



Republic of the Philippines  
Supreme Court  
Baguio City

SECOND DIVISION

RAMON R. VILLARAMA,  
Petitioner,

G.R. No. 217004

Present:

- versus -

CARPIO, J., Chairperson,  
PERALTA,  
MENDOZA,  
LEONEN, and  
MARTIRES, JJ.

ATTY. CLODUALDO C. DE  
JESUS,  
Respondent.

Promulgated:

17 APR 2017

X-----  
H. Cabalag, Jr. x

DECISION

PERALTA, J.:

Before this Court is the Petition for Review on *Certiorari* under Rule 45 of the Rules of Court dated, April 20, 2015, of petitioner Ramon R. Villarama that seeks to reverse and set aside the Decision<sup>1</sup> dated March 31, 2014 and the Resolution<sup>2</sup> dated February 18, 2015 of the Court of Appeals (CA) reversing the Decision<sup>3</sup> dated May 25, 2011 of the Regional Trial Court (RTC), Branch 100, Quezon City in a case for collection of sum of money with damages.

The facts follow.

<sup>1</sup> Penned by Associate Justice Edwin D. Sorongon, with the concurrence of Associate Justices Marlene Gonzales-Sison and Michael P. Elbinas; *rollo*, pp. 44-52.

<sup>2</sup> *Rollo*, pp. 60-61.

<sup>3</sup> Penned by Presiding Judge Marie Christine A. Jacob; *id.* at 62-71.

Respondent Atty. Clodualdo De Jesus (*Atty. De Jesus*) and petitioner, sometime in October 1996, entered into a contract denominated as “Contract for Legal Services” and “Professional Fees” wherein it was agreed upon that Atty. De Jesus shall render legal services for petitioner in order for the latter to take full possession of a property located at No. 19 Jose Escaler St., Loyola Heights, Quezon City and the titling of the same property under petitioner’s name; thus, under the heading, “Scope of Legal Work,” it reads:

1.1 The main objective in this case is to see to it that the property involved in this case (a parcel of land located at #19 Jose Escaler St., Loyola Heights, Quezon City, with an area of 1,754 square meters) shall remain in the possession and be titled under the name of the Client.<sup>4</sup>

The contract also provides for a provision on Success Fee which reads as follows:

2.3 Success Fee:

In the event Client is successful in retaining possession and having said property titled under the name of the Client, Counsel shall be paid ONE MILLION (₱1,000,000.00) PESOS.<sup>5</sup>

Thereafter, in conformance to the contract, Atty. De Jesus handled eight (8) cases that involved petitioner in relation to the property mentioned in the contract.

To be clear, the subject property was formerly registered in the name of petitioner’s sister, Rita Reyes, and her husband Marcial Reyes. The property was then sold to Crisantomas Guno. Prudential Bank lent Guno some amount as partial payment for the purchase of the subject property secured by a mortgage of the same property. After Guno failed to pay the loan, the same property was foreclosed by Prudential Bank; thus, the 8 cases handled by Atty. De Jesus stemmed from such premise.

While acting as lawyer for petitioner, Atty. De Jesus was able to obtain a favorable judgment by having the Decision of the Metropolitan Trial Court (*MeTC*) of Quezon City in Civil Case No. 43-12872 reversed by the RTC of Quezon City, Branch 85 in Civil Case No. 43-12872. Petitioner has also retained, and is still enjoying, the possession of the said property. Atty. De Jesus was also able to obtain favorable decision for petitioner when the RTC of Makati City declared him to be the owner of the subject property

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<sup>4</sup> *Rollo*, p. 79.

<sup>5</sup> *Id.* at 81.



to the extent of 70%, the remaining 30% of which was adjudged in favor of Prudential Bank.

As such, Atty. De Jesus claims that the first condition for the payment of the success fee, petitioner's retention of possession, had been fulfilled. Thus, Atty. De Jesus was able to pave the way for the partial fulfillment of the second condition to the extent of 70% of the property. According to Atty. De Jesus, what remains to be titled is only the 30% portion of the property from Prudential Bank. Hence, Atty. De Jesus feels that he is entitled to claim the success fee provided under the contract for legal services.

Subsequently, Atty. De Jesus stopped rendering legal services to petitioner after the former drafted the letter offer dated November 30, 2005 stating that petitioner is offering to buy Prudential Bank's ownership of the 30% portion of the subject property. Atty. De Jesus further made a formal demand for petitioner to settle at least 50% of the ₱1,000,000.00 stipulated in the contract as success fee.

