

## SECOND DIVISION

[ G.R. No. 217004, April 17, 2017 ]

**RAMON R. VILLARAMA, PETITIONER, VS. ATTY. CLODUALDO C. DE JESUS, RESPONDENT.**

### DECISION

**PERALTA, J.:**

Before this Court is the Petition for Review on *Certiorari* under Rule 45 of the Rules of Court dated, April 20, 2015, of petitioner Ramon R. Villarama that seeks to reverse and set aside the Decision<sup>[1]</sup> dated March 31, 2014 and the Resolution<sup>[2]</sup> dated February 18, 2015 of the Court of Appeals (CA) reversing the Decision<sup>[3]</sup> dated May 25, 2011 of the Regional Trial Court (RTC), Branch 100, Quezon City in a case for collection of sum of money with damages.

The facts follow.

Respondent Atty. Clodualdo De Jesus (*Atty. De Jesus*) and petitioner, sometime in October 1996, entered into a contract denominated as "Contract for Legal Services" and "Professional Fees" wherein it was agreed upon that Atty. De Jesus shall render legal services for petitioner in order for the latter to take full possession of a property located at No. 19 Jose Escaler St., Loyola Heights, Quezon City and the titling of the same property under petitioner's name; thus, under the heading, "Scope of Legal Work," it reads:

1.1 The main objective in this case is to see to it that the property involved in this case (a parcel of land located at #19 Jose Escaler St., Loyola Heights, Quezon City, with an area of 1,754 square meters) shall remain in the possession and be titled under the name of the Client.<sup>[4]</sup>

The contract also provides for a provision on Success Fee which reads as follows:

2.3 Success Fee:

In the event Client is successful in retaining possession and having said property titled under the name of the Client, Counsel shall be paid ONE MILLION (1,000,000.00) PESOS.<sup>[5]</sup>

Thereafter, in conformance to the contract, Atty. De Jesus handled eight (8) cases that involved petitioner in relation to the property mentioned in the contract.

To be clear, the subject property was formerly registered in the name of petitioner's sister, Rita Reyes, and her husband Marcial Reyes. The property was then sold to Crisantomas Guno. Prudential Bank lent Guno some amount as partial payment for the purchase of the subject property secured by a mortgage of the same property. After Guno failed to pay the loan, the same property was foreclosed by Prudential

Bank; thus, the 8 cases handled by Atty. De Jesus stemmed from such premise.

While acting as lawyer for petitioner, Atty. De Jesus was able to obtain a favorable judgment by having the Decision of the Metropolitan Trial Court (*MeTC*) of Quezon City in Civil Case No, 43-12872 reversed by the RTC of Quezon City, Branch 85 in Civil Case No. 43-12872. Petitioner has also retained, and is still enjoying, the possession of the said property. Atty. De Jesus was also able to obtain favorable decision for petitioner when the RTC of Makati City declared him to be the owner of the subject property to the extent of 70%, the remaining 30% of which was adjudged in favor of Prudential Bank.

As such, Atty. De Jesus claims that the first condition for the payment of the success fee, petitioner's retention of possession, had been fulfilled. Thus, Atty. De Jesus was able to pave the way for the partial fulfillment of the second condition to the extent of 70% of the property. According to Atty. De Jesus, what remains to be titled is only the 30% portion of the property from Prudential Bank. Hence, Atty. De Jesus feels that he is entitled to claim the success fee provided under the contract for legal services.

Subsequently, Atty. De Jesus stopped rendering legal services to petitioner after the former drafted the letter offer dated November 30, 2005 stating that petitioner is offering to buy Prudential Bank's ownership of the 30% portion of the subject property. Atty. De Jesus further made a formal demand for petitioner to settle at least 50% of the P1,000,000.00 stipulated in the contract as success fee.

Petitioner, on the other hand, claims that he has not paid the success fee because one condition for the payment thereof - the property being titled to his name has not yet been fulfilled. According to petitioner, he cannot yet transfer the title of the subject property to his name because there are pending cases initiated by the Spouses Guno that involves the same property. Petitioner also avers that there is a Decision of the RTC of Quezon City, Branch 95, in Civil Case No. Q-52422 annulling Prudential Bank's title over the property and ordering the reinstatement thereof to the Spouses Guno. The said decision has already been affirmed by this Court and attained its finality. However, petitioner still paid Atty. De Jesus the amount of P100,000.00 after the latter made a demand.

