

**HICOBLINO M. CATLY (DECEASED), SUBSTITUTED BY HIS WIFE,
LOURDES A. CATLY, PETITIONER, VS. WILLIAM NAVARRO, ISAGANI
NAVARRO, BELEN DOLLETON, FLORENTINO ARCIAGA, BARTOLOME
PATUGA,...**

G.R. No. 167239. May 05, 2010

Ponente: PERALTA, J.

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PERALTA, J.:

Before the Court is a Petition for Review on Certiorari under Rule 45 of the Rules of Court seeking to set aside the Decision[1] dated December 13, 2004 of the Regional Trial Court (RTC), Branch 255, Las Piñas City in Civil Case No. 93-3094, entitled "William Navarro, Isagani Navarro, Iluminada Legaspi, Belen Dolleton, Florentino Arciaga, Bartolome Patuga, Dionisio Ignacio, Bernardino Argana, and Erlinda Argana-Dela Cruz [plaintiffs] v. Ayala Land, Inc. (formerly Las Piñas Ventures, Inc.), [defendant], and Estrellita Londonio, Emerita Feolino, Porfirio Daen, and Timoteo Arciaga [intervenors]," stating that petitioner Atty. Hicoblino M. Catly will be entitled only to the reduced amount of P1,000,000.00 as additional attorney's fees, not the entire amount of P20,000,000.00 as prayed for, and its Order[2] dated March 1, 2005 denying reconsideration of the said decision.

Respondents Navarro, et al. (therein eight (8) plaintiffs) filed a Complaint[3] dated September 6, 1993 with the RTC, Branch 147, Makati City, against Las Piñas Ventures, Inc. (therein defendant, now substituted by herein respondent Ayala Land, Inc. [ALI]), for annulment of Transfer Certificate of Title (TCT) No. T-5332 and recovery of possession with damages. Respondents were represented by petitioner, now deceased and substituted in this case by his wife, Lourdes A. Catly. In their Complaint, respondents alleged that they owned and occupied 32 hectares of land which were registered in the name of their predecessors-in-interest in 1920, as evidenced by tax declarations; that after conducting a relocation survey, a portion of their land was included in a parcel of land covered by TCT No. T-5332, then registered in the name of Las Piñas Ventures, Inc., containing an area of 370,868 square meters, more or less; that the parcel of land covered by TCT No. T-5332 originated from Original Certificate of Title (OCT) No. 1421, pursuant to Decree No. N-60635 and issued in L.R.C. Record No. 45516, Case No. 976 which, in a Partial Decision dated September 26, 1986 rendered by the RTC of Pasig, Branch 167, was ordered cancelled and set aside; that since TCT No. T-5332 belonging to Las Piñas Ventures, Inc. originated from OCT No. 1421, the same must, consequently, be cancelled and declared null and void; that respondents also filed a complaint before the Commission on the Settlement of Land Problems (COSLAP), docketed as Case No. 027-90, against Las Piñas Ventures, Inc. for deliberately fencing the subject property, including a government road to the area known as Daang Hari and, thus, depriving them access to their property; that COSLAP noted in its resolution that per Sketch Plan SK-004, Lot 10, PSU-80886, AP 4217, the subject property actually contained an area of only 70,868 sq. m., not 370,868 sq. m. which appeared in the title of Las Piñas Ventures, Inc.; and that Las Piñas Ventures, Inc. and its predecessors-in-interest were in bad faith when they fraudulently, forcibly, and stealthily acquired possession over their property by cutting and bulldozing 104 fruit-bearing mango trees so as to pave the way for the construction of subdivision roads. Thus, respondents prayed that TCT No. T-5332 be

declared null and void and that Las Piñas Ventures, Inc. be directed to open the gate leading to Daang Hari road, and that Las Piñas Ventures, Inc. be ordered to restore possession of the property to the respondents and to pay the respondents actual and moral damages, attorney's fees, and expenses of litigation.

On December 3, 1993, respondent ALI filed a Motion for Substitution[4] praying that it be substituted in place of Las Piñas Ventures, Inc. as party-defendant by virtue of the Certificate of Filing of the Articles of Merger,[5] dated November 6, 1992, entered into between them. On even date, it also filed a Motion to Dismiss[6] averring that the trial court has no jurisdiction over the case as the respondents did not pay the proper amount of filing fees, that their complaint failed to state a cause of action, and that their cause of action had already prescribed.

Meanwhile, respondents sought to declare respondent ALI in default,[7] which the latter opposed. On December 27, 1993, pending the resolution of the said incidents, respondents filed with the trial court a Motion to Prosecute Action as Pauper[8] on the ground that their individual gross income did not exceed P4,000.00 a month. Moreover, respondents moved to admit their Amended Complaint[9] dated December 27, 1993, adding that respondent ALI was named therein as a party-defendant and the titles sought to be declared null and void would be TCT Nos. T-36975 to T-36983, instead of TCT No. T-5332, as the land formerly under TCT No. T-5332 had been subdivided and presently covered by TCT Nos. T-36975 to T-36983 which was duly registered in the name of respondent ALI.

Thereafter, since the subject properties were located in Las Piñas, the case was re-raffled to the RTC of Las Piñas City, Branch 255, then presided by Judge Florentino M. Alumbres.

In its Order[10] dated January 3, 1995, the trial court granted the motion of respondents to prosecute the case as pauper litigants and exempted them from paying the legal fees.

In an Order[11] dated May 3, 1995, the trial court denied respondent ALI's Motion to Dismiss Amended Complaint.[12]

In its Order[13] dated July 31, 1995, the trial court denied the motion of respondents to declare respondent ALI in default for lack of merit.

In its Answer to Amended Complaint[14] dated August 18, 1995, respondent ALI countered that the case involved a real action where the assessed value of the property, or if there be none, the estimated value thereof, should have been stated and used as the basis for computation of the filing fees to be paid by respondents; that respondents did not state the assessed value of the property either in the body or prayer of the Amended Complaint; that using the conservative figure of P1,000.00 per sq. m., the property claimed by respondents would be worth P320,000,000.00 and, thus, the filing fees to be paid by them would have been at least P1,602,350.00; that since respondents failed to pay the proper filing fees, the trial court did not acquire jurisdiction over the case; that the amended complaint of respondents failed to state a cause of action as the property subject of litigation was not properly identified; that respondents invoked the September 24, 1986 Partial Decision[15] of therein trial court in favor of one Jose Velasquez, but the same never became final and executory and was superseded by the December 12, 1986 Judgment,[16] whereby Jose Velasquez's rights were quitclaimed and transferred to International Corporate Bank and its transferees; that res judicata barred the complaint of respondents, since the proceedings which led to the issuance of a decree in a land case were proceedings in rem that would bind the whole world and, thus, the issuance of Decree No. N-60635 in 1957 became binding upon respondents; that respondents' cause of action to file the complaint had prescribed, since an action to annul a decree of registration prescribes in one year after its issuance, as in the case of Decree No. N-60635 and OCT No. 1421 which were issued in 1957, but the complaint was filed only in 1993, or more than 30 years later; and that as a consequence of this baseless suit, respondents should be ordered to pay moral and exemplary damages, including attorney's fees

and costs of suit.

Respondents and respondent ALI submitted their respective pre-trial briefs.[17] Respondent ALI filed a Motion for Production of Documents[18] dated September 18, 1995 for the production of survey plans and tax declarations alleged by respondents in their amended complaint and Motion to Strike Out Amended Complaint[19] dated January 4, 1996 (which the trial court treated as a third motion to dismiss) due to respondents' non-payment of docket fees.

In its Order[20] dated March 4, 1996, the trial court denied respondent ALI's motions for lack of merit and set the case for pre-trial on April 30, 1996 at 8:30 in the morning with a warning that should respondent ALI file a fourth motion to dismiss, respondents would be allowed to present their evidence ex-parte, and respondent ALI's counsel would be cited for contempt of court for delaying the proceedings of the case.

Perceiving bias on the part of the trial judge, respondent ALI filed a Motion to Inhibit[21] on March 25, 1996. The trial court, in its Order[22] dated May 27, 1996, also denied respondent ALI's Motion to Inhibit then Presiding Judge Florentino M. Alumbres from hearing the case as the grounds alleged therein did not fall under Section 1 of Rule 137 of the Rules of Court and the filing of the same was solely for the purpose of delay.

On June 17, 1996, respondent ALI filed a Petition for Certiorari[23] with the Court of Appeals (CA) assailing the trial court's Order dated January 3, 1995 (allowing respondents to litigate as paupers) and Order dated March 4, 1996 (denying respondent ALI's motions). In its Decision dated September 27, 1996, the CA dismissed respondent ALI's petition and, later, denied the reconsideration thereof.

Respondent ALI then filed a Petition for Review on Certiorari, in G.R. No. 127079, with this Court, alleging that the CA erred in holding that respondents are pauper-litigants and in sustaining the trial court's Order denying its motion for inhibition and, later, a Supplemental Petition for Certiorari (with Application for Temporary Restraining Order and Writ of Preliminary Injunction) dated November 9, 2000 seeking to enjoin the trial court from proceeding with the case insofar as the complaint-in-intervention of Porfirio A. Daen is concerned.

On May 13, 1997, pending the resolution of respondent ALI's petitions, both parties executed a Memorandum of Agreement (MOA),[24] where herein 8 respondents and 66 other therein plaintiffs (heirs of Lorenzo dela Cruz, Florentino Navarro, Jose Dolleton, Patricio dela Cruz, Ignacio Arciaga, Dionisio Dolleton, Leon Argana, Esteban Patuga, respectively), assisted by petitioner, waive, renounce and cede in favor of respondent ALI, represented by its Senior Vice-President and General Counsel Mercedita S. Nollado and Assistant Vice-President Ricardo N. Jacinto, and assisted by its counsel, any and all rights of exclusive ownership over the subject properties. The said MOA provides that:

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement, made and entered into by and between:

The persons listed in Annex "A" [herein 8 respondents and 66 other therein plaintiffs] hereof, all Filipino citizens, and residents of Muntinlupa, Metro Manila, hereinafter referred to collectively as the "Heirs;"

— and —

AYALA LAND, INC., a corporation organized and existing under the laws of the Philippines, with address at Tower One, Ayala Triangle, Ayala Avenue, Makati City, Metro Manila, hereinafter referred to as "ALI" and represented herein by its Senior Vice-President and General Counsel, Ms. Mercedita S. Nollado;

WHEREAS, the Heirs represent themselves to be the successors-in-interest of Lorenzo [dela] Cruz, Jose Dolleton, Patricio [dela] Cruz, Dionisio Dolleton, Esteban Patuga, Florentino Navarro, Ignacio Arciaga, and Leon Argana (collectively, the "Predecessors"), with respect to their claims over Lot 10 of Psu-80886 (Ap 4217), covering an area of approximately 370,868 square meters, more or less;

WHEREAS, ALI is the registered owner of several parcels of land in Las Piñas, Metro Manila under TCT Nos. T-36975 to T-36983, which titles were derived from TCT No. T-5332 which, in turn, was derived from OCT No. 1421, as per Decree No. N-60635, L.R.C. Record No. 45516, Case No. 976;

WHEREAS, Lot 10 of Psu-80886 is now under ALI's TCT Nos.

