP Chapter to which he belongs;
- g) The amount involved in the controversy and the benefits resulting to the client from the service;
- h) The contingency or certainty of compensation;
- i) The character of the employment, whether occasional or established; and
- j) The professional standing of the lawyer.

In the instant case, the trial court, in its Order dated November 20, 2006, awarded to Atty. Suing and Atty. Reverente as attorney's fees 6% of the partial executed judgment award of ₱399,828,000.00, or **₱23,989,680.00**.<sup>62</sup> This award was initially affirmed by the Court of

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<sup>62</sup> This is equivalent to 60% of the 10% attorney's fees awarded to all of Rosario's counsels.

Appeals in its Decision dated February 19, 2010 in CA-G.R. SP No. 97807. Upon motion by Atty. Suing, however, the Court of Appeals reversed its previous judgment. In the assailed Amended Decision dated June 4, 2010, the Court of Appeals upheld the contingent fee of 35% of the net proceeds of the judgment award that was contained in the MOU executed by Rosario. Thus, Atty. Suing and Atty. Reverente were deemed entitled to the award of **₱139,939,800.00**.

Without doubt, the Court finds the 35% contingent fee award excessive and unreasonable under the particular circumstances of this case.

From the time of their engagement as counsel for Eduardo on October 18, 1994 up to the time of their discharge as counsels by Rosario in June 2006, Atty. Suing and the late Atty. Reverente will have rendered at least twelve (12) years of legal service in favor of Rosario in Civil Case No. 59439. Said length of time, however, should not be the sole consideration in determining the reasonableness of their attorney's fees. The character of the service should primarily be considered.

In his Memorandum before this Court, Atty. Suing described the extent of his legal service to Rosario as follows:

Throughout the entirety of the proceedings, ATTY. SUING was there to protect the interests of his client [Rosario] in this wise –

- (a) The original plaintiff in Civil Case No. 59439, Mr. Antonio Vic Zulueta, was getting discouraged with the idea of litigating with the GSIS. ATTY. SUING saw the injustice visited by the GSIS on Mr. Zulueta and urged Mr. Zulueta not to give up the case, and instead to assign his rights and interests in favor of his attorney-in-fact, Mr. Eduardo Santiago, now deceased, and who was the late husband of [Rosario];
- (b) ATTY. SUING held regular meetings with his client, [Rosario];
- (c) ATTY. SUING dutifully presented to the trial court all the necessary testimonial and documentary evidence to support the case of [Rosario];
- (d) ATTY. SUING personally participated in the hearings, as seen in the transcript of stenographic notes taken during the said proceedings;
- (e) ATTY. SUING defended the cause of [Rosario] before both the Court of Appeals and the Supreme Court;
- (f) ATTY. SUING diligently opposed all moves on the part of the GSIS to obtain a ruling against [Rosario];

- (g) ATTY. SUING obtained a writ of execution on behalf of [Rosario] after ATTY. SUING finally won Civil Case No. 59439 for her;
- (h) ATTY. SUING was the lawyer who arranged that funds of the GSIS deposited with the Development Bank of the Philippines [DBP] and the Philippine National Bank [PNB] be garnished to satisfy the judgment credit of [Rosario]; and
- (i) ATTY. SUING was the lawyer who won the case for [Rosario] in the trial court, in the appellate court, and all the way up to the Supreme Court.<sup>63</sup>

From the above description, we find that Atty. Suing did nothing extraordinary in handling Rosario's case. The above services rendered by Atty. Suing constitute the normal and usual duties required of a lawyer to render to his client, which duties do not warrant the payment of such a hefty premium on the part of Rosario. Moreover, the issues involved in the reconveyance case were not novel and did not require extensive research on the part of the counsels therein. On the contrary, Atty. Suing and Atty. Reverente could rely on a wealth of jurisprudence on the matter.

The Court likewise stresses that early on in the trial of Civil Case No. 59439, GSIS even presented a witness – Atty. Margarito Recto, Jr., then the head of its Legal Department – who admitted that the 78 lots subject of the reconveyance case were indeed accidentally consolidated in the name of GSIS.<sup>64</sup> Thus, it did not require a monumental effort on the part of Atty. Suing and Atty. Reverente to convince the trial court – or even the Court of Appeals and this Court, for that matter – of the soundness of Rosario's cause of action.

As for the circumstances surrounding the execution of the MOU, the Court likewise notes that Rosario was certainly at a disadvantage. For one, there was no indication that the late Eduardo also signed a similar contingent fee arrangement with Atty. Suing and Atty. Reverente when the former engaged the said lawyers' services. When Eduardo passed away, Atty. Suing moved that he be substituted in the case by Rosario. The trial court granted the motion on March 27, 1996. Less than two months after said substitution, on May 8, 1996, the MOU was executed by Rosario, Atty. Suing, Atty. Reverente and Atty. Lachica. Being then recently widowed, Rosario was thrust into a litigation which she knew little about. Given her understandable desire to recover the wrongfully foreclosed properties of her deceased husband, it was easy for Rosario to be overwhelmed and readily succumb to the demands of Eduardo's lawyers in order to obtain a favorable conclusion in the said case. As such, Rosario was not in the most favorable

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<sup>63</sup> *Rollo* (G.R. No. 194814), pp. 800-801.

