

### Title: Michael Ruby vs. Atty. Erlinda B. Espejo and Atty. Rudolph Dilla Bayot

### Facts:

Michael Ruby filed an administrative complaint against Atty. Erlinda B. Espejo and Atty. Rudolph Dilla Bayot for violation of the Code of Professional Responsibility. Ruby and his mother engaged the services of the respondents for a case of cancellation and nullification of deeds of donation. Under the retainer agreement, they were to pay P100,000 as acceptance fee (P70,000 initially and P30,000 after a TRO hearing) and P5,000 (later reduced to P4,000) as an appearance fee for every hearing. Ruby paid Atty. Espejo P50,000 for filing fees, but only P7,561 was paid to the court without an account for the excess. In several instances, Ruby was asked to pay additional amounts supposedly for various legal necessities which either were not due or were for unaccomplished legal actions. Throughout the proceedings, Ruby was either misinformed or not updated about the progress of his case by the respondents.

The case progressed from the IBP-CBD, where the complaint was initially filed, through various stages of investigation and resolution by the IBP Board of Governors, leading to recommendations of disciplinary actions against the respondents. It ultimately reached the Supreme Court for resolution due to motions filed by both parties, as well as the ultimate passing of Atty. Espejo.

### Issues:

1. Whether a lawyer-client relationship existed between Atty. Bayot and the complainant.
2. If Atty. Bayot violated the Code of Professional Responsibility.
3. If Atty. Bayot is accountable for specific amounts paid to the respondents for legal services and fees.

### Court's Decision:

The Supreme Court modified the findings of the IBP and held Atty. Rudolph Dilla Bayot accountable based on several grounds. It confirmed that a lawyer-client relationship existed between Atty. Bayot and the complainant, even if he was not officially the counsel of record. Atty. Bayot was found responsible for accepting money from the complainant under the pretense of legal fees without due service rendered, especially the P4,000.00 for an unscheduled hearing. However, Atty. Bayot was not held accountable for the amounts directly handled by Atty. Espejo or for the alleged misconduct related to those transactions.

### Doctrine:

An established lawyer-client relationship does not require formal documentation but can be inferred from the actions of the parties involved. Lawyers must account for all money received from their clients and return any unutilized amount promptly. Fiduciary responsibility includes keeping the client informed and diligently pursuing their case with competence.

### Class Notes:

- **Lawyer-Client Relationship**: Can be formed without formal agreement; actions such as seeking and receiving legal advice are sufficient.
- **Fiduciary Responsibility**: Lawyers must manage clients' funds with care, keeping them separate from personal funds, and must account for all transactions.
- **Due Diligence in Representation**: Lawyers owe their clients competent and diligent representation, keeping them informed of their case's status.
- **Grounds for Disciplinary Action**: Misappropriation of funds, lack of diligence, and failure to communicate with clients can lead to suspension or disbarment.

### Historical Background:

This case highlights the complexities of the lawyer-client relationship and the paramount importance of trust, fiduciary duty, and transparency in legal practice. It underscores the legal fraternity's efforts to maintain professionalism and ethical standards through disciplinary actions against members who fall short.