T-6975 to T-36983;

NOW, THEREFORE, for and in consideration of the mutual covenants hereinbelow specified, the parties hereto hereby agree as follows:

1. For and in consideration of the sums to be paid by ALI as stated in par. 2 x x x hereof, the Heirs hereby:

a) Waive, renounce and cede, in favor of ALI, any and all rights to exclusive ownership or co-ownership, past, present or future, xxx

x x x x

2.1 First Tranche. The first tranche payment shall be in the amount of Ninety-Nine Million Nine Hundred Ninety-Five Thousand Six Hundred Thirty Pesos and Forty-Six Centavos (P99,995,630.46), Philippine Currency, which sum shall be, as it is hereby, paid directly to the Heirs immediately upon execution of this Agreement; and the receipt of which amount said Heirs hereby so acknowledge to their full satisfaction, thereby rendering immediately operative the releases and waivers in parcel hereof. Upon the collective request of the said Heirs, the said payment is hereby broken down as follows.

x x x x

2.2 Second Tranche. The sum of Twenty Million Pesos (P20,000,000.00) shall be payable to the payees named below ninety (90) days after the date of execution of this Agreement. Likewise at the request of all the Heirs, the said payment should be broken down as follows as and when it becomes due.

x x x x

2.3 The Heirs also unqualifiedly declare that their agreement with each other as to the sharing of the proceeds of the settlement is exclusively between and among themselves, and any dispute or controversy concerning the same does not affect this Agreement or their Joint Motion for Judgment Based on Compromise to be signed and filed in court by the parties hereto. Release of the balance referred to in par. 2.2 hereto by ALI to the Heirs shall completely and absolutely discharge all of ALI's obligations under the said Joint Motion for Judgment Based on Compromise to the Heirs.

3. Upon execution hereof, the Heirs and all persons claiming rights under them shall immediately vacate the area comprising the Property, or any portion thereof which they may still be occupying, if any. The failure of the Heirs and all persons claiming rights under them to vacate the Property or any portion thereof which they may still be occupying shall entitle ALI to secure a writ of execution to eject them from any portion of the Properties.

4. The Heirs have entered into this Agreement in their respective personal capacities and as successors-in-interest of their Predecessors. They hereby jointly and severally warrant that they collectively constitute the totality of all the heirs of the Predecessors and that no one has been left out or otherwise excluded. Any breach of this warranty

shall be deemed a substantial breach of this Agreement and each breach hereof shall be deemed a breach by all the Heirs.

5. The Heirs expressly warrant that they own and possess all of the rights and interests claimed by the Predecessors to the Properties, and that there are no other claimants to the said rights and interests.

6. The Heirs warrant that they have not sold, leased, mortgaged or in any way encumbered in favor of any third party or person whatsoever, nor have they otherwise diminished their rights to the Properties by any act or omission [including but not limited to the non-payment of realty taxes].

7. The Heirs expressly warrant that only they, individually and collectively, have any claim to the Properties arising from the documents and decisions mentioned in pars. 1 (a) and 1 (b) hereof as they relate to pars. 5 and 6 hereof.

8. All the foregoing warranties are to be treated as perpetual in character.

9. In case of breach of any of their warranties in pars. 5, 6 and 7, above and any of their covenants elsewhere in this Memorandum of Agreement, the Heirs shall hold ALI, its officers, stockholders, agents and assigns free and harmless, without regard to the amount of damage or claims, from any claim or suit lodged or filed against them by third parties claiming to be them or to be authorized by them, or in any manner claiming rights to the Properties.

10. With the exception of the consideration described in par. 2 hereof, the Heirs acknowledge that no representation, undertaking, promises or commitment of present or future fact, opinion or event has been made by ALI to induce this Agreement. The Heirs acknowledge that they have entered into this Agreement relying solely on their own independent inquiry into all relevant facts and circumstances and with knowledge, or with full opportunity to obtain such knowledge, of all the facts relating to the allegations upon which their claims are based.

Accordingly, any law or jurisprudence purporting to give the Heirs the option to either revive their original demand or enforce this Agreement in the event of breach thereof, notwithstanding, the Heirs agree that their claims shall remain extinguished in any event and shall not be revived for any reason and upon any ground whatsoever, and that they shall be barred from asking for the rescission hereof and from annotating any lis pendens or adverse claim on ALI's aforementioned titles.

11. On the other hand, ALI has entered into this Memorandum of Agreement relying solely upon the Heirs' representations in pars. 5, 6 and 7 hereof and their waivers, obligations and undertakings in pars. 1 and 3 hereof. Accordingly, in the event of the falsity of these representations and/or breach of these waivers, obligations and undertakings, ALI shall, in addition to its rights under pars. 9 and 10 hereof which shall, in any case, remain effective, have the right to rescind this Agreement, without however and moreover waiving the releases made by the Heirs in its favor under par. 1 hereof.

12. The Heirs hereby likewise quitclaim and waive, in favor of ALI's predecessors, any and all causes of action which they may have against such predecessors.

13. All parties hereto acknowledge that each of them has read and understood this Memorandum of Agreement or that the same has been read and explained to each of them in a language that they understand by her/its respective counsel.

14. The Heirs hereby agree to execute such documents as may be required to carry out the purpose of this Memorandum of Agreement.

IN WITNESS WHEREOF, the parties hereby set their hands this 13[th] day of May, 1997 at Makati City, Philippines.[25]

On the same day, May 13, 1997, therein plaintiffs (including herein respondents), as successors-in-interest, and respondent ALI executed the Joint Motion for Judgment Based on Compromise expressing their desire toward an amicable settlement. Thus,

JOINT MOTION FOR JUDGMENT
BASED ON COMPROMISE

WHEREAS, the plaintiffs represent themselves to be the sole and exclusive successors-in-interest of Lorenzo dela Cruz, Jose Dolleton, Patricio dela Cruz, Dionisio Dolleton, Esteban Patuga, Florentino Navarro, Ignacio Arciaga, and Leon Argana (collectively, the "Predecessors"), with respect to their claims over Lot 10 of Psu-80886 (Ap 4217), covering an area of approximately 370,868 square meters, more or less;

WHEREAS, Ayala Land, Inc. ("ALI") is the registered owner of several parcels of land in Las Piñas, Metro Manila under TCT Nos. T-36975 to T-36983, which titles were derived from TCT No. T-5332 which, in turn, was derived from OCT No. 1421, as per Decree No. N-60635, L.R.C. Record No. 45516, Case No. 976;

WHEREAS, Lot 10 of Psu-80886 is now under ALI's TCT Nos. T-36975 to T-36983;

NOW, THEREFORE, plaintiffs and defendant, assisted by their respective counsel[s], and desiring to put an end to litigation between them, hereby respectfully request the Honorable Court to render judgment based on the compromise reached by the parties herein, upon the following terms and conditions:

1. For valuable consideration already fully and completely received, plaintiffs hereby:

a) Waive, renounce and cede, in favor of ALI, any and all rights to exclusive ownership or co-ownership, past, present or future, which they may have over those parcels of land known as Lot 10 of Plan Psu-80886 and/or any amendment thereof, as recorded in Original Certificate of Title ("OCT") No. 1421 issued by the Register of Deeds of Rizal on November 26, 1957 pursuant to Decree No. N-60635, and now under Transfer Certificate of Title ("TCT") Nos. 36975 to 36983, and/or any portion of what is now generally known as the Ayala Southvale Residential Subdivision Project, regardless of the source basis of such claim. Said Lot 10 and any and all other lots/portions and lands over which plaintiffs may have any claim (whether or not arising from Psu-80886) are hereafter referred to as the "Properties."

b) Waive, renounce and cede, in favor of ALI, any and all rights of exclusive ownership or co-ownership, past, present or future, which they may have, pertaining to the Properties and arising from any and all other judicial or administrative decisions from which they may derive any rights of ownership or possession with respect to the Properties.

c) Expressly transfer and assign to ALI all of their rights indicated in items 1, a) and 1, b) above.

d) Expressly acknowledge and affirm, in any case, the validity, efficacy and superiority of ALI's Torrens Certificates of Title Nos. T-36975 to T-36983 issued by the Register of Deeds of Las Piñas, as well as all their predecessor titles and any and all derivative titles which in the future may be issued, over the area covered by Properties, in particular, Lot 10 of Plan Psu-80886, and any amendment thereof, over the area covered by OCT No. 1421 and any other title derived therefrom. Plaintiffs' intention herein, is to unqualifiedly declare, that they have absolutely no other rights, claims, reservations or interests in the lands covered by ALI's titles and/or any portion of what is now generally referred to as the Ayala South[v]ale Residential Subdivision Project, whether or not arising out of said Psu-80886 and/or any amendment thereof;

e) Expressly acknowledge and affirm that they have inspected and verified the area presently being occupied and possessed by ALI and, by these presents, unqualifiedly declare that their claim, which is assigned and

transferred to ALI in this Agreement, covers the very same area presently occupied by ALI and that this Agreement resolves with finality all issues concerning the location of the Properties vis-à-vis the area covered by ALI's titles and which area is actually and physically possessed by ALI.

2. Plaintiffs and all persons claiming rights under them shall immediately vacate the area comprising the Property, or any portion thereof which they may still be occupying. The failure of plaintiffs and all persons claiming rights under them to vacate the Property or any portion thereof which they may still be occupying shall entitle ALI to secure a writ of execution to eject them from any portion of the Properties.

3. Plaintiffs and their co-heirs have entered into this Agreement in their respective personal capacities and as successors-in-interest of their Predecessors. They hereby jointly and severally warrant that they collectively constitute the totality of all the heirs of the Predecessor and that no one has been left out or otherwise excluded. Any breach of this warranty shall be deemed a substantial breach of this Agreement, and each breach hereof shall be deemed a breach by all the Heirs.

4. Plaintiffs expressly warrant that they own and possess all of the rights and interests claimed by the Predecessors to the Properties, and that there are no other claimants to the said rights and interests.

5. Plaintiffs warrant that they have not sold, leased, mortgaged or in anyway encumbered, in favor of any third party or person, or otherwise diminished their rights to the Properties by any act or omission [including but not limited to the non-payment of realty taxes].

6. Plaintiffs expressly warrant that there are no other claims to the Properties arising from the documents and decisions mentioned in pars. 1(a) and 1(b) hereof as they relate to pars. 4 and 5 hereof.

7. All the foregoing warranties are perpetual in character.

8. In case of breach of any of their warranties in pars. 4, 5 and 6 above and any of their covenants in this Joint Motion for Judgment Based on Compromise, plaintiffs shall hold ALI, its officers, stockholders, agents and assigns free and harmless, without regard to the amount of damage or claims, from any claim or suit lodged or filed against them by any of the plaintiffs, or third parties claiming to be authorized by them, or in any manner claiming rights to the Properties.

9. With the exception of the consideration described in par. 1 hereof, plaintiffs acknowledge that no representation, undertaking, promises, or commitment of present or future fact, opinion or event has been made by ALI to induce this Agreement. Plaintiffs acknowledge that they have entered into this Agreement relying solely on their own independent inquiry into all relevant facts and circumstances and with knowledge, or with full opportunity to obtain such knowledge, of all the facts relating to the allegations upon which their claims are based.