<sup>64</sup> *Rollo* (G.R. No. 194825), pp. 126-127.

of positions to appreciate what would constitute a reasonable attorney's fee when she signed the MOU. Hence, the Court of Appeals erred in upholding the 35% contingent fee stated in the MOU.

In reducing the amount of attorney's fees, the Court is not in any way discounting the efforts of Atty. Suing and Atty. Reverente in pursuing Rosario's cause. After all, they did succeed in securing a favorable judgment in her favor. However, the 6% of the partially executed judgment amounting to ₱23,989,680.00 already awarded to Atty. Suing and Atty. Reverente on the basis of *quantum meruit* is by no means a measly sum by any account. A higher compensation, under the circumstances prevailing in this case, would be unmerited and unconscionable. This award of attorney's fees on the partially executed judgment is without prejudice to the additional grant by the trial court of attorney's fees to Rosario's counsels on any subsequent amount received by Rosario from GSIS.

In resolving the issue of reasonableness of the attorney's fees, we uphold the time-honored legal maxim that a lawyer shall at all times uphold the integrity and dignity of the legal profession so that his basic ideal becomes one of rendering service and securing justice, not money-making. For this reason, we affirm the trial court's ruling that attorney's fees in the amount of 6% of the partially executed judgment is fair partial compensation for the legal services rendered by Atty. Suing and Atty. Reverente.

### **G.R. No. 194825**

On Vistar's petition, the Court resolves to **DENY** the same. We affirm the Court of Appeals' denial of Vistar's intervention, albeit for different reasons.

Vistar derives his entitlement to intervene on the alleged fact that he was a transferee *pendente lite* of Rosario's right, share and participation in Civil Case No. 59439 equivalent to 50% of the judgment award. This transfer was in accordance with the Agreement dated January 12, 2009 that Rosario purportedly executed in his favor during the pendency of Civil Case No. 59439.

The right to intervene of a person who is a stranger to an action is governed by the provisions of Rule 19 of the Rules of Court. Particularly, Sections 1 and 2 thereof provide:

SEC. 1. *Who may intervene.* – A person who has a legal interest in the matter in litigation, or in the success of either of the parties, or an interest against both, or is so situated as to be adversely affected by a distribution or other disposition of property in the custody of the court or

of an officer thereof may, with leave of court, be allowed to intervene in the action. The court shall consider whether or not the intervention will unduly delay or prejudice the adjudication of the rights of the original parties, and whether or not the intervenor's rights may be fully protected in a separate proceeding.

SEC. 2. *Time to intervene.* – The motion to intervene may be filed at any time before rendition of judgment by the trial court. A copy of the pleading-in-intervention shall be attached to the motion and served on the original parties.

In a case involving a transfer of rights pending litigation, however, the applicable rule is Section 19, Rule 3, which reads:

SEC. 19. *Transfer of interest.* – In case of any transfer of interest, the action may be continued by or against the original party, unless the court upon motion directs the person to whom the interest is transferred to be substituted in the action or joined with the original party.

Indeed, the Court reiterated in *Natalia Realty, Inc. v. Court of Appeals*<sup>65</sup> that:

[A] transferee *pendente lite* of the property in litigation does not have a right to intervene. We held that a transferee stands exactly in the shoes of his predecessor-in-interest, bound by the proceedings and judgment in the case before the rights were assigned to him. **It is not legally tenable for a transferee *pendente lite* to still intervene. Essentially, the law already considers the transferee joined or substituted in the pending action, commencing at the exact moment when the transfer of interest is perfected between the original party-transferor and the transferee *pendente lite*.** (Emphasis ours, citations omitted.)

Thus, *in theory* and assuming that there was a valid transfer of interest in Vistar's favor, he need not intervene in these cases anymore in order to protect his alleged property rights in the judgment award in Civil Case No. 59439. He is already bound by the proceedings had in the case before 50% of Rosario's rights was supposedly transferred to him and he is likewise bound by the judgment in favor of Rosario.

However, the above discussion notwithstanding, the Court does not take cognizance of the fact that Vistar is indeed a transferee *pendente lite* of half of Rosario's rights to the judgment award by virtue of their Agreement. Contrary to what Vistar is trying to impress upon this Court, the RTC made no definite ruling on the validity of the alleged Agreement in its Order dated September 17, 2010. Far from recognizing the Agreement as embodying the true will of the parties thereto, the trial court stressed that the veracity of the

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<sup>65</sup> 440 Phil. 1, 28 (2002), citing *Santiago Land Development Corporation v. Court of Appeals*, 334 Phil. 741, 749 (1997).

same was yet to be ascertained. Thereafter, the trial court simply gave Vistar the personality and opportunity to participate in the negotiations for the settlement of the case. By no means was this a recognition of Vistar's status as a transferee *pendente lite* of Rosario's rights.

On the part of the Court, we cannot make an independent ruling on the validity and due execution of the Agreement between Vistar and Rosario for we are not a trier of facts. This is especially true when what was attached to the petitions before us was a mere photocopy of the purported Agreement.

