

FIRST DIVISION

[A.C. No. 9091, December 11, 2013]

CONCHITA A. BALTAZAR, ROLANDO SAN PEDRO, ALICIA EULALIO-RAMOS, SOLEDAD A. FAJARDO AND ENCARNACION A. FERNANDEZ, COMPLAINANTS, VS. ATTY. JUAN B. BAÑEZ, JR., RESPONDENT.

RESOLUTION

SERENO, C.J.:

Complainants are the owners of three parcels of land located in Dinalupihan, Bataan