Thus, Atty. De Jesus filed a complaint for the collection of sum of money with damages with the RTC of Quezon City and, on May 25, 2011, the said court found in favor of petitioner. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, the complaint is hereby ordered dismissed for lack of cause of action and prematurity. Likewise dismissed is the defendant's claim for attorney's fees, moral damages and exemplary damages.

SO ORDERED.<sup>[6]</sup>

Atty. De Jesus elevated the case to the CA and, on March 31, 2014, the CA reversed and set aside the Decision of the RTC, thus:

WHEREFORE, in view of the foregoing premises, the Appeal is PARTIALLY GRANTED. Accordingly, the Decision dated May 25, 2011 of the Regional

Trial Court of Quezon City, Branch 100 in Civil Case No. Q-06-57463 is hereby ANNULLED AND SET ASIDE and a new one is entered declaring Atty. Clodualdo C. De Jesus entitled to fifty percent (50%) of the success fee as stated in the Contract of Legal Services or FIVE HUNDRED THOUSAND (Php500,000.00) PESOS. The amount of ONE HUNDRED THOUSAND PESOS (Php100,000.00) earlier paid to him by Ramon R. Villarama as advanced payment is ordered deducted therefrom.

SO ORDERED.<sup>[7]</sup>

His motion for reconsideration having been denied by the CA, petitioner thus filed the present petition with this Court raising the following Issues:

A. Whether the Court of Appeals is correct in holding that the respondent is discharged from fulfilling the second condition for the entitlement of the P1,000,000.00 success fee because the same has been rendered legally impossible due to the final decision annulling Prudential Bank's title to the subject property.

B. Whether respondent is entitled to fifty percent (50%) of the success fee less the P100,000.00 previously paid by the petitioner to respondent.

<sup>[8]</sup>

Petitioner argues that the CA is not correct in discharging Atty. De Jesus from fulfilling the second condition for the entitlement of the P1,000,000.00 success fee because there is no legal impossibility for the transfer of title to the property to petitioner. The CA, in its Decision, ruled that due to the facts of the case and the attendant circumstances, the happening of the second condition was jeopardized, placed beyond performance, became legally impossible and manifestly difficult to perform. Petitioner, however, claims that there were still several remedies that Atty. De Jesus could have utilized in order to meet the second condition but the latter had given up and abandoned such task. As such, according to petitioner, Atty. De Jesus is not entitled to fifty (50%) of the success fee less the P100,000.00 previously paid by petitioner.

In his Comment<sup>[9]</sup> dated September 11, 2015, Atty. De Jesus contends that while it is true that there was no legal impossibility to have the title of the property transferred to petitioner, it was petitioner upon the advice of his counsel who refused to pay the value of the 30% equity of the property in the amount of P1,325,000.00. Thus, the second condition is deemed fulfilled because petitioner voluntarily prevented its fulfillment. Atty. De Jesus further asserts that it was only him who secured for petitioner permanent possession of the property and paved the way for petitioner to get a complete title by merely paying the 30% equity of the property.

The Rules of Court require that only questions of law should be raised in petitions filed under Rule 45.<sup>[10]</sup> This Court is not a trier of facts. It will not entertain questions of fact as the factual findings of the appellate courts are "final, binding[,], or conclusive on the parties and upon this [c]ourt"<sup>[11]</sup> when supported by substantial evidence.<sup>[12]</sup> Factual findings of the appellate courts will not be reviewed nor disturbed on appeal to this Court.<sup>[13]</sup>

In *Cheesman v. Intermediate Appellate Court*,<sup>[14]</sup> this Court distinguished questions of law from questions of fact, thus:

As distinguished from a question of law-which exists "when the doubt or difference arises as to what the law is on a certain state of facts" - "there is a question of fact when the doubt or difference arises as to the truth or the falsehood of alleged facts;" or when the "query necessarily invites calibration of the whole evidence considering mainly the credibility of witnesses, existence and relevancy of specific surrounding circumstances, their relation to each other and to the whole and the probabilities of the situation."<sup>[15]</sup>