Accordingly, any law or jurisprudence purporting to give plaintiffs the option to either revive their original demand or enforce this Agreement in the event of breach thereof, notwithstanding, the plaintiffs agree that their claims shall remain extinguished in any event and shall not be revived for any reason and upon any ground whatsoever, and that they shall be barred from asking for the rescission hereof and from annotating any lis pendens or adverse claim on ALI's aforementioned titles.

10. On the other hand, ALI has entered into this Agreement relying solely upon plaintiffs' representations in paragraphs 4, 5 and 6 hereof and their waivers, obligations and undertakings in pars. 1 and 2 hereof. Accordingly, in the event of the falsity of these representations and/or breach of these waivers, obligations and undertakings, and in addition to its rights under paragraphs 8 and 9 hereof which shall, in any case, remain effective, ALI shall have the right to rescind this Compromise Agreement, without, however, waiving the releases made by the

plaintiffs in its favor under par. 1 hereof.

11. Plaintiffs hereby likewise quitclaim and waive, in favor of ALI and ALI's predecessors, any and all causes of action which they may have against such predecessors.

12. All parties hereto acknowledge that each of them has read and understood this Agreement or that the same has been read and explained to each of them in a language that they understand by his/her/its respective counsel.

13. Plaintiffs hereby agree to execute such documents as may be required to carry out the purpose of this Compromise Agreement.

P R A Y E R

WHEREFORE, it is respectfully prayed that judgment be rendered by this Honorable Court in accordance with the terms and conditions of the above Compromise Agreement of the parties.

Other reliefs, just and equitable in the premises, are likewise prayed for.

Makati City for Las Piñas, 13 May 1997.[26]

On May 14, 1997, petitioner filed a Manifestation and Motion[27] with the trial court alleging that he was not consulted when therein heirs signed the MOA; that his Contract for Legal and Other Valuable Services[28] dated September 3, 1993, wherein respondents engaged his services as counsel, be noted on record; that should there be an amicable settlement of the case, his attorney's fees should be awarded in full as stipulated in the contract to fully compensate his efforts in representing herein respondents and therein heirs; and that the trial court issued an order confirming his right to collect his attorney's fees to the exclusion of the other agents and financiers. Petitioner also appended therein a copy of the Authority to Collect Attorney's Fee[s] as Stipulated in the Contract for Legal Services and Other Valuable Considerations[29] which stated that should there be an amicable settlement of the case by way of respondent ALI paying respondents any amount which may be agreed upon by the parties, the respondents authorize petitioner to directly collect from respondent ALI his 25% attorney's fees and that they authorize respondent ALI to deduct the 25% attorney's fees from the total amount due them and to pay and deliver the same to petitioner, his heirs or assigns.

On May 27, 1997, respondents, respondent ALI, and petitioner executed an Amendatory Agreement incorporating the provision that, in addition to the P10,000,000.00 attorney's fees as previously agreed upon, petitioner would also be entitled to the amount of Twenty Million (P20,000,000.00) Pesos as additional attorney's fees, or a total amount of P30,000,000.00, subject to the trial court's approval.

AMENDATORY AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

DIONISIO IGNACIO, WILLIAM NAVARRO, DIONISIO ARCIAGA, ILUMINADA LEGASPI, BELEN DOLLETON, ISAGANI NAVARRO, BERNARDINO ARGANA, BARTOLOME PATUGA (collectively, the "Heads of the Families"), LEOPOLDO ESPIRITU, EMERITA FEOLINO, and ESPERANZA ESPIRITU (collectively, the "Brokers"), ATTY. HICOBLINO M. CATLY ("Atty. Catly"), and Ayala Land, Inc. ("ALI"), do hereby declare:

WHEREAS, the Heads of the Families are among the signatories to the 13 May 1997 Memorandum of Agreement (the "MOA") with ALI;

WHEREAS, the Heads of the Families and the Brokers are collectively entitled to the sum of Nineteen Million Pesos (P19,000,000.00) under the Second Tranche payment of the MOA;

WHEREAS, under the terms of the MOA, ALI was authorized by the Heads of the Families and their co-heirs to pay for their account Atty. Catly an aggregate amount of Ten Million Pesos (P10,000,000.00) under the First and Second Tranche payments of the MOA;

WHEREAS, Atty. Catly has claimed from the Heirs (as this term is defined in the MOA), an additional Twenty Million Pesos (P20,000,000.00) for his attorney's fees, which claim is pending resolution before Branch 255 of the Regional Trial Court of Las Piñas (the "Las Piñas Court") in Civil Case No. 93-3094 entitled "William Navarro, et al. v. Ayala Land, Inc." ("Civil Case No. 93-3094");

NOW, THEREFORE, the parties declare and covenant as follows:

1. The respective amounts to be received by the following under the First Tranche provided in Par. 2.1 of the MOA are hereby recomputed and adjusted as follows:

From

To

1. Dionisio Ignacio

P9,086,345.98

P8,850,245.98

2. William Navarro

5,079,636.68

4,947,636.68

3. Dionisio Arciaga

651,333.74

634,433.74

4. Iluminada Legaspi

1,286,749.30

1,253,349.30

5. Belen Dolleton

1,415,875.84

1,379,075.84

6. Isagani Navarro

3,302,585.86

3,216,785.86

7. Bernardino Argana

922,224.90

898,224.90

8. Bartolome Patuga

1,741,572.23

1,696,272.23

9. Leopoldo Espiritu

(financier)

11,000,000.00

10,714,200.00

10. Emerita Feolino

(agent)

1,500,000.00

1,461,000.00

11. Esperanza Espiritu

(agent)

750,000.00

730,000.00

12. Leopoldo Espiritu

(agent)

1,750,000.00

1,704,500.00

13. Hicoblino Catly

(attorney's fees)

9,000,000.00

10,000,000.00

The recomputed and adjusted amounts set forth under the second column above shall be in lieu of the amounts provided for under Par. 2.1 of the MOA.

2. The Heads of the Families, the Brokers and Atty. Catly agree to abide by the final decision or resolution of the Las Piñas Court in Civil Case No. 93-3094 on the total amount of attorney's fees that should be paid to Atty. Catly. They agree to implement the said decision or resolution, once it attains finality, immediately and without any delay.

3. The provisions of Paragraph 2.2. of the MOA, notwithstanding, the Heads of the Families and the Brokers authorize ALI to retain the sum of Twenty Million Pesos (P20,000,000.00) provided under the Second Tranche of the MOA, which sum ALI shall apply to the satisfaction of the claim of Atty. Catly for attorney's fees once this is finally decided and resolved by the Las Piñas Court and in such amount as such court shall declare. Any balance remaining after the satisfaction of Atty. Catly's claim in accordance with the decision or resolution of the Las Piñas Court shall be paid by ALI to the Heads of the Families and the Brokers in proportion to the

amounts corresponding to them as set forth in Paragraph 2.2 of the MOA upon the lapse of the 90-day period referred to in such agreement or the date of the finality of the Las Piñas Court's decision or resolution on Atty. Catly's claim, whichever is later.

4. Atty. Catly accepts the amount set forth in the MOA and such other amount, if any, as the Las Piñas Court may declare, as the final settlement of his claim for attorney's fees and waives all other claims which he may have in connection with Civil Case No. 93-3094. In acknowledgment thereof, he shall affix his own signature on the MOA.

5. Upon signing this Amendatory Agreement, the Heads of the Families and Atty. Catly shall turn over to ALI all documents in their possession, whether original or otherwise, which support or which they intend to present as evidence in support of their claim in Civil Case No. 93-3094.

6. By signing this Amendatory Agreement, the Heads of the Families, who are the plaintiffs in Civil Case No. 93-3094 hereby unconditionally and irrevocably authorize the cancellation of the notice of lis pendens annotated on ALI's TCT Nos. T-36975 to T-36983 under Entry No. 758-11 dated 16 June 1994, which annotations were made at the instance of Atty. Catly on behalf of the Heads of the Families. This Amendatory Agreement constitutes an authority to ALI to effect the cancellation of the said notice of lis pendens on behalf of the plaintiffs in Civil Case No. 93-3094.

7. Nothing herein shall be construed to amend, supersede or revoke to any extent the terms and conditions of the MOA in any other respect, except as provided herein, and only insofar as the signatories hereto are concerned.

IN WITNESS WHEREOF, we have signed this Declaration and Waiver this ____ day of May, 1997 at Makati City.

DIONISIO IGNACIO WILLIAM NAVARRO

DIONISIO ARCIAGA ILUMINADA LEGASPI

BELEN DOLLETON ISAGANI NAVARRO

BERNARDINO ARGANA BARTOLOME PATUGA

LEOPOLDO ESPIRITU

EMERITA FEOLINO

ESPERANZA ESPIRITU ATTY. HICOBLINO M. CATLY

AYALA LAND, INC.

By: Sgd.

MERCEDITA S. NOLLEDO

And

Sgd.

RICARDO JACINTO

Assisted by:

POBLADOR BAUTISTA & REYES

5[th] Floor, SEDCCO I Building

Rada cor. Legaspi Street

Legaspi Village, Makati City

By:

Sgd.

ALEXANDER J. POBLADOR

PTR No. 8002896/Makati/1-13-97

IBP No. 345214/Makati 3-1-93

DINO VIVENCIO A.A. TAMAYO

PTR No. 8003065/Makati/1-13-97

IBP No. 427804/Q.C./1-13-97

In his Motion to Withdraw Manifestation and Motion dated May 27, 1997, filed on July 9, 1997, petitioner stated that he would be withdrawing all objections to the May 13, 1997 MOA and prayed for the approval of the said MOA, without prejudice to his claim for attorney's fees.

However, in an Order[30] dated June 10, 1997, the trial court held in abeyance its resolution on the Joint Motion for Judgment Based on Compromise, pending the action of this Court on respondent ALI's petition.

In its Order[31] dated June 23, 1997, the trial court directed the parties to formally submit a copy of their amendatory agreement. In compliance therewith, the respondents submitted an unnotarized but signed copy of the subject document, while respondent ALI later submitted the notarized Amendatory Agreement dated May 27, 1997.

On July 14, 1997, respondent ALI filed a Manifestation and Motion informing the trial court that it agreed to pay the 8 respondents and 66 other heirs (or a total of 74 claimants) the total amount of P120,000,000.00, P10,000,000.00 of which would be paid to petitioner as attorney's fees. It also stated that as petitioner claimed for a higher amount of attorney's fees, the parties executed the amendatory agreement with the understanding that the issue of how much of the additional P20,000,000.00, if any, that petitioner would be entitled to by way of attorney's fees, would have to be resolved by the trial court.

On July 22, 1997, the trial court (per Judge Florentino M. Alumbres) rendered a Separate Judgment in favor of the petitioner as follows:

SEPARATE JUDGMENT

Originally submitted to the Court for approval and judgment on June 9, 1997 is the JOINT MOTION FOR JUDGMENT BASED ON COMPROMISE dated May 13, 1997 of the parties, duly assisted by their counsels, Atty. Hicoblino M. Catly for the plaintiffs and Atty. Alexander J. Poblador for the defendant.

During the hearing of the said motion on June 10, 1997, the parties discussed an AMENDATORY AGREEMENT which relates to attorney's fees of Atty. Catly which they alluded to as forming part of their compromise agreement, but the said amendatory agreement has not yet been submitted to the Court. On June 23, 1997, an order was issued directing the parties to submit the same for approval by the Court.

