

Title:

Dimayuga Law Offices vs. Titan-Ikeda Construction and Development Corporation, G.R. No. 159007 (2019)

Facts:

****Background and Agreements:****

- ****Feb 4, 1993:**** Primetown Property Group Inc. (Primetown) contracts Titan-Ikeda Construction and Development Corporation (Titan-Ikeda) for structural works of the Prime Tower with a payment of PHP 40,000,000.
- ****Jan 31, 1994:**** Supplemental Agreement awards Titan-Ikeda the architectural works for PHP 130,000,000, to be paid via condominium units and parking slots.
- ****Jun 30, 1994:**** Deed of Absolute Sale executed covering 114 condominium units and 20 parking slots.

****Project Issues:****

- Titan-Ikeda fails to meet completion deadlines; Primetown takes over.
- ****Sep 1995:**** Engineering consultancy Integraltech, Inc. reports 48.71% completion by Titan-Ikeda; evaluates overpayment of PHP 66,677,000.

****Legal Proceedings:****

- ****Jul 2, 1997:**** Primetown files suit against Titan-Ikeda for return of overpayment.
- ****Dec 10, 1996:**** Titan-Ikeda filed a suit with HLURB due to Primetown's refusal to deliver keys and management certificates.
- ****Aug 5, 1998:**** RTC dismisses Primetown's complaint; orders Primetown to pay Titan-Ikeda for additive works and damages.
- Primetown appeals to SC, resulting in ****Feb 12, 2008:**** SC orders Titan-Ikeda to return overpayment minus allowable claims.

****Execution and Attorney's Lien:****

- ****Apr 30, 2012:**** RTC reconfirms Titan-Ikeda's work completion at 48.71%; orders Titan-Ikeda to return PHP 66,677,000 or equivalent condominium units.
- ****Apr 10, 2013:**** RTC grants attorney's lien to Dimayuga Law Offices on 10 condominium titles as per their retainer agreement.
- ****Apr 29, 2013:**** RTC issues Writ of Execution.
- ****May 5, 2015:**** Primetown pays Dimayuga Law Offices in kind through condominium units.

****Compromise Agreement:****

- Without Dimayuga Law Offices' knowledge, Primetown and Titan-Ikeda enter a compromise agreement nullifying the attorney's lien.

****Subsequent Motions:****

- ****Mar 6, 2018:**** RTC orders Primetown to pay attorney's fees to Dimayuga Law Offices.
- ****Jun 4, 2018:**** RTC cancels attorney's lien per compromise agreement.
- Dimayuga Law Offices petitions CA, which denies it based on procedural technicalities and substantive points.

Issues:

1. ****Whether the attorney's lien and adverse claim of Dimayuga Law Offices on the condominium titles can be cancelled due to the compromise agreement between Primetown and Titan-Ikeda.****

Court's Decision:

****Analysis and Holdings:****

1. ****Nature and Validity of Attorney's Lien:****

- An attorney's lien is a legal claim on property to secure payment for legal services.
- ****Charging Lien:**** Dimayuga Law Offices had a lien on the judgments and titles secured for Primetown.
- The annotation of the lien was proper and created a burden on the property.

2. ****Impact of Compromise Agreement:****

- The compromise agreement between Primetown and Titan-Ikeda cannot impact third-party rights.
- The agreement failed to address the attorney's lien, breaching Dimayuga Law Offices' right.

3. ****Independence of the Attorney's Lien:****

- The lien continues until discharged and cannot be annulled by a compromise agreement unknown to the attorney.
- PD 1529 mandates that liens are carried over unless released or discharged.

4. ****Equity and Professional Fees:****

- The client's settlement should not deprive the attorney of fees for services rendered.

- The case emphasizes the duty of courts to ensure attorneys' rightful compensation.

****Conclusion:****

- The attorney's lien held by Dimayuga Law Offices stands valid.
- The Order dated June 4, 2018, canceling the lien and adverse claim, is set aside.

Doctrine:

1. ****Attorney's Lien Doctrine:**** Attorneys are entitled to a proprietary interest in the judgment secured for their clients, enforceable against third parties unless properly discharged (Rule 138, Section 37, Rules of Court).
2. ****Effects of Compromise:**** Compromise agreements bind only the parties involved and cannot nullify legal claims of third parties, such as attorney's liens.

Class Notes:

- ****Attorney's Lien:**** Ensures attorneys are compensated for services through a lien on judgments or funds secured (Rule 138, Sec. 37, Rules of Court).
- ****Effect of Compromise Agreement:**** Limited to parties involved and cannot affect third-party rights unless explicitly stated.
- ****Equity Principle:**** Courts must protect attorneys' rights to fair compensation, including their statutory liens.
- ****PD 1529, Sec. 59:**** Encumbrances on registered property must be carried over unless simultaneously discharged.

Historical Background:

- The case showcases ongoing construction and property disputes in Metro Manila, underscored by complex legal battles over contractual agreements and payments.
- Highlights procedural rigor in enforcing judicial decisions and recognizing attorneys' financial interests, reflecting professional ethics within Philippine legal practice.