However, these rules do admit of exceptions.<sup>[16]</sup> Over time, the exceptions to these rules have expanded. At present, there are 10 recognized exceptions that were first listed in *Medina v. Mayor Asistio, Jr.*:<sup>[17]</sup>

(1) When the conclusion is a finding grounded entirely on speculation, surmises or conjectures; (2) When the inference made is manifestly mistaken, absurd or impossible; (3) Where there is a grave abuse of discretion; (4) When the judgment is based on a misapprehension of facts; (5) When the findings of fact are conflicting; (6) When the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) The findings of the Court of Appeals are contrary to those of the trial court; (8) When the findings of fact are conclusions without citation of specific evidence on which they are based; (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record.<sup>[18]</sup>

In the present case, the findings of facts of the RTC and the CA are apparently in contrast, hence, this Court deems it proper to rule on the issues raised in the petition.

After careful consideration, this Court finds the petition unmeritorious.

The payment of the success fee, as contained in the Contract for Legal Services, is dependent on the fulfillment of two conditions, namely: 1) petitioner retaining possession of the subject property, and 2) the property being titled under the name of petitioner. Clearly, this falls under a contingent fee contract. In *The Conjugal Partnership of the Spouses Cadavedo v. Lacaya*,<sup>[19]</sup> this Court defined a contingent fee contract as "an agreement in writing where the fee, often a fixed percentage of what may be recovered in the action, is made to depend upon the success of the litigation. Contingent fee contracts are permitted in this jurisdiction because they redound to the benefit of the poor client and the lawyer "especially in cases where the client has meritorious cause of action, but no means with which to pay for legal services unless he can, with the sanction of law, make a contract for a contingent fee to be paid out of the proceeds of litigation. Oftentimes, the contingent fee arrangement is the only means by which the poor clients can have their rights vindicated and upheld." Further, such contracts are sanctioned by Canon 13 of the

In this case, it is beyond dispute that the first condition stipulated in the Contract for Legal Services, through the services of Atty. De Jesus, petitioner was able to retain possession of the subject property. The second condition, the transfer of title of the property under the name of petitioner, however, is yet to be fulfilled. According to the CA, the second condition has been rendered legally impossible to fulfill or considered manifestly difficult to perform, thus:

With respect to the second condition, however, the trial court's assessment is that the same is yet to be fulfilled and Atty. De Jesus' claim is premature. We disagree.

The facts of the case reveal that the second condition has been rendered legally impossible to fulfill or considered manifestly difficult to perform. The trial court failed to take into consideration the manifestation in Villarama's evidence particularly Exhibit "4" which states that:

On 1 December 1987, [Crisantomas Guno] and his wife filed the complaint for nullification of defendant Bank's title due to defect in foreclosure proceedings, entitled 'Spouses Crisantomas and Carmelita Guno vs. Prudential Bank and Trust Company docketed as Civil Case No. Q-52422 in the Regional Trial Court Branch 95 of Quezon City. On 18 October 1991, the RTC rendered a Decision annulling defendant Bank's Title and ordering the reinstatement of the spouses Guno's title. The RTC Decision was affirmed on appeal by the Supreme Court and became final and executory on 11 March 1997. This the Decision which [Crisantomas Guno] seeks to enforce in this action.

It must also be noted that when the terms of the agreement was drafted in 1996, the prevailing circumstance then was that the 30% portion of the property was titled in the name of Prudential Bank. Later, however, spouses Guno was able to obtain a final and favourable judgment in 1997 ordering the cancellation of Prudential Bank's title. Spouses Guno has yet to implement said Decision. Thus, the previous understanding that after Atty. De Jesus shall have ensured the ownership of Villarama over the 70% portion of the property and the latter shall buy the remaining 30% of said property from the bank so that Atty. De Jesus can now have it fully titled to Villarama's name was also rendered legally impossible because of the final Decision annulling Prudential Bank's title to the subject property.

Accordingly, under the foregoing subsequent circumstances, the happening of the second condition was jeopardized and placed beyond performance because of these intervening legal developments. Had the trial court been more circumspect and receptive of the present factual circumstances it would have considered that our laws on contract admit certain exceptions in order to discharge the obligor from fulfilling the condition when said condition is rendered beyond performance or it has become so difficult to perform.