Thus, on June 27, 1997, in compliance with the said order, the plaintiffs submitted their copy which is not notarized, while the defendant submitted its, duly notarized, on July 4, 1997.

However, on July 15, 1997, this Court received a copy of defendant's MANIFESTATION AND MOTION dated July 14, 1997 which it filed with the Honorable Supreme Court whereby it "prayed that the Honorable Court itself approve forthwith the parties' Joint Motion for Judgment Based on Compromise dated 13 May 1997, without prejudice to the resolution by the Respondent Judge of Atty. Catly's claim for attorney's fees." (Underlining supplied for emphasis). With that relief prayed for before the High Court, what is left to be

decided by this Court is on the matter of the claim for a attorney's fees of Atty. Catly as contained in paragraphs 2, 3 and 4 of the said Amendatory Agreement.

The AMENDATORY AGREEMENT reads, as follows:

KNOW ALL MEN BY THESE PRESENTS:

DIONISIO IGNACIO, WILLIAM NAVARRO, DIONISIO ARCIAGA, ILUMINADA LEGASPI, BELEN DOLLETON, ISAGANI NAVARRO, BERNARDINO ARGANA, BARTOLOME PATUGA (collectively, the "Heads of the Families"), LEOPOLDO ESPIRITU. EMERITA FEOLINO, and ESPERANZA ESPIRITU (collectively, the "Brokers"), ATTY. HICOBLINO M. CATLY ("Atty. Catly"), and Ayala Land, Inc. ("ALI"), do hereby declare:

WHEREAS, the Heads of the Families are among the signatories to the 13 May 1997 Memorandum of Agreement (the "MOA") with ALI;

WHEREAS, the Heads of the Families and the Brokers are collectively entitled to the sum of Nineteen Million Pesos (P19,000,000.00) under the Second Tranche payment of the MOA;

WHEREAS, under the terms of the MOA, ALI was authorized by the Heads of the Families and their co-heirs to pay for their account Atty. Catly an aggregate amount of Ten Million Pesos (P10,000,000.00) under the First and Second Tranche payments of the MOA;

WHEREAS, Atty. Catly has claimed from the Heirs (as this term is defined in the MOA), an additional Twenty Million Pesos (P20,000,000.00) for his attorney's fees, which claim is pending resolution before Branch 255 of the Regional Trial Court of Las Piñas (the "Las Piñas Court") in Civil Case No. 93-3094 entitled "William Navarro, et al. v. Ayala Land, Inc." ("Civil Case No. 93-3094");

NOW, THEREFORE, the parties declare and covenant as follows:

1. The respective amounts to be received by the following under the First Tranche provided in Par. 2.1 of the MOA are hereby recomputed and adjusted as follows:

From

To

14 Dionisio Ignacio

P9,086,345.98

P8,850,245.98

15. William Navarro

5,079,636.68

4,947,636.68

16. Dionisio Arciaga

651,333.74

634,433.74

17. Iluminada Legaspi

1,286,749.30

1,253,349.30

18. Belen Dolleton

1,415,875.84

1,379,075.84

19. Isagani Navarro

3,302,585.86

3,216,785.86

20. Bernardino Argana

922,224.90

898,224.90

21. Bartolome Patuga

1,741,572.23

1,696,272.23

22. Leopoldo Espiritu

(financier)

11,000,000.00

10,714,200.00

23. Emerita Feolino

(agent)

1,500,000.00

1,461,000.00

24. Esperanza Espiritu

(agent)

750,000.00

730,000.00

25. Leopoldo Espiritu

(agent)

1,750,000.00

1,704,500.00

26. Hicoblino Catly

(attorney's fees)

9,000,000.00

10,000,000.00

The recomputed and adjusted amounts set forth under the second column above shall be in lieu of the amounts provided for under Par. 2.1 of the MOA.

2. The Heads of the Families, the Brokers and Atty. Catly agree to abide by the final decision or resolution of the Las Piñas Court in Civil Case No. 93-3094 on the total amount of attorney's fees that should be paid to Atty. Catly. They agree to implement the said decision or resolution, once it attains finality, immediately and without any delay.

3. The provisions of Paragraph 2.2. of the MOA, notwithstanding, the Heads of the Families and the Brokers authorize ALI to retain the sum of Twenty Million Pesos (P20,000,000.00) provided under the Second Tranche of the MOA, which sum ALI shall apply to the satisfaction of the claim of Atty. Catly for attorney's fees once this is finally decided and resolved by the Las Piñas Court and in such amount as such court shall declare. Any balance remaining after the satisfaction of Atty. Catly's claim in accordance with the decision or resolution of the Las Piñas Court shall be paid by ALI to the Heads of the Families and the Brokers in proportion to the amounts corresponding to them as set forth in Paragraph 2.2 of the MOA upon the lapse of the 90-day period referred to in such agreement or the date of the finality of the Las Piñas Court's decision or resolution on Atty. Catly's claim, whichever is later.

4. Atty. Catly accepts the amount set forth in the MOA and such other amount, if any, as the Las Piñas Court may declare, as the final settlement of his claim for attorney's fees and waives all other claims which he may have in connection with Civil Case No. 93-3094. In acknowledgment thereof, he shall affix his own signature on the MOA.

5. Upon signing this Amendatory Agreement, the Heads of the Families and Atty. Catly shall turn over to ALI all documents in their possession, whether original or otherwise, which support or which they intend to present as evidence in support of their claim in Civil Case No. 93-3094.

6. By signing this Amendatory Agreement, the Heads of the Families, who are the plaintiffs in Civil Case No. 93-3094 hereby unconditionally and irrevocably authorize the cancellation of the notice of lis pendens annotated on ALI's TCT Nos. T-36975 to T-36983 under Entry No. 758-11 dated 16 June 1994, which annotations were made at the instance of Atty. Catly on behalf of the Heads of the Families. This Amendatory Agreement constitutes an authority to ALI to effect the cancellation of the said notice of lis pendens on behalf of the plaintiffs in Civil Case No. 93-3094.

7. Nothing herein shall be construed to amend, supersede or revoke to any extent the terms and conditions of the MOA in any other respect, except as provided herein, and only insofar as the signatories hereto are concerned.

Finding the terms and conditions set forth under the Amendatory Agreement to be freely agreed upon, and the same not being contrary to law, morals, public order and public policy, the same are hereby approved.

WHEREFORE, judgment is hereby rendered on the basis of the terms and conditions agreed upon under the Amendatory Agreement with emphasis on Paragraphs 2, 3 and 4 thereof, and in accordance with Section 5, Rule 36 of the Rules of Civil Procedure.

ACCORDINGLY, the defendant [respondent ALI] is directed to immediately release the sum of Twenty Million (P20,000,000.00) Pesos in favor of Atty. Hicoblino M. Catly representing his attorney's fees as herein approved by the Court.

SO ORDERED.[32]

On July 28, 1997, petitioner filed an Ex-Parte Motion to Issue Writ for Execution of Judgment[33] with the trial court to enforce his claim for attorney's fees pursuant to the Separate Judgment dated July 22, 1997 on the premise that said judgment is immediately executory. This prompted the respondents to file, in G.R. No. 127079, an Urgent Application for the Issuance of a Temporary Restraining Order[34] with this Court seeking to enjoin the trial court from enforcing the said Separate Judgment, particularly with regard to the P30,000,000.00 award of attorney's fees in favor of the petitioner. Respondent ALI also opposed the petitioner's ex-parte motion.

In its Order dated August 25, 1997, the trial court held in abeyance the resolution on petitioner's motion for execution of the trial court's Separate Judgment dated July 22, 1997 until the respondents' application for the issuance of a temporary restraining order shall have been resolved by this Court.

In the meantime, Estrellita Londonio,[35] Emerita Feolino,[36] Porfirio Daen,[37] and Timoteo Arciaga[38] filed their individual Complaints-in-Intervention raising therein their respective rights and interests with regard to the subject property. Respondent ALI also filed its Answers-in-Intervention.[39] Likewise, respondents filed a joint Answer-in-Intervention.[40] All parties filed their respective Pre-trial Briefs.

In a Decision dated May 7, 2004, this Court (Third Division), in G.R. No. 127079, entitled "Ayala Land, Inc. v. William Navarro, Isagani Navarro, Iluminada Legaspi, Belen Dolleton, Florentino Arciaga, Bartolome Patuga, Dionisio Ignacio, Bernardino Argana, and Erlinda Argana," dismissed the petition of therein petitioner (herein respondent ALI) for being moot, and ordered the remand of the records of the case to the trial court for the determination on the propriety of the award of P30,000,000.00 attorney's fees in favor of petitioner. The pertinent portions of the Decision state:

We now go back to the issue raised in the instant petition, i.e., whether or not the Court of Appeals erred (a) in allowing respondents to litigate as paupers; and, (b) in sustaining the trial court's order denying petitioner's motion for inhibition.

Obviously, with the execution of the May 13, 1997 MOA or compromise agreement and the May 27, 1997 amendatory agreement, the parties resolved to settle their differences and put an end to the litigation.[41] It bears reiterating that on July 22, 1997, the trial court rendered its Judgment approving this amendatory agreement.

We have consistently held that a compromise agreement, once approved by final order of the court, has the force of res judicata between the parties and should not be disturbed except for vices of consent or forgery. In *Armed Forces of the Philippines Mutual Benefit Association v. Court of Appeals*,[42] we also held:

Once stamped with judicial imprimatur, it (compromise agreement) becomes more than a mere contract binding upon the parties; having the sanction of the court and entered as its determination of the controversy, it has the force and effect of any other judgment. It has the effect and authority of res judicata, although no execution may issue until it would have received the corresponding approval of the court where the litigation pends and its compliance with the terms of the agreement is thereupon decreed. A judicial compromise is likewise circumscribed by the rules of procedure.

Thus, by virtue of the trial court's Judgment approving the parties' amendatory agreement (or amendatory compromise agreement), the instant petition has become moot and academic.

In *City of Laoag vs. Public Service Commission*,[43] we ruled that a petition may be dismissed in view of the compromise agreement entered into by the parties.

Relative to Atty. Catly's attorney's fees of P30,000,000.00, while it was agreed upon by both parties in their MOA and amendatory agreement, however, they are now contesting its reasonableness. In fact, petitioner filed with the trial court an opposition to Atty. Catly's motion for execution of Compromise Judgment on the ground

that his attorney's fee is excessive and unconscionable; while respondents filed with this Court a motion for the issuance of a temporary restraining order to enjoin the trial court from granting Atty. Catly's motion.

The issue of whether or not Atty. Catly's attorney's fee is reasonable should be resolved by the trial court. For one, this incident stemmed from Atty. Catly's motion for execution of the compromise Judgment filed with the trial court. As earlier stated, petitioner filed its opposition, also with the trial court. For another, this incident appears to be factual and is being raised before us only for the first time. In *De Rama v. Court of Appeals*,^[44] we held that issues or questions of fact cannot be raised for the first time on appeal.

WHEREFORE, the instant petition, being moot, is DENIED. Nonetheless, let the records be remanded to the trial court for the purpose of resolving with dispatch the propriety of Atty. Hicoblino Catly's attorney's fee of P30,000,000.00 being assailed by both parties before that court.

