

Title: Lijauco vs. Atty. Rogelio P. Terrado, 532 Phil. 1

****Facts:****

1. ****Engagement of Legal Services (January 2001)**** - Luzviminda C. Lijauco engaged Atty. Rogelio P. Terrado's services for a fee of P70,000.00 to help recover her P180,000.00 deposit with Planters Development Bank, Buendia, Makati branch and to assist in the release of her foreclosed house and lot located in Calamba, Laguna.
2. ****Case Details**** - The foreclosed property, Lot No. 408-C-2 registered as TCT No. T-402119 in the bank's name, was under a petition for the issuance of a writ of possession (LRC Case No. B-2610) at the Regional Trial Court of Biñan, Laguna, Branch 24.
3. ****Alleged Failure to Appear and Act**** - Lijauco alleged that Terrado failed to appear at the hearing for the writ of possession and did not protect her interests during a compromise agreement in LRC Case No. B-2610.
4. ****Compromise Agreement**** - Lijauco entered the compromise agreement believing she might recover her foreclosed property after three years, allegedly influenced by misleading assurances from Terrado.
5. ****Denial by Respondent (2004)**** - Terrado claimed the P70,000.00 was solely for the recovery of the deposit at Planters Development Bank, denying involvement with LRC Case No. B-2610.
6. ****Initiation of Administrative Complaint (February 13, 2004)**** - Lijauco filed a complaint against Terrado for gross misconduct, malpractice, and unbecoming conduct.
7. ****Referral to IBP**** - The administrative case was referred to the Integrated Bar of the Philippines (IBP) for investigation.
8. ****IBP Investigating Commissioner's Report (September 21, 2005)**** - The commissioner found Terrado guilty of violating Rules 1.01 and 9.02 of the Code of Professional Responsibility and recommended a six-month suspension.
9. ****IBP Board of Governors**** - The IBP Board adopted the recommendation of the Investigating Commissioner, which included warnings for future similar actions.

****Issues:****

1. ****Negligence in Representing Client**** - Whether Atty. Rogelio P. Terrado neglected the legal matter entrusted to him by Lijauco.
2. ****Overcharging of Attorney's Fee**** - Whether the attorney's fee of P70,000.00 for the recovery of P180,000.00 was unreasonable.
3. ****Unauthorized Fee Division**** - Whether Atty. Terrado divided the legal fee with persons not licensed to practice law.
4. ****Misleading Assurance and Unlawful Conduct**** - Whether Terrado misleadingly assured

Lijauco regarding the recovery of her foreclosed property, violating ethical rules.

Court's Decision:

1. **Negligence in Representation** - The Court found Terrado guilty for neglecting the legal matter, particularly by failing to protect Lijauco's interests during the compromise agreement, which was influenced by misleading assurances.
2. **Overcharging Legal Fees** - The Court deemed the fee of P70,000.00 as unreasonable compared to the legal services provided, related primarily to the recovery of the P180,000.00 deposit.
3. **Unauthorized Fee Division** - Terrado admitted to dividing the legal fee as a referral fee, violating Rule 9.02 of the Code of Professional Responsibility.
4. **Misleading Conduct** - The Court held that Terrado's misleading assurances about recovering the foreclosed property were dishonest and deceitful, violating Rule 1.01 of the Code of Professional Responsibility.
5. **Sanctions Imposed** - Terrado was suspended from practicing law for six months, ordered to return the P70,000.00 to Lijauco, and sternly warned against future similar infractions.

Doctrine:

- **Rule 1.01, Code of Professional Responsibility** - Prohibits lawyers from engaging in unlawful, dishonest, immoral, or deceitful conduct.
- **Rule 9.02, Code of Professional Responsibility** - Prohibits lawyers from dividing fees for legal services with non-lawyers, except in certain pre-defined conditions.
- **Rule 18.03 of the Code of Professional Responsibility** - Mandates lawyers to exercise due diligence in protecting their client's rights.
- **Rule 20.01, Code of Professional Responsibility** - Requires lawyers to charge only fair and reasonable fees.

Class Notes:

- **Negligence in Legal Duty** - Incompetence or lack of due diligence in representing a client can lead to sanctions, highlighting the importance of attentive and careful legal representation.
- **Ethical Charging of Fees** - Fees must be proportional to the service provided. Overcharging can be seen as misconduct.
- **No Fee Sharing with Non-lawyers** - Dividing fees with persons not licensed to practice law, unless in specified exceptions, is an ethical violation.
- **Client Misleading** - Providing false assurances or misleading information to clients

breaches ethical responsibilities and harms trust in the legal profession.

****Historical Background:****

- The case underscores the rigorous ethical standards Filipino lawyers must adhere to and the disciplinary mechanisms in place to maintain the integrity of the legal profession. Historically, such cases reinforce maintaining public trust in the legal system by ensuring lawyers uphold the highest conduct standards. This case was prominent in emphasizing how internal mechanisms like IBP investigations aid in monitoring and regulating professional behavior within the legal community.