

**\*\*Title: Tongonan Holdings and Development Corporation vs. Atty. Francisco Escaño Jr.\*\***

**\*\*Facts:\*\***

1. **\*\*Case in Eminent Domain (1997-2000):\*\***

- A case for eminent domain, "Philippine National Oil Company v. Sps. Dominador and Minerva Samson," commenced before the RTC, Branch 35, Ormoc City (Civil Case No. 3392-0).
- THDC, having purchased the parcels of land from the defendants, was named as Defendant-Intervenor and represented by Atty. Escaño from February 24, 1997.
- Atty. Escaño continued to represent THDC even after the dissolution of Escaño Montehermoso Oliver and Trias Law Office until April 2005.
- In an order on November 27, 2000, RTC awarded THDC just compensation in the amount of ₱33,242,700 with 6% per annum interest from June 10, 1996.

2. **\*\*Attorney's Fees Dispute (2001):\*\***

- Atty. Escaño sought entry of his attorney's liens based on a February 24, 1997 MOA with THDC entitling him to 30% attorney's fees.
- RTC in an order dated June 13, 2001, deemed the 30% unconscionable, reducing it to 15%.
- CA upheld this reduction on July 31, 2002.

3. **\*\*Execution of Judgment and Termination (2005):\*\***

- Post-appeal dismissal of PNOC, Atty. Escaño moved for execution, resulting in RTC's writ of execution dated March 11, 2005.
- THDC terminated Atty. Escaño's services following his motion to hold the writ based on THDC's alleged loss of juridical personality.
- RTC confirmed THDC's validity through SEC certification and approved Atty. Escaño's termination.

4. **\*\*Additional Attorney's Fees Motion (2005-2006):\*\***

- Atty. Escaño requested additional 15% for his services post-law firm dissolution and 33.7% for Atty. Dumas, filing a "Motion to Enter Into the Records Attorney's Lien."
- RTC, in its September 26, 2005 Order, denied this and retained the 15% fixed previously.
- Atty. Escaño's motion for reconsideration was denied on January 26, 2006.

5. **\*\*Appeal and Escrow Controversy (2007-2009):\*\***

- RTC initially allowed the appeal with the order to hold the proceeds in escrow, later reversed itself on June 25, 2007.

- Atty. Escaño filed a certiorari petition with the CA, which ruled on August 12, 2009, to revive the RTC's April 2007 order, mandating escrow for proceeds until attorney's fees were determined.
- THDC's motion for reconsideration was denied on December 10, 2009.

**\*\*Issues:\*\***

1. Whether the RTC orders denying Atty. Escaño's motion for additional attorney's fees were final or interlocutory.
2. Whether the appeal by Atty. Escaño was proper and within the jurisdiction and authority of the CA.
3. Legality and propriety of the escrow order by the CA and the deprivation of THDC's due process rights.
4. Whether the CA acted within its jurisdiction in passing on THDC's corporate legitimacy.

**\*\*Court's Decision:\*\***

1. **\*\*Interlocutory vs. Final Orders:\*\***

- The Supreme Court concluded that the RTC orders denying additional attorney's fees were final as the main case for eminent domain was already terminated, and no further action was pending on that matter.

2. **\*\*Improper Appeal and Res Judicata:\*\***

- The Court held that the additional attorney's fees are barred by res judicata due to previous unappealed judgments reducing fees to 15%. The appeal was thus improper as the previous judgment on attorney's fees had attained finality.

3. **\*\*Escrow Order Analysis:\*\***

- The Supreme Court found the CA's escrow order improper as it unduly delayed THDC's compensation, which amounted to a deprivation of property rights. The identity of the rightful recipient of the judgment proceeds, THDC, had already been established and consequently no escrow was necessary.

4. **\*\*Jurisdictional Overreach:\*\***

- The CA had no jurisdiction to question THDC's corporate legitimacy, a matter within the SEC's exclusive purview.

**\*\*Doctrine:\*\***

- **\*\*Finality and Immutability of Judgments:\*\*** A decision that has become final is immutable and unalterable. No subsequent motions can alter it, except for void judgments or those

falling under special exceptions (nunc pro tunc entries, void judgments).

- **Res Judicata:** Once a matter is judged, it cannot be re-litigated by the same parties.
- **Jurisdiction:** Issues crossing beyond one court's jurisdiction cannot be entertained in another court absent proper authority.

**Class Notes:**

1. **Final vs. Interlocutory Orders:**

- **Final:** Ends litigation on the merits with nothing more left except execution.
- **Interlocutory:** Provisional, does not end the case, and leaves substantial proceedings.

2. **Jurisdiction and Proper Court Authority:**

- **Exclusive Jurisdiction (SEC):** Matters like corporate validity fall under SEC not CA.
- **Proper Remedies:**
- **Final Order:** Appeal.
- **Interlocutory Order:** Cannot be appealed, may seek remedy via special civil actions (e.g., Certiorari).

3. **Attorney's Fees:**

- **Quantum Meruit:** Reasonableness of attorney fees determined by court barring "unconscionable" agreements.
- **Escrow Order Justifications:** Only used to preserve rights pending final determination; not appropriate post-finality.

**Historical Background:**

- **1990s Eminent Domain Case:**
- Generated from economic expansions requiring land appropriations leading to intricate litigation around just compensations.
- **Law Firm Dissolutions:**
- Highlighting transition issues in representation and fee claims post-dissolution.
- **2000s Legal Developments:**
- Showcases judiciary handling of evolving corporate and professional fee disputes, reflecting robust procedural adherence.

This case delineates principles governing finality of judgments, res judicata, procedural propriety of appeals, and jurisdictional boundaries, serving as critical precedents in Philippine jurisprudence.