SO ORDERED.^[45]

In a Decision dated December 1, 2004, the trial court (per Judge Raul Bautista Villanueva) approved the parties' Joint Motion for Judgment Based on Compromise dated May 13, 1997, dismissed all the complaints-in-intervention by therein intervenors, and directed respondents to pay respondent ALI the amount of P563,358.00 by way of attorney's fees which shall be taken from the second tranche payment and deducted from their pro-rata share. The salient portions of the said Decision state:

Thereafter, a Memorandum of Agreement (MOA) dated May 13, 1997 (Exh. "6") was entered into by the plaintiffs and the defendant Ayala Land wherein the latter agreed, among others, to pay in two (2) tranches the sum of P99,995,630.46 and P20,000,000.00, respectively, or the total amount of P119,995,630.46, to the plaintiffs and their co-heirs in amounts broken down for each of them, thus:

xxx xxx xxx

2.1 First Tranche. The first tranche payment shall be in the amount of Ninety-Nine Million Nine Hundred Ninety-Five Thousand Six Hundred Thirty Pesos and Forty-Six Centavos (P99,995,630.46), Philippine Currency, which sum shall be, as it is hereby, paid directly to the Heirs immediately upon execution of this Agreement, and the receipt of which amount said Heirs hereby so acknowledge to their full satisfaction, thereby rendering immediately operative the releases and waivers in par. 1 hereof. Upon the collective request of the said Heirs, the said payment is hereby broken down as follows:

Payee

Amount

A. Heirs of Lorenzo dela Cruz

1. Dionisio Ignacio

9,086,345.98

2. Alejandro dela Cruz

5,332,562.30

3. Lydia Arcega

5,332,562.30

4. Eugenia Arciaga

5,332,562.30

5. Melchor dela Cruz

1,185,000.25

6. Gertrudez dela Cruz

1,185,000.25

B. Heirs of Florentino Navarro

1. William Navarro

5,079,636.68

2. Antonio Navarro

400,000.00

3. Tanyag Navarro

400,000.00

4. Isagani Navarro

285,444.44

5. Rodolfo Navarro

285,444.44

6. Victoria Navarro

285,444.44

7. Leonora Navarro

285,444.44

8. Violeta Navarro

285,444.44

9. Ramon Navarro

285,444.44

10. Salud Navarro

285,444.44

11. Rosalina Navarro

285,444.44

12. Purita Navarro

500,000.00

13. Bayani Navarro

500,000.00

14. Dakila Navarro

500,000.00

15. Leonila Navarro

100,000.00

16. Johnny Navarro

100,000.00

17. Alexander Navarro

100,000.00

18. Soliman Navarro

2,000,000.00

19. Francis Hernandez

2,000,000.00

C. Heirs of Patricio dela Cruz

xxx xxx xxx

D. Heirs of Ignacio Arciaga

1. Iluminada Legaspi

1,286,749.30

2. Pedro Arciaga

304,722.22

3. Julia Bergado

304,722.22

4. Nieves Jover

304,722.22

5. Teresita Clamaña

304,722.22

6. Dolores Arciaga

304,722.22

7. Ernesto Arciaga

304,722.22

E. Heirs of Dionisio Dolleton

1. Belen Dolleton

1,415,875.84

2. Lucila Dolleton

100,000.00

3. Conrado Dolleton

100,000.00

4. Jerry Dolleton

100,000.00

5. Evelyn Dolleton

100,000.00

6. Susana Dolleton

100,000.00

7. Estrelita Agnabo

100,000.00

8. Imelda Dolleton

100,000.00

9. Mateo Dolleton, Jr.

250,000.00

10. Maria Venus Dolleton Gutierrez

250,000.00

11. Mariano Dolleton

250,000.00

12. Rosalina Dolleton

250,000.00

13. Encarnacion Dolleton

500,000.00

14. Dominga Dolleton

250,000.00

15. Hilardo Dolleton

250,000.00

F. Heirs of Jose Dolleton

1. Isagani Navarro

3,302,585.86

2. William Navarro

2,263,000.00

3. Tanyag Navarro

100,000.00

4. Antonio A. Navarro

100,000.00

5. Leonora Navarro

500,000.00

6. Salud Navarro

500,000.00

7. Rodolfo Navarro

500,000.00

8. Victoria Navarro

500,000.00

9. Rosalina Navarro

500,000.00

10. Ramon Navarro

500,000.00

11. Violeta Navarro

500,00.000

12. Purita Navarro

182,460.00

13. Dakila Navarro

182,460.00

14. Bayani Navarro

182,460.00

15. Leonila Navarro

36,492.00

16. Alexander Navarro

36,492.00

17. Johnny Navarro

36,492.00

18. Soliman Navarro

912,300.00

19. Francis Hernandez

912,300.00

G. Heirs of Leon Argana

1. Bernardino Argana

922,244.90

2. Benjamin Arciaga

100,000.00

3. Idelfonso Arciaga

100,000.00

4. Luciana Arciaga

100,000.00

5. Pedro Arciaga

100,000.00

6. Erlinda Arciaga

100,000.00

7. Brigida Argana

500,000.00

8. Renato A. Trozado

83,335.00

9. Natividad Marmeto

83,335.00

10. Josephine Trozado Espiritu

83,335.00

11. Teresita Trozado

83,335.00

12. Crecenciano Trozado Feolino

83,335.00

13. Buenaventura Trozado Espiritu

83,335.00

H. Heirs of Esteban Patuga

1. Bartolome Patuga

1,741,572.23

2. Rodrigo Patuga

554,555.55

3. Reynaldo Patuga

554,555.55

4. Lolita Patuga

554,555.55

5. Ofelia Patuga

554,555.55

6. Maria Patuga

2,347,151.40

7. Remedios Patuga

293,393.93

8. Melchor Patuga

293,393.93

9. Surbino Patuga

293,393.93

10. Ernesto Patuga

3,227,333.30

I. Others

1. Leopoldo P. Espiritu (financier)

11,000,000.00

2. Hicoblino Catly (attorney's fees)

9,000,000.00

3. Emerita Feolina (agent)

1,500,000.00

4. Esperanza Espiritu (agent)

750,000.00

5. Leopoldo Espiritu (agent)

1,750,000.00

2.3. the Heirs also unqualifiedly declare that their agreement with each other as to the sharing of the proceeds of the settlement is exclusively between and among themselves, and any dispute or controversy concerning the same does not affect this Agreement or the Joint Motion for Judgment Based on Compromise to be signed and filed in court by the parties hereto. Release of the balance referred to in par. 2.2 hereof by ALI to the Heirs shall completely and absolutely discharge all of ALI's obligations under the said Joint Motion for Judgment Based on Compromise to the Heirs.

xxx xxx xxx

For one, and with the Decision of the Third Division of the Supreme Court promulgated on 07 May 2004 in G.R. No. 127079 in the case entitled "Ayala Land, Inc. v. William Navarro, et al.," there is no longer any impediment to the resolution of the Joint Motion for Judgment Based on Compromise dated 09 June 1997. It must be noted that the Court earlier suspended the approval of the said joint motion in its Order dated 10 June 1997 "(a)s there is no written order yet from the Supreme Court dismissing the appeal in connection with this case." With the above Decision of the Supreme Court, the subject Order of the Court is deemed moot and academic.

The Joint Motion for Judgment Based on Compromise dated June 9, 1997 and, necessarily, the Memorandum of Agreement (MOA) dated 13 May 1997 (as amended by the Amendatory Agreement) which it implements, are approved, there being no showing that they are contrary to law, public policy or morals.

xxx xxx xxx

WHEREFORE, premises considered, judgment is hereby rendered as follows:

1. The Joint Motion for Judgment Based on Compromise dated 13 May 1997 is hereby APPROVED, it reflecting the true, valid and lawful terms of settlement agreed upon by the parties herein and being based on the Memorandum of Agreement also dated 13 May 1997, as amended by the Amendatory Agreement, that the plaintiffs and the defendant Ayala Land, Inc. have long bound themselves with and have, in fact, already substantially implemented. Thus, and by reason thereof, the complaint of the herein plaintiffs against the said defendant is deemed duly disposed of. Accordingly, the parties to the above agreements are hereby enjoined to observe its terms, subject to any necessary modifications arising herefrom;
2. The complaints-in-intervention of intervenors Timoteo Arciaga, Porfirio Daen, Estrellita Londonio and Emerita Feolino are all DISMISSED, with prejudice, for utter lack of merit.
3. Also, the complaint-in-intervention of the heirs of Leon Navarro is DISMISSED, with prejudice, for having been abandoned and for failure to prosecute the same; and
4. The plaintiffs William Navarro, Dionisio Ignacio, Dionisio Arciaga, Iluminada Legaspi, Belen Dolleton, Isagani Navarro, Bernardino Argana and Bartolome Patuga are hereby directed to pay the defendant Ayala Land, Inc. the sum of P563,358.00 as and by way of attorney's fees which shall be taken from the Second Tranche payment to be made to them, if any, and shall be deducted from their share pro-rata.

SO ORDERED.[46]

In a Decision dated December 13, 2004, the trial court (per Judge Raul Bautista Villanueva), acting on petitioner's claim for additional P20,000,000.00 attorney's fees in his Ex-Parte Motion to Issue Writ for Execution of Judgment dated July 28, 1997 and Ex-Parte Manifestation and Motion dated May 31, 2004, ruled that petitioner

can execute judgment on the additional attorney's fees, but only up to the amount of P1,000,000.00, not the entire P20,000,000.00. The trial court explained the rationale as follows:

The Court, after taking into account the foregoing, finds that Atty. Catly is entitled to additional attorney's fees. For one, the Court is convinced that Atty. Catly has duly served the plaintiffs and protected their interests. The numerous pleadings he filed before the Court, the Court of Appeals and Supreme Court shows that he pursued the claims of the plaintiffs before the venues where these were being litigated or assailed. In fact, he was successful in having the petitions of the defendant dismissed before the Court of Appeals and, eventually, before the Supreme Court per the Decision promulgated on 07 May 2004.

x x x x

Of course, with the Amendatory Agreement, the payment due to the said persons in the second tranche is subject to the "final decision or resolution of the Las Piñas Court in Civil Case No. 93-3094 on the total amount of attorney's fees that should be paid to Atty. Catly." In such event, "(a)ny balance remaining after the satisfaction of Atty. Catly's claim in accordance with the decision or resolution of the Las Piñas Court shall be paid by ALI (the defendant Ayala Land) to the Heads of the Families and the Brokers in proportion to the amounts corresponding to them as set forth in paragraph 2.2 of the MOA xxx.

However, the above notwithstanding, the Court holds that Atty. Catly is not entitled to the full amount of P20,000,000.00 as awarded to him in the Separate Judgment dated 22 July 1997. To begin with, the settlement of the herein case resulting in the plaintiffs and the defendant Ayala Land executing among others, the MOA wherein the total consideration for the same under the first and second tranches of payment P119,995,630.46 was not due to his own efforts. The records show that Atty. Catly had no active participation in the negotiations involving the parties that resulted in their compromise agreement.