Therefore, in failing to substantiate the basis of his right thereto, Vistar's intervention must be denied. To assert his alleged claim against Rosario, Vistar should file a separate action in a court with proper jurisdiction.

**Vilar's Motion for Leave of Court to Intervene**

We likewise **DENY** Vilar's prayer for intervention in the instant cases for reasons similar to the foregoing discussion. To recall, Vilar based his right to intervene on two Deeds of Assignment of Rights dated November 14, 1989 and November 27, 1990 that were allegedly executed by the late Eduardo in his favor. By virtue thereof, Vilar claimed that he is a transferee *pendent lite* of Eduardo's rights in Civil Case No. 59439 to the extent of 90% of the judgment award therein.

As we have ruled in Vistar's petition, the Court cannot likewise rule on the validity and due execution of said deeds, which were incidentally brought to the attention of the trial court more than twenty (20) years after the same were purportedly executed.

Although the Decision dated February 10, 2014 of the Court of Appeals in CA-G.R. SP No. 117439 apparently recognized the validity of said agreements, such that Vilar was impleaded as party-plaintiff in Civil Case No. 59439 in lieu of Rosario, the Court cannot be bound by the same. The said ruling of the appellate court is not assailed before this Court but is in fact subject of a motion for reconsideration filed by GSIS and a motion to intervene by Rosario, which are yet to be resolved by the Court of Appeals. As such, prudence and the orderly administration of justice dictate that, for the moment, we refrain from passing upon the factual and legal findings of the Court of Appeals in its Decision dated February 10, 2014 in CA-G.R. SP No. 117439. Thus, Vilar's Motion for Leave of Court to Intervene in the instant consolidated cases must also fail.

**GSIS's Manifestation and Motion**

As regards the manifestation and motion of GSIS praying, among others, to be allowed to put in escrow the remainder of the 35% of the partially executed judgment and to be released from further responsibility relative to the case, the same should be referred to the trial court. To begin with, GSIS is not a party to the instant petitions. Moreover, it is the RTC in Civil Case No. 59439 that ordered GSIS to release the amount of ₱23,989,680.00 in favor of Atty. Suing to be taken from the 35% set aside in *custodia legis* subject to the disposition of his claim for attorney's fees. Lastly, the propriety of placing the amount of ₱115,950,000.00 in an escrow account and the release of GSIS from further liability to the other parties in Civil Case No. 59439 are factual questions inextricably linked to the ongoing execution proceedings before the RTC.

**WHEREFORE**, the Court rules as follows:

In G.R. No. 194814, the petition for review on *certiorari* is **GRANTED**. The Amended Decision dated June 4, 2010 and the Resolution dated December 17, 2010 of the Court of Appeals in CA-G.R. SP No. 97807 are **REVERSED** insofar as the award of attorney's fees in favor of Atty. Jose A. Suing is concerned. The Decision dated February 19, 2010 of the Court of Appeals in CA-G.R. SP No. 97807 is **REINSTATED**.

In G.R. No. 194825, the petition for review on *certiorari* is **DENIED**. The Resolution dated December 17, 2010 of the Court of Appeals in CA-G.R. SP No. 97807 regarding the denial of Jaime C. Vistar's Motion for Intervention is hereby **AFFIRMED**.

The Motion for Leave of Court to Intervene of Atty. Antonio T. Vilar is also **DENIED**.

The Manifestation and Motion dated March 21, 2012 filed by the GSIS is **REFERRED** to the trial court for appropriate action.

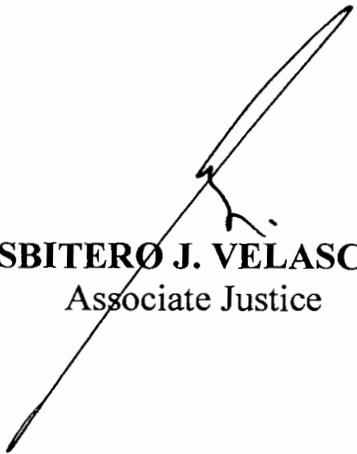
**SO ORDERED.**

  
**TERESITA J. LEONARDO-DE CASTRO**  
Associate Justice

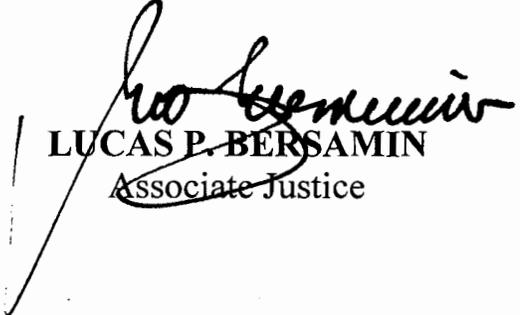
WE CONCUR:



**MARIA LOURDES P. A. SERENO**  
Chief Justice  
Chairperson



**PRESBITERO J. VELASCO, JR.**  
Associate Justice



**LUCAS P. BERSAMIN**  
Associate Justice



**ESTELA M. PERLAS-BERNABE**  
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.



**MARIA LOURDES P. A. SERENO**  
Chief Justice