Petitioner, on the other hand, claims that he has not paid the success fee because one condition for the payment thereof – the property being titled to his name has not yet been fulfilled. According to petitioner, he cannot yet transfer the title of the subject property to his name because there are pending cases initiated by the Spouses Guno that involves the same property. Petitioner also avers that there is a Decision of the RTC of Quezon City, Branch 95, in Civil Case No. Q-52422 annulling Prudential Bank's title over the property and ordering the reinstatement thereof to the Spouses Guno. The said decision has already been affirmed by this Court and attained its finality. However, petitioner still paid Atty. De Jesus the amount of ₱100,000.00 after the latter made a demand.

Thus, Atty. De Jesus filed a complaint for the collection of sum of money with damages with the RTC of Quezon City and, on May 25, 2011, the said court found in favor of petitioner. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, the complaint is hereby ordered dismissed for lack of cause of action and prematurity. Likewise dismissed is the defendant's claim for attorney's fees, moral damages and exemplary damages.

SO ORDERED.<sup>6</sup>



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<sup>6</sup> *Id.* at 71.

Atty. De Jesus elevated the case to the CA and, on March 31, 2014, the CA reversed and set aside the Decision of the RTC, thus:

WHEREFORE, in view of the foregoing premises, the Appeal is PARTIALLY GRANTED. Accordingly, the Decision dated May 25, 2011 of the Regional Trial Court of Quezon City, Branch 100 in Civil Case No. Q-06-57463 is hereby ANNULLED AND SET ASIDE and a new one is entered declaring Atty. Clodualdo C. De Jesus entitled to fifty percent (50%) of the success fee as stated in the Contract of Legal Services or FIVE HUNDRED THOUSAND (Php500,000.00) PESOS. The amount of ONE HUNDRED THOUSAND PESOS (Php100,000.00) earlier paid to him by Ramon R. Villarama as advanced payment is ordered deducted therefrom.

SO ORDERED.<sup>7</sup>

His motion for reconsideration having been denied by the CA, petitioner thus filed the present petition with this Court raising the following issues:

A. Whether the Court of Appeals is correct in holding that the respondent is discharged from fulfilling the second condition for the entitlement of the ₱1,000,000.00 success fee because the same has been rendered legally impossible due to the final decision annulling Prudential Bank's title to the subject property.

B. Whether respondent is entitled to fifty percent (50%) of the success fee less the ₱100,000.00 previously paid by the petitioner to respondent.<sup>8</sup>

Petitioner argues that the CA is not correct in discharging Atty. De Jesus from fulfilling the second condition for the entitlement of the ₱1,000,000.00 success fee because there is no legal impossibility for the transfer of title to the property to petitioner. The CA, in its Decision, ruled that due to the facts of the case and the attendant circumstances, the happening of the second condition was jeopardized, placed beyond performance, became legally impossible and manifestly difficult to perform. Petitioner, however, claims that there were still several remedies that Atty. De Jesus could have utilized in order to meet the second condition but the latter had given up and abandoned such task. As such, according to petitioner, Atty. De Jesus is not entitled to fifty (50%) of the success fee less the ₱100,000.00 previously paid by petitioner.

In his Comment<sup>9</sup> dated September 11, 2015, Atty. De Jesus contends that while it is true that there was no legal impossibility to have the title of

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<sup>7</sup> *Id.* at 51-52.

<sup>8</sup> *Id.* at 27-28.

<sup>9</sup> *Id.* at 149-168.

the property transferred to petitioner, it was petitioner upon the advice of his counsel who refused to pay the value of the 30% equity of the property in the amount of ₱1,325,000.00. Thus, the second condition is deemed fulfilled because petitioner voluntarily prevented its fulfillment. Atty. De Jesus further asserts that it was only him who secured for petitioner permanent possession of the property and paved the way for petitioner to get a complete title by merely paying the 30% equity of the property.

The Rules of Court require that only questions of law should be raised in petitions filed under Rule 45.<sup>10</sup> This Court is not a trier of facts. It will not entertain questions of fact as the factual findings of the appellate courts are "final, binding[,] or conclusive on the parties and upon this [c]ourt"<sup>11</sup> when supported by substantial evidence.<sup>12</sup> Factual findings of the appellate courts will not be reviewed nor disturbed on appeal to this Court.<sup>13</sup>

In *Cheesman v. Intermediate Appellate Court*,<sup>14</sup> this Court distinguished questions of law from questions of fact, thus:

As distinguished from a question of law — which exists "when the doubt or difference arises as to what the law is on a certain state of facts" — "there is a question of fact when the doubt or difference arises as to the truth or the falsehood of alleged facts;" or when the "query necessarily invites calibration of the whole evidence considering mainly the credibility of witnesses, existence and relevancy of specific surrounding circumstances, their relation to each other and to the whole and the probabilities of the situation."<sup>15</sup>

However, these rules do admit of exceptions.<sup>16</sup> Over time, the exceptions to these rules have expanded. At present, there are 10 recognized exceptions that were first listed in *Medina v. Mayor Asistio, Jr.*:<sup>17</sup>

(1) When the conclusion is a finding grounded entirely on speculation, surmises or conjectures; (2) When the inference made is manifestly mistaken, absurd or impossible; (3) Where there is a grave abuse of discretion; (4) When the judgment is based on a misapprehension of facts; (5) When the findings of fact are conflicting; (6) When the Court

<sup>10</sup> Rules of Court, Rule 45, Sec. 1.

<sup>11</sup> *Commissioner of Internal Revenue v. Embroidery and Garments Industries (Phil), Inc.*, 364 Phil. 541, 546 (1999) [Per J. Pardo, First Division].

<sup>12</sup> *Siasat v. Court of Appeals*, 425 Phil. 139, 145 (2002) [Per J. Pardo, First Division]; *Tabaco v. Court of Appeals*, 239 Phil. 485, 490 (1994) [Per J. Bellosillo, First Division]; and *Padilla v. Court of Appeals*, 241 Phil. 776, 781 (1988) [Per J. Paras, Second Division].

<sup>13</sup> *Bank of the Philippine Islands v. Leobrera*, 461 Phil. 461, 469 (2003) [Per J. Ynares-Santiago, Special First Division].

<sup>14</sup> 271 Phil. 89 (1991) [Per J. Narvasa, Second Division].

<sup>15</sup> *Cheesman v. IAC*, *supra*, at 97-98.

<sup>16</sup> *Pascual v. Burgos*, G.R. No. 171722, January 11, 2016, 778 SCRA 189, 205.

<sup>17</sup> 269 Phil. 225 (1990) [Per J. Bidin, Third Division].

of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) The findings of the Court of Appeals are contrary to those of the trial court; (8) When the findings of fact are conclusions without citation of specific evidence on which they are based; (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record.<sup>18</sup>

In the present case, the findings of facts of the RTC and the CA are apparently in contrast, hence, this Court deems it proper to rule on the issues raised in the petition.

After careful consideration, this Court finds the petition unmeritorious.

The payment of the success fee, as contained in the Contract for Legal Services, is dependent on the fulfillment of two conditions, namely: 1) petitioner retaining possession of the subject property, and 2) the property being titled under the name of petitioner. Clearly, this falls under a contingent fee contract. In *The Conjugal Partnership of the Spouses Cadavedo v. Lacaya*,<sup>19</sup> this Court 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." Contingent fee contracts are permitted in this jurisdiction because they redound to the benefit of the poor client and the lawyer "especially in cases where the client has meritorious cause of action, but no means with which to pay for legal services unless he can, with the sanction of law, make a contract for a contingent fee to be paid out of the proceeds of litigation. Oftentimes, the contingent fee arrangement is the only means by which the poor clients can have their rights vindicated and upheld." Further, such contracts are sanctioned by Canon 13 of the Canons of Professional Ethics.<sup>20</sup>

In this case, it is beyond dispute that the first condition stipulated in the Contract for Legal Services, through the services of Atty. De Jesus, petitioner was able to retain possession of the subject property. The second condition, the transfer of title of the property under the name of petitioner, however, is yet to be fulfilled. According to the CA, the second condition

<sup>18</sup> *Medina v. Mayor Asistio, Jr., supra*, at 232.

<sup>19</sup> G.R. No. 173188, January 15, 2014, 713 SCRA 397, 421-422 as cited in *Rosario Enriquez vda. De Santiago v. Atty. Jose A. Suing*, G.R. No. 194814, *Jaime C. Vistar v. Atty. Jose A. Suing*, G.R. No. 194825, October 21, 2015, 773 SCRA 453, 482.

<sup>20</sup> *Rayos v. Atty. Hernandez*, 544 Phil. 447, 463 (2007); *Sesbreño v. Court of Appeals*, 314 Phil. 884, 893 (1995); *Taganas v. National Labor Relations Commission*, G.R. No. 118746, 7 September 1995, 248 SCRA 133, 136; *Licudan v. Court of Appeals*, 271 Phil. 304, 313 (1991); *Director of Lands v. Larrazabal and Ababa*, 177 Phil. 467, 478 (1979).

has been rendered legally impossible to fulfill or considered manifestly difficult to perform, thus:

With respect to the second condition, however, the trial court's assessment is that the same is yet to be fulfilled and Atty. De Jesus' claim is premature. We disagree.

The facts of the case reveal that the second condition has been rendered legally impossible to fulfill or considered manifestly difficult to perform. The trial court failed to take into consideration the manifestation in Villarama's evidence particularly Exhibit "4" which states that:

On 1 December 1987, [Crisantomas Guno] and his wife filed the complaint for nullification of defendant Bank's title due to defect in foreclosure proceedings, entitled 'Spouses Crisantomas and Carmelita Guno vs. Prudential Bank and Trust Company docketed as Civil Case No. Q-52422 in the Regional Trial Court Branch 95 of Quezon City. On 18 October 1991, the RTC rendered a Decision annulling defendant Bank's Title and ordering the reinstatement of the spouses Guno's title. The RTC Decision was affirmed on appeal by the Supreme Court and became final and executory on 11 March 1997. This the Decision which [Crisantomas Guno] seeks to enforce in this action.

It must also be noted that when the terms of the agreement was drafted in 1996, the prevailing circumstance then was that the 30% portion of the property was titled in the name of Prudential Bank. Later, however, spouses Guno was able to obtain a final and favourable judgment in 1997 ordering the cancellation of Prudential Bank's title. Spouses Guno has yet to implement said Decision. Thus, the previous understanding that after Atty. De Jesus shall have ensured the ownership of Villarama over the 70% portion of the property and the latter shall buy the remaining 30% of said property from the bank so that Atty. De Jesus can now have it fully titled to Villarama's name was also rendered legally impossible because of the final Decision annulling Prudential Bank's title to the subject property.

Accordingly, under the foregoing subsequent circumstances, the happening of the second condition was jeopardized and placed beyond performance because of these intervening legal developments. Had the trial court been more circumspect and receptive of the present factual circumstances it would have considered that our laws on contract admit certain exceptions in order to discharge the obligor from fulfilling the condition when said condition is rendered beyond performance or it has become so difficult to perform.

x x x x

Here, there is no dispute that the legal developments that transpired in the string of cases of Villarama relative to the subject property has rendered the second condition impossible to perform which factor cannot be attributed to Atty. De Jesus. Thus, the condition should be annulled and



excuse atty. De Jesus from the obligation of fulfilling the same before he could obtain the success fee.<sup>21</sup>

Upon consideration of the arguments of both parties, this Court finds that the above-reasoning of the CA is erroneous. There is no legal impossibility in the fulfillment of the second condition. There is still a remedy upon which petitioner may be able to transfer the title of the subject property under his name. In fact, respondent admitted in his Comment that there was no legal impossibility and that the only hindrance was the refusal of petitioner to pay Prudential Bank the value of the 30% equity of the property in the amount of ₱1,325,000.00. Although petitioner insists that it has already taken steps in offering Prudential Bank an amount to settle the issue, this still negates the finding of the CA that it is legally impossible for petitioner to transfer the title of the property under his name.

Be that as it may, the fact still remains that petitioner was already awarded 70% of the subject property by virtue of the RTC's decision in Civil Case No. 95-973 through the services of Atty. De Jesus. Thus, this Court finds that Atty. De Jesus, as well as every attorney, is entitled to have and receive a just and reasonable compensation for services performed at the special instance and request of his client. Once the attorney has performed the task assigned to him in a valid agreement, his compensation is determined on the basis of what he and the client agreed.<sup>22</sup> In the absence of the written agreement, the lawyer's compensation shall be based on *quantum meruit*, which means "as much as he deserved."<sup>23</sup> The determination of attorney's fees on the basis of *quantum meruit* is also authorized "**when the counsel, for justifiable cause, was not able to finish the case to its conclusion.**"<sup>24</sup> Moreover, *quantum meruit* becomes the basis of recovery of compensation by the attorney where the circumstances of the engagement indicate that it will be contrary to the parties' expectation to deprive the attorney of all compensation.<sup>25</sup> In this case, since respondent was not able to fulfill one of the conditions provident in the Contract for Legal Services, his attorney's fees shall be based on *quantum meruit*.

*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 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

<sup>21</sup> Rollo, pp. 48-50.

<sup>22</sup> *Nenita D. Sanchez v. Atty. Romeo G. Aguilos*, A.C. No. 10543, March 16, 2016, citing *Francisco v. Malias*, L-16349, January 1, 1964, 10 SCRA 89, 95.