More importantly, and despite the legal work he has done, Atty. Catly has not proven yet the case of the plaintiffs regarding their supposed claim over the property subject hereof. While the plaintiffs have documents which they used as basis in claiming ownership of the properties of the defendant, these have not been formally presented in Court. Of course, this is no longer necessary since the parties agreed to settle among themselves.

x x x x

Admittedly, the clients of Atty. Catly are the original plaintiffs herein, namely, William Navarro, Dionisio Ignacio, Dionisio Arciaga, Iluminada Legaspi, Belen Dolleton, Ignacio (or Isagani) Navarro, Bernardino Argana and Bartolome Patuga. Surely, he does not represent the co-heirs of the plaintiffs who were also included in the compromise agreement or MOA and who shared in the above settlement price, as well as the brokers or financiers named therein. Thus, he could not base his claim on the entire amount of about P119,995,630.46.

The fact that Compromise Agreement dated 02 April 2001 was executed by Atty. Catly and the alleged attorney-in-fact of the plaintiffs is of no moment. For one, this does not include the other individuals who were named as payees for the second tranche so their share amounting to about P2.5 million cannot just be given to him. More importantly, the said agreement was never approved by the Court. As such, it likewise became subject to the Decision dated 07 May 2004 promulgated by the Supreme Court.

Added to this, Atty. Catly benefited immensely from the settlement of the above case among the plaintiffs and the defendant Ayala Land. In fact, he received more than what some of the plaintiffs have received. For him to get a total sum of P30,000,000.00 would be downright unfair, especially since the settlement price of P119,995,630.46 was not entirely allocated to his clients.

To the Court, getting an additional P20,000,000.00 is grossly unreasonable and unconscionable. As mentioned above the 25% should not be imposed on the rounded figure of P120 million, as the payees under the MOA

were not just the original plaintiffs, but also about 66 other persons who are not Atty. Catly's clients. There is no contractual basis by which these third persons can be said to have agreed to share in Atty. Catly's fees. If at all, only the sums to be received by the original plaintiffs, in the estimated amount of P41.6 million, should be counted. Twenty five percent of that is near the P10,000,000.00 Atty. Catly had already been paid or which he has received.

Clearly, and considering the circumstances obtaining herein, Atty. Catly cannot lay claim to the entire sum of P20,000,000.00 under the second tranche of payment. Instead, the sharing provided for in the MOA dated 13 May 1997, Atty. Catly should be the one implemented as this was what the parties really intended. By doing so, the additional attorney's fees due to Atty. Catly is readily determined. And to the Court, the amount of P1,000,000.00 appearing therein is the proper fees still due to him considering the payment of P10,000,000.00 he already received and the legal work he has done with respect to the herein case.

In the end, the Court sees no cogent reason to deprive the original plaintiffs and those named as recipients of sums in the second tranche provided for in the MOA dated 13 May 1997 of what are due them and which they are deserving of.

WHEREFORE, the foregoing considered, the Ex-Parte Manifestation and Motion dated 31 May 2004 and the earlier Ex-Parte Motion to Issue Writ for Execution of Judgment dated 28 July 1997, both filed by Atty. Hicoblino M. Catly, are GRANTED, but only up to the extent of executing the payment of the additional sum of P1,000,000.00 in his favor.

Consequently, and as to the remaining P19,000,000.00 under the second tranche, the same is ordered released in favor of the original plaintiffs, namely: Dionisio Ignacio, William Navarro, Dionisio Arciaga, Iluminada Legaspi, Belen Dolleton, Isagani Navarro, Bernardino Argana and Bartolome Patuga, as well as those others named therein, such as Leopoldo Espiritu, Emerita Feolino and Esperanza Espiritu, in the respective amounts earmarked for them.

SO ORDERED.[47]

Respondents filed a Motion to Order Defendant to Comply with the Delivery of the Sum Due to Plaintiffs dated December 21, 2004 seeking payment from respondent ALI the amount of P15,936,642.00 (according to the notarized order of payment to be submitted by the respondents to respondent ALI, with a copy thereof furnished to the trial court), net of the P563,358.00 attorney's fees to be taken from the second tranche of payment withheld by respondent ALI.

On December 29, 2004, petitioner filed a motion for reconsideration of the trial court's Order dated December 13, 2004 on the ground that there was no factual or legal basis for the trial court to order the release of the P19,000,000.00 to the respondents and those persons named in the second tranche as the amendatory agreement between the respondents and respondent ALI had already been approved.

On March 1, 2005, the trial court issued an Order granting the motion of the respondents and denying petitioner's motion for reconsideration. The trial court stated that:

As to his assertion that the Supreme Court wanted only the Court to determine as to "whether there had been vices of consent, forgery or irregularity in the preparation of the AMENDATORY AGREEMENT," this is hardly convincing. On the contrary, it is clear in the Decision of the Third Division of the Supreme Court promulgated on 07 May 2004 in G.R. No. 127079 entitled "Ayala Land, Inc. v. William Navarro, et al." that the "issue of whether or not Atty. Catly's attorney's fees is reasonable should be resolved by the trial court." In effect, the Separate Judgment dated 22 July 1997 will be implemented only after the Court has determined the "propriety of Atty. Hicoblino's attorney's fees of P30,000,000.00 being assailed by both parties before that court." Having done so in the questioned Order dated 13 December 2004, what remains to be done now by the

Court is to have the same executed.

On the award of attorney's fees in favor of the defendant per the Decision of the Court dated 01 December 2004, the attempt of Atty. Catly to question the same is misplaced. For one, this is not the subject of the Order dated 13 December 2004. More importantly, the original plaintiffs are not assailing the same so much so that with respect thereto it is binding on them.

x x x x

WHEREFORE, the foregoing considered, the Motion to Order Defendant to Comply with the Delivery of the Sum Due to Plaintiffs dated 21 December 2004 submitted by the original plaintiffs, namely: William Navarro, Dionisio Ignacio, Dionisio Arciaga, Iluminada Legaspi, Belen Dolleton, Isagani Navarro, Bernardino Argana and Bartolome Patuga is hereby GRANTED. Accordingly, let a writ of execution be issued to implement the Separate Judgment dated 22 July 1997, as modified by the Decision of the Supreme Court on 07 May 2004 in G.R. No. 127079, and pursuant to the Order dated 13 December 2004 wherein they are entitled to the amount of P14,936,642.00, not P15,936,642.00 as computed by them since the difference of P1,000,000.00 pertains to the additional fees of Atty. Hicoblino Catly, and less the sum of P563,358.00 which they recognize as owing to defendant Ayala Land, Inc., out of the P20,000,000.00 provided for in the Amendatory Agreement dated 27 May 1997, and directing the said defendant to immediately pay and deliver the aforesaid amount of P14,936,642.00 to the herein original plaintiffs.

On the Motion for Reconsideration dated 29 December 2004 filed by Atty. Hicoblino Catly, the same is hereby DENIED for utter lack of merit.

SO ORDERED.[48]

Meanwhile, in the Resolution of December 3, 2008, the Court resolved, among others, to grant the motion to substitute Lourdes A. Catly, wife of Atty. Catly, as party petitioner in the present case, in view of the death of Atty. Catly on April 5, 2008, and to require the counsel for petitioner to comply anew with the Resolution dated March 10, 2008 by submitting the new addresses of the respondents, considering that according to the respondents' former counsel, Atty. Patrocinio S. Palanog, he is no longer the counsel of record of the respondents. In view of petitioner's manifestation, through counsel, that all efforts were exerted to locate the addresses of the respondents but to no avail, the Court issued a Resolution on June 8, 2009 dispensing with the filing by respondents of their comment on the petition for review on certiorari.

Hence, this present petition for review on certiorari.[49]

Petitioner anchors on the theory that the trial court, now presided by Judge Raul Bautista Villanueva, acted with grave abuse of discretion amounting to excess of jurisdiction, and that there is no appeal, or any plain, speedy and adequate remedy available in the ordinary course of law. Petitioner alleges that the trial court erred in reopening the judgment on compromise entered into by the parties, which was previously approved by the trial court's then Presiding Judge Florentino M. Alumbres, and already partially executed in its Separate Judgment dated July 22, 1997. Petitioner argues that said judgment has attained final and executory status as respondents did not appeal from the said judgment nor did they question the Amendatory Agreement dated May 27, 1997. Thus, petitioner prays that judgment be rendered by this Court setting aside the trial court's Decision dated December 13, 2004 which reduced the award of the additional attorney's fees to only P1,000,000.00, instead of P20,000,000.00; directing respondent ALI to immediately release the sum of P20,000,000.00 as additional attorney's fees of petitioner pursuant to the July 22, 1997 Separate Judgment; and enjoining the trial court from implementing its Order dated March 1, 2005 which denied petitioner's motion for reconsideration.

On the other hand, respondent ALI counters that petitioner's petition is improper and fatally defective, whether

treated as a petition for review on certiorari under Rule 45 of the Rules of Court or a petition for certiorari under Rule 65, as petitioner does not raise questions of law and that grave abuse of discretion is not an allowable ground under a Rule 45 petition. It avers that even if the petition is to be treated as one filed under Rule 65, the petition should be outrightly dismissed for being proscribed under the doctrine of hierarchy of courts, as the petition should have been filed first with the Court of Appeals, instead of filing it directly with this Court. Respondent ALI also argues that the trial court correctly reduced the petitioner's claim from P20,000,000.00 to P1,000,000.00 as additional attorney's fees, because the trial court can control or moderate the amount of attorney's fees to be claimed, especially if the same is found to be excessive and unreasonable.

I. Procedural misstep in filing the petition

Records show that on December 13, 2004, the trial court rendered a Decision finding that petitioner can execute judgment on the additional attorney's fees but only up to the extent of P1,000,000.00, not the entire amount of P20,000,000.00 as prayed for in his petition. Petitioner received a copy of the assailed decision on December 22, 2004. Petitioner moved for reconsideration on December 29, 2004, but the same was denied in the trial court's Order dated March 1, 2005. Petitioner received a copy of the challenged order on March 7, 2005. On March 17, 2005, instead of appealing the assailed decision and order of the trial court to the Court of Appeals via a notice of appeal under Section 2(a) of Rule 41 of the Rules, petitioner filed a petition for review on certiorari directly with this Court, stating that the trial court acted with grave abuse of discretion amounting to an excess of jurisdiction, and that there is no appeal, or any plain, speedy and adequate remedy available in the ordinary course of law.

This is a procedural misstep. Although denominated as petition for review on certiorari under Rule 45, petitioner, in questioning the decision and order of the trial court which were rendered in the exercise of its original jurisdiction, should have taken the appeal to the Court of Appeals within fifteen (15) days from notice of the trial court's March 1, 2005 Order, i.e., within 15 days counted from March 7, 2005 (date of receipt of the appealed order), or until March 22, 2005, by filing a notice of appeal with the trial court which rendered the decision and order appealed from and serving copies thereof upon the adverse party pursuant to Sections 2(a) and 3 of Rule 41. Clearly, when petitioner sought to assail the decision and order of the trial court, an appeal to the Court of Appeals was the adequate remedy which he should have availed of, instead of filing a petition directly with this Court.

