

Title: **\*\*Fornilda et al. v. The Branch 164, RTC IVth Judicial Region, Pasig, et al.\*\***

Facts: The case revolves around six parcels of land in Tanay, Rizal, properties of the late Julio M. Catolos. In a settlement proceeding for Catolos' estate (Special Proceedings No. 3103), these lands were adjudicated to Alfonso I. Fornilda and Asuncion M. Pasamba, among others. They mortgaged the lands to Atty. Sergio I. Amonoy (Respondent Amonoy) on January 20, 1965, as payment for legal services amounting to P27,600.00. After both mortgagors passed away in 1969 and the mortgage was unpaid, Amonoy initiated foreclosure proceedings in 1970. The court ordered the payment of various sums, failing which the sale at public auction followed, with Amonoy as the sole bidder. Subsequent actions questioned the mortgage's validity and the foreclosure proceedings, asserting they were invalidated by Article 1491(5) of the Civil Code, which forbids attorneys from acquiring properties of their clients under litigation.

The petitioners, heirs of Alfonso I. Fornilda, filed a *Petisiyung Makapagpasuri Taglay ang Pagpapapigil ng Utos* to the Supreme Court seeking to reverse the RTC's decisions authorizing the writ of possession and demolition of their homes. A history of legal battles ensued over these properties, including foreclosure proceedings, auction sales, and attempts to annul such actions. Despite lower court rulings initially favoring Respondent Amonoy, the petitioners questioned the legality of the mortgage Amonoy held, eventually leading the Supreme Court to address the issue under the prohibition outlined in Article 1491 of the Civil Code.

Issues:

1. Whether the mortgage constituted on the disputed parcels of land in favor of Respondent Amonoy falls under the prohibition in Article 1491 of the Civil Code.
2. Whether the auction sales proceeding from the void mortgage contract could bestow upon Amonoy legal ownership of the land.
3. If found void, the need for restitution of the lands to the petitioners, barring any conveyance to innocent third parties.

Court's Decision:

The Supreme Court granted the petition for certiorari, based on the finding that the mortgage contract entered into by Amonoy contravened Article 1491 of the Civil Code, rendering it void ab initio. The court held that the prohibition in the article against attorneys acquiring property under litigation from clients was absolute, covering both direct purchases and acquisitions through public auctions or foreclosures, to protect the fiduciary

relationship between lawyers and clients. As such, the lower court's orders for writ of possession and demolition were set aside, and a permanent restraining order was issued. The lands discussed were ordered returned to the petitioners unless they had been conveyed to innocent third parties.

#### Doctrine:

The doctrine established reiterated the prohibition under Article 1491 (5) of the Civil Code against lawyers acquiring, by purchase or assignment, properties and rights which are the object of litigation in which they are involved by virtue of their profession. The decision underscored that contracts violating this provision are void ab initio and cannot be validated by passage of time or concluded legal proceedings.

#### Class Notes:

1. Article 1491 (5) of the Civil Code: Prohibits lawyers from acquiring properties in litigation from their clients.
2. A contract violating public policy as noted in Article 1409 of the Civil Code is void from the beginning.
3. Article 1410 of the Civil Code: Actions or defenses for the declaration of the inexistence of a contract are imprescriptible.
4. The principle of fiduciary relationship in lawyer-client dynamics: Lawyers hold a position of trust that precludes them from engaging in transactions that conflict with client interests.

#### Historical Background:

This case reflects the complex legal battles that can ensue over estate properties, showcasing the importance of clear legal representation and the protection of fiduciary relationships in legal practice. It underscores the Philippine legal system's stance against conflicts of interest in attorney-client relationships, particularly in property transactions, and reaffirms the perpetual voidness of contracts entered into in violation of express legal prohibitions.