<sup>23</sup> *Id.*, citing *Rilloraza, Africa, De Ocampo and Africa v. Eastern Telecommunications Phils., Inc.*, 369 Phil. 1, 11 (1999).

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

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.<sup>26</sup>

Rule 20.01 of the *Code of Professional Responsibility* lists the guidelines for determining the proper amount of attorney's fees, to wit:

Rule 20.1 – A lawyer shall be guided by the following factors in determining his 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.

Having established that petitioner is entitled to attorney's fees and that he filed his claim well within the prescribed period, the proper remedy is to remand the case to the RTC for the determination of the correct amount of attorney's fees. Such a procedural route, however, would only contribute to the delay of the final disposition of the controversy as any ruling by the trial court on the matter would still be open for questioning before the CA and this Court. In the interest of justice, this Court deems it prudent to suspend the rules and simply resolve the matter at this level.<sup>27</sup>

Based on the considerations set forth in Rule 20.01 of the *Code of Professional Responsibility*, this Court rules that the CA was correct in its determination that Atty. De Jesus is entitled to the extent of 50% of the Php1,000,000.00 success fee stipulated in the contract. As ruled by the CA:

At any rate, Atty. De Jesus cannot claim the entire Php1,000,000.00 success fee because the fact remains that Villarama has yet to place the entire subject property to his name. Thus, applying the *quantum meruit* principle in this case, Atty. De Jesus is deemed to be

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<sup>26</sup> *National Power Corporation v. Heirs of MacabangkitSangkay*, 671 Phil. 569, 605 (2011).  
<sup>27</sup> *Rosario, Jr. v. De Guzman, et al.*, 713 Phil. 679, 689 (2013).

entitled only to half of the success fee for the effort and legal services he had provided to Villarama. x xx

In fine, Villarama, under the Contract of Legal Services, is obliged to pay Atty. De Jesus his success fee to a fair and reasonable extent of 50% or Php500,000.00 considering the latter's substantial performance of his part of the contract. The previous payment made by Villarama in the amount of Php100,000.00 shall be considered as an advanced payment deductible from the Php500,000.00 of which Atty. De Jesus is entitled.<sup>28</sup>

It must always be remembered that the fact that the practice of law is not a business and the 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. A lawyer is as much entitled to judicial protection against injustice, imposition or fraud on the part of his client as the client against abuse on the part of his counsel. The duty of the court is not alone to see that a lawyer acts in a proper and lawful manner; it is also its duty to see that a lawyer is paid his just fees. With his capital consisting of his brains and with his skill acquired at tremendous cost not only in money but in expenditure of time and energy, he is entitled to the protection of any judicial tribunal against any attempt on the part of his client to escape payment of his just compensation. It would be ironic if after putting forth the best in him to secure justice for his client he himself would not get his due.<sup>29</sup>

**WHEREFORE**, the Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, dated April 20, 2015, of petitioner Ramon R. Villarama is **DENIED** for lack of merit. Consequently, the Decision dated March 31, 2014 and the Resolution dated February 18, 2015 of the Court of Appeals are **AFFIRMED**.

**SO ORDERED.**



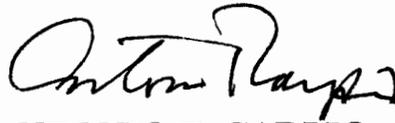
**DIOSDADO M. PERALTA**  
Associate Justice

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<sup>28</sup> *Rollo*, p. 51.

<sup>29</sup> *Aquino v. Casabar*, G.R. No. 191470, January 26, 2015, 748 SCRA 181, 196, citing *Rosario Jr. v. De Guzman, et al.*, *supra* note 24, at 692.

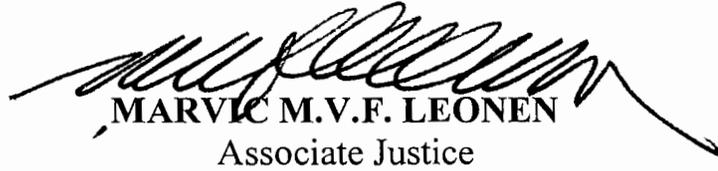
**WE CONCUR:**



**ANTONIO T. CARPIO**  
Associate Justice  
Chairperson



**JOSE CATRAL MENDOZA**  
Associate Justice



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



**SAMUEL R. MARTIRES**  
Associate Justice

**ATTESTATION**

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



**ANTONIO T. CARPIO**  
Associate Justice  
Chairperson, Second Division

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



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