Even if the petition will be treated as a petition for certiorari under Rule 65, the same should be dismissed. In *Madrigal Transport, Inc. v. Lapanday Holdings Corporation*,^[50] which has been often cited in subsequent cases,^[51] the Court declared that where appeal is available to the aggrieved party, the action for certiorari will not be entertained. Remedies of appeal (including petitions for review) and certiorari are mutually exclusive, not alternative or successive. Hence, certiorari is not and cannot be a substitute for an appeal, especially if one's own negligence or error in one's choice of remedy occasioned such loss or lapse. One of the requisites of certiorari is that there be no available appeal or any plain, speedy and adequate remedy. Where an appeal is available, certiorari will not prosper, even if the ground therefor is grave abuse of discretion.

Further, the petition should be denied for violation of hierarchy of courts as prior recourse should have been made to the Court of Appeals, instead of directly with this Court. A direct invocation of the Court's original jurisdiction to issue writs of certiorari should be allowed only when there are special and important reasons therefor, clearly and specifically set out in the petition. This is established policy. It is a policy that is necessary to prevent inordinate demands upon the Court's time and attention which are better devoted to those matters within its exclusive jurisdiction, and to prevent over-crowding of the Court's docket.^[52] As aptly pronounced in *Santiago v. Vasquez*,^[53] the observance of the hierarchy of courts should be respected as the Court will not entertain direct resort to it unless the redress desired cannot be obtained in the appropriate court. Thus,

One final observation. We discern in the proceedings in this case a propensity on the part of petitioner and, for that matter, the same may be said of a number of litigants who initiate recourses before us, to disregard the hierarchy of courts in our judicial system by seeking relief directly from this Court despite the fact that the same is available in the lower courts in the exercise of their original or concurrent jurisdiction, or is even mandated by law to be sought therein. This practice must be stopped, not only because of the imposition upon the precious time of this Court but also because of the inevitable and resultant delay, intended or otherwise, in the adjudication of the case which often has to be remanded or referred to the lower court as the proper forum under the rules of procedure, or as better equipped to resolve the issues since this Court is not a trier of facts. We, therefore, reiterate the judicial policy that this Court will not entertain direct resort to it unless the redress desired cannot be obtained in the appropriate courts or where exceptional and compelling circumstances justify availment of a remedy within and calling for the exercise of our primary jurisdiction.

On the contrary, the direct recourse to this Court as an exception to the rule on hierarchy of courts has been recognized because it was dictated by public welfare and the advancement of public policy, or demanded by the broader interest of justice, or the orders complained of were found to be patent nullities, or the appeal was considered as clearly an inappropriate remedy.^[54] Considering the merits of the present case, the Court sees the need to relax the iron clad policy of strict observance of the judicial hierarchy of courts and, thus, takes cognizance over the case. The trial court, in its Decisions dated December 1, 2004 and December 13, 2004 (per Presiding Judge Raul Bautista Villanueva), erred in *motu proprio* modifying the Separate Judgment dated July 22, 1997 (per Presiding Judge Florentino M. Alumbres) by reducing the entitlement of petitioner's additional attorney's fees from P20,000,000.00 to P1,000,000.00.

II. Merit of the petition

Petitioner insists that when the amendatory agreement was executed among petitioner, respondents, and respondent ALI and the same was submitted to the trial court for approval, the primordial consideration of the parties was to honor the 25% contingent attorney's fees agreement as provided in the retainer contract between the petitioner and his clients (herein respondents).

This argument has factual and legal bases as the trial court's dispositions, in its December 1, 2004 and December 13, 2004 Decision, are erroneous.

Records show that on May 13, 1997, respondents (including therein plaintiffs) and respondent ALI executed a MOA whereby they agreed to transfer to respondent ALI their rights of ownership over the subject property for a consideration of P120,000,000.00, with a stipulation therein that the amount of P10,000,000.00, representing attorney's fees of petitioner, shall be deducted from the amount of P120,000,000.00. Then, the parties filed a Joint Motion for Judgment Based on Compromise dated May 13, 1997. On May 27, 1997, petitioner, respondents, and respondent ALI executed an Amendatory Agreement incorporating a provision that, in addition to the P10,000,000.00 attorney's fees, petitioner would also be entitled to the amount of P20,000,000.00 as additional attorney's fees, or a total amount of P30,000,000.00, subject to the trial court's approval. In the Separate Judgment dated July 22, 1997, the trial court (through Judge Florentino M. Alumbres) approved the parties' Joint Motion for Judgment Based on Compromise dated May 13, 1997 as the terms and conditions set forth under the Amendatory Agreement was found to be freely agreed upon and not contrary to law, morals, public order and public policy, and directed respondent ALI to immediately release the amount of P20,000,000.00 in favor of petitioner as his additional attorney's fees. On July 28, 1997, petitioner filed an Ex-Parte Motion to Issue Writ for Execution of Judgment alleging that the Separate Judgment dated July 22, 1997 was immediately executory as there was no appeal from such judgment; that said judgment was rendered in accordance with a compromise agreement, denominated as amendatory agreement, which was signed by the parties, with the assistance of their respective counsels, and approved by the trial court; and that a writ be issued for the immediate execution of the said

separate judgment. However, the execution of the judgment did not come to fruition as this Court (Third Division), in G.R. No. 127079,[55] promulgated a Decision on May 7, 2004 ordering the remand of the case to the trial court to determine with dispatch whether the award of P30,000,000.00 as petitioner's total attorney's fees would be appropriate.

Said case, G.R. No. 127079, pointed out that with the execution of the May 13, 1997 MOA or compromise agreement and the May 27, 1997 Amendatory Agreement, the parties resolved to settle their differences and put an end to the litigation, and the trial court (per Presiding Judge Florentino M. Alumbres) had rendered the July 22, 1997 Separate Judgment approving the said Amendatory Agreement. It also explained that with the Separate Judgment of the trial court approving the parties' Amendatory Agreement, therein respondent ALI's petition was denied for being moot and academic. The reason why the Court ordered the remand of the case to the trial court was for the purpose of resolving with dispatch the propriety of petitioner's attorney's fees of P30,000,000.00 which was being assailed by the parties.

On December 1, 2004, instead of conducting a hearing to determine the appropriate amount of attorney's fees that petitioner should be entitled to, the trial court (per Judge Raul Bautista Villanueva) rendered a Decision stating that it approved the parties' Joint Motion for Judgment Based on Compromise dated May 13, 1997, dismissed therein intervenors' complaints-in-intervention, and directed respondents to pay respondent ALI the amount of P563,358.00 by way of attorney's fees to be taken from the second tranche payment and deducted from their pro-rata share. It provided that with the approval of the parties' Joint Motion for Judgment Based on Compromise dated May 13, 1997, there exists no hindrance to the execution of the said compromise agreement. It stated that the said motion reflected the true, valid, and lawful terms of settlement agreed upon by the parties pursuant to the MOA and the amendatory agreement. Later, on December 13, 2004, the trial court (through Presiding Judge Raul Bautista Villanueva), acting on petitioner's claim for additional P20,000,000.00 attorney's fees in his Ex-Parte Motion to Issue Writ for Execution of Judgment dated July 28, 1997 and Ex-Parte Manifestation and Motion dated May 31, 2004, rendered a Decision stating that petitioner can execute judgment only up to the amount of P1,000,000.00, not the entire P20,000,000.00.

The said Decisions are erroneous. The trial court misrepresented certain facts by making it appear that the approval of the parties' Joint Motion for Judgment Based on Compromise dated May 13, 1997 was a pending incident that needs to be resolved so as to define the rights of the parties and, thus, proceeded to include it in its Decision dated December 1, 2004. The ruling that it approved the same was a surplusage and inaccurate. There was no need for the trial court to include in its disposition that it approved the parties' Joint Motion for Judgment Based on Compromise precisely because the same has been earlier approved in the Separate Judgment dated July 22, 1997.

It bears stressing that the Decision dated May 7, 2004 of the Court, in G.R. No. 127079, expressly acknowledged the existence of the compromise agreement among the parties, designated as MOA and, later, the amendatory agreement, and also the validity of their Joint Motion for Judgment Based on Compromise which it gave judicial imprimatur. It mentioned that as to petitioner's attorney's fees of P30,000,000.00, while it was the amount they agreed upon in their MOA and amendatory agreement; however, they are now contesting its reasonableness. Respondent ALI opposed petitioner's motion to execute the compromise judgment on the ground that his attorney's fees was excessive and unconscionable, while respondents filed with this Court a motion for the issuance of a temporary restraining order to enjoin the trial court from granting petitioner's motion. We declared in said G.R. No. 127079 that the issue of whether or not petitioner's claim for attorney's fees is reasonable should be resolved by the trial court. Consequently, We denied respondent ALI's petition for being moot and remanded the case to the trial court for the purpose of resolving with dispatch the propriety of petitioner's attorney's fees of

P30,000,000.00 which was being assailed by both parties.

Clearly, in G.R. No. 127079, the Court ordered the trial court to resolve the issue of whether petitioner should be entitled to the entire amount of P30,000,000.00 (the sum of P10,000,000.00 was already received by the petitioner, plus the claim of the additional amount of P20,000,000.00). This directive necessarily requires the duty of the trial court (through Judge Raul Bautista Villanueva) to determine the appropriate amount of additional attorney's fees to be awarded to petitioner, whether it should be the entire amount of P20,000,000.00 (as claimed by petitioner) or a reduced amount (as claimed by respondent ALI). If to the mind of the trial court, despite the Separate Judgment dated July 22, 1997 (per Judge Florentino M. Alumbres) directing respondent ALI to release the amount of P20,000,000.00 as additional attorney's fees of petitioner, the said amount appears to be unreasonable, then it should have forthwith conducted a hearing with dispatch to resolve the issue of the reasonable amount of attorney's fees on quantum meruit basis and, accordingly, modify the said Separate Judgment dated July 22, 1997 to be incorporated in the Decision dated December 1, 2004. This is in consonance with the ruling in *Roldan v. Court of Appeals*[56] which states:

As a basic premise, the contention of petitioners that this Court may alter, modify or change even an admittedly valid stipulation between the parties regarding attorney's fees is conceded. The high standards of the legal profession as prescribed by law and the Canons of Professional Ethics regulate if not limit the lawyer's freedom in fixing his professional fees. The moment he takes his oath, ready to undertake his duties first, as a practitioner in the exercise of his profession, and second, as an officer of the court in the administration of justice, the lawyer submits himself to the authority of the court. It becomes axiomatic therefore, that power to determine the reasonableness or the unconscionable character of attorney's fees stipulated by the parties is a matter falling within the regulatory prerogative of the courts (*Panay Electric Co., Inc. v. Court of Appeals*, 119 SCRA 456 [1982]; *De Santos v. City of Manila*, 45 SCRA 409 [1972]; *Rolando v. Luz*, 34 SCRA 337 [1970]; *Cruz v. Court of Industrial Relations*, 8 SCRA 826 [1963]). And this Court has consistently ruled that even with the presence of an agreement between the parties, the court may nevertheless reduce attorney's fees though fixed in the contract when the amount thereof appears to be unconscionable or unreasonable (*Borcena v. Intermediate Appellate Court*, 147 SCRA 111 [1987]; *Mutual Paper Inc. v. Eastern Scott Paper Co.*, 110 SCRA 481 [1981]; *Gorospe v. Gochango*, 106 Phil. 425 [1959]; *Turner v. Casabar*, 65 Phil. 490 [1938]; *F.M. Yap Tico & Co. v. Alejano*, 53 Phil. 986 [1929]). For the law recognizes the validity of stipulations included in documents such as negotiable instruments and mortgages with respect to attorney's fees in the form of penalty provided that they are not unreasonable or unconscionable (*Philippine Engineering Co. vs. Green*, 48 Phil. 466). (Italics supplied)

The principle of quantum meruit (as much as he deserves) may be a basis for determining the reasonable amount of attorney's fees. Quantum meruit is a device to prevent undue enrichment based on the equitable postulate that it is unjust for a person to retain benefit without paying for it. It is applicable even if there was a formal written contract for attorney's fees as long as the agreed fee was found by the court to be unconscionable. In fixing a reasonable compensation for the services rendered by a lawyer on the basis of quantum meruit, factors such as the time spent, and extent of services rendered; novelty and difficulty of the questions involved; importance of the subject matter; skill demanded; probability of losing other employment as a result of acceptance of the proffered case; customary charges for similar services; amount involved in the controversy and the benefits resulting to the client; certainty of compensation; character of employment; and professional standing of the lawyer, may be considered.[57] Indubitably entwined with a lawyer's duty to charge only reasonable fee is the power of the Court to reduce the amount of attorney's fees if the same is excessive and unconscionable in relation to Sec. 24, Rule 138 of the Rules. Attorney's fees are unconscionable if they affront one's sense of justice, decency or unreasonableness.[58]

Verily, the determination of the amount of reasonable attorney's fees requires the presentation of evidence and a

full-blown trial.[59] It would be only after due hearing and evaluation of the evidence presented by the parties that the trial court can render judgment as to the propriety of the amount to be awarded. The Decision dated December 1, 2004 did not mention that there was a hearing conducted or that the parties were required to appear before the trial court or that they submitted pleadings with regard to the issue of reasonableness of the petitioner's attorney's fees. The important thing that the trial court missed out is the fact that what is suspended is merely the execution of the Separate Judgment dated July 22, 1997, pending the determination of the propriety of the petitioner's attorney's fees. The Decision in G.R. No. 127079 should never be construed as authorizing the trial court to amend or modify what the parties have set forth in their compromise agreement (in the MOA and Amendatory Agreement), which was duly approved in the Separate Judgment dated July 22, 1997.

What petitioner sought in his earlier pleadings, i.e., Ex-Parte Motion to Issue Writ for Execution of Judgment dated July 28, 1997 and Ex-Parte Manifestation and Motion dated May 31, 2004, was the execution and implementation of the July 22, 1997 Separate Judgment (per Judge Florentino M. Alumbres) which declared that in view of the terms and conditions agreed upon by the parties under the Amendatory Agreement dated May 27, 1997, respondent ALI is directed to immediately release the sum of P20,000,000.00 in favor of the petitioner as his attorney's fees.

The Court is surprised with the trial court's Decision dated December 13, 2004 justifying the reduction of attorney's fees by stating that to allow petitioner to get the total sum of P30,000,000.00 would be downright unfair, especially since the settlement price of P119,995,630.46 was not entirely allocated to his clients. The trial court should have taken the principle of quantum meruit with regard to engagement of petitioner as respondents' counsel vis-à-vis the concept of compromise agreement entered into by the parties. The amicable settlement of P120,000,000.00 was paid not only to the 8 respondents, collectively referred to in the amendatory agreement as "Heads of the Families" (who had signed a contract engaging petitioner as their counsel), but also to 66 other individuals (who had no written contract with petitioner, but was assisted by the petitioner in the execution of the MOA and the Joint Motion for Judgment Based on Compromise). The respondents, designated as "Heads of the Families," represented all the heirs in the case. There was no need for the trial court, in its Decision dated December 1, 2004, to enumerate individually the heirs being represented by herein respondents. Petitioner actively represented the 8 respondents in their pleadings and other proceedings with the trial court as stipulated in their Contract for Legal and Other Valuable Services,[60] dated September 3, 1993, which stated that the 8 respondents engaged petitioner to be their counsel in connection with the 32 hectare land located at Barangay Pugad Lawin, Las Piñas; that the said parcel of land, covered by TCT No. T-5332, was occupied by Las Piñas Ventures, Inc.; that the 8 respondents agreed to institute legal action for annulment of TCT No. T-5332 and recovery of possession with damages against Las Piñas Ventures, Inc.; and that for and in consideration of the legal services rendered by petitioner, the 8 respondents shall, in proportion to their respective shares, contribute 25% of the total area recovered from Las Piñas Ventures, Inc. or its equivalent in cash upon successful termination of court litigation; and that all litigation expenses shall be on the account of the petitioner's law firm. Hence, what bothers this Court is the failure of the trial court to hear the parties, so as to render judgment based on the outcome of the hearing and confirm the reasonableness of the attorney's fees in favor of petitioner.

WHEREFORE, the petition is GRANTED. The Decisions dated December 1, 2004 and December 13, 2004 and the Order dated March 1, 2005 of the Regional Trial Court, Branch 255, Las Piñas City, in Civil Case No. 93-3094, are REVERSED and SET ASIDE. The case is REMANDED to the trial court which shall forthwith conduct hearings with dispatch to resolve the issue of the amount of reasonable attorney's fees, on quantum meruit basis, that petitioner Hicoblino M. Catly, now deceased and substituted by his wife, Lourdes A. Catly, would be entitled to.

SO ORDERED.

Corona, (Chairperson), Velasco, Jr., Nachura and Mendoza, JJ., concur.

- [1] Per Judge Raul Bautista Villanueva, rollo, pp. 69-76.
- [2] Id. at 20-26.
- [3] Records, Vol. I, pp. 1-4.
- [4] Id. at 64-65.
- [5] Id. at 67-70.
- [6] Id. at 71-82.
- [7] Id. at 83-84.
- [8] Id. at 146.
- [9] Id. at 149-150, 151-155.
- [10] Id. at 223-224.
- [11] Id. at 365-367.
- [12] Id. at 244-262.
- [13] Id. at 417.
- [14] Id. at 420-432.
- [15] LRC Case No. 976, entitled Eduardo C. Guico v. Jose T. Velasquez, Sr., per Judge Nicolas P. Lapeña, Jr., RTC, Branch 167, Pasig, id. at 15-26.
- [16] Per Judge Alfredo O. Flores, id. at 141-143.
- [17] Records, Vol. I, pp. 485-489, 497-506.
- [18] Id. at 490-492.
- [19] Id. at 580-585.
- [20] Id. at 600.
- [21] Id. at 602-613.
- [22] Id. at 635.
- [23] Records, Vol. II, pp. 646-691.
- [24] Records, Vol. VI, pp. 2871-2882.
- [25] Id. at 2875-2877.
- [26] Records, Vol. II, pp. 1115-1125.
- [27] Id. at 1070-1072.

[28] Id. at 1074-1075.

[29] Id. at 1076.

[30] Id. at 1126.

[31] Id. at 1131.

[32] Id. at 1241-1244.

[33] Id. at 1254-1255.

[34] Id. at 1276-1280.

[35] Records, Vol. III, pp. 1316-1318.

[36] Id. at 1552-1556 (Complaint-in-Intervention); records, Vol. IV, pp. 1908-1910 (Amended Complaint-in-Intervention); records, Vol. V, pp. 2375-2381 (New Amended Complaint-in-Intervention).

[37] Records, Vol. III, pp. 1621-1625.

[38] Records, Vol. V, pp. 2295-2298.

[39] Records, Vol. IV, pp. 1808-1821, 1823-1827, 1870-1883; records, vol. VI, pp. 2794-2799.

[40] Records, Vol. IV, pp. 1981-1988, 2328-2330.

[41] Article 2028 of the New Civil Code provides:

Art. 2028. A compromise is a contract whereby the parties, by making reciprocal concessions, avoid a litigation or put an end to one already commenced.

[42] G.R. No. 126745, July 26, 1999, 311 SCRA 143, 154-155, citing *Domingo v. Court of Appeals*, 255 SCRA 189 (1996); *National Electrification Administration v. Court of Appeals*, 280 SCRA 199 (1997); and Article 2037 of the New Civil Code.

[43] G.R. Nos. L-32097-98, March 30, 1979, 89 SCRA 207, 219, citing *Socorro v. Ortiz*, 12 SCRA 641 (1964).

[44] G.R. No. 131136, February 28, 2001, 353 SCRA 94, 105, citing *Heirs of Pascasio Uriate v. Court of Appeals*, 284 SCRA 511, 517 (1998); *Cheng v. Genato*, 300 SCRA 469, 480 (1998).

[45] G.R. No. 127079, 428 SCRA 361, 366-368 (Some citations omitted). (Emphasis supplied.)

[46] Rollo, pp. 48-52, 58, 67-68.

[47] Id. at 74-76.

[48] Id. at 24-26.

[49] Id. at 3-18.

[50] 459 Phil. 768 (2004).

[51] *San Miguel Bukid Homeowners Association, Inc.*, herein represented by its President, Mr. Evelio Barata v. *The City of Mandaluyong*, represented by the Hon. Mayor Benjamin Abalos, Jr, A.F. Calma General Construction, represented by its President, Armengo F. Calma, G.R. No. 153653, October 2, 2009; *Sarsaba v. Vda. de Te*, G.R. No. 175910, July 30, 2009, 594 SCRA 410; *National Power Corporation v. Laohoo*, G.R. No. 151973, July 23, 2009, 593 SCRA 564; *Ocampo v. Court of Appeals (Former Second Division)*, G.R. No.

150334, March 20, 2009, 582 SCRA 43; *Vios v. Pantangco*, G.R. No. 163103, February 6, 2009, 578 SCRA 129; *Mahinay v. Court of Appeals*, G.R. No. 152457, April 30, 2008, 553 SCRA 171; *Dael v. Beltran*, G.R. No. 156470, April 30, 2008, 553 SCRA 182; *Tagle v. Equitable PCI Bank*, G.R. No. 172299, April 22, 2008, 552 SCRA 424.

[52] *People v. Cuaresma*, G.R. No. 67787, April 18, 1989, 172 SCRA 415, 424.

[53] G.R. Nos. 99289-90, January 27, 1993, 217 SCRA 633, 651-652.

[54] *Spouses Chua v. Ang*, G.R. No. 156164, September 4, 2009, 598 SCRA 229; *Chong v. Dela Cruz*, G.R. No. 184948, July 21, 2009, 593 SCRA 311.

[55] *Supra* note 45.

[56] G.R. No. 97006, February 9, 1993, 218 SCRA 713, 717, citing *Radiowealth Finance Co., Inc. v. International Corporate Bank*, 182 SCRA 862 (1990).

[57] *Orocio v. Anguluan*, G.R. Nos. 179892-93, January 30, 2009, 577 SCRA 531, 551-552.

[58] *Roxas v. De Zuzuarregui, Jr.*, G.R. No. 152072, January 31, 2006, 481 SCRA 258.

[59] *Jose Feliciano Loy, Jr. v. San Miguel Corporation Employees Union-Philippine Transport and General Workers Organization (SMCEU-PTGWO)*, as represented by its President Ma. Pilar B. Aquino and *San Miguel Corporation Credit Cooperative, Inc.* as represented by its President Daniel Borbon, G.R. No. 164886, November 24, 2009.

[60] *Supra* note 23, at 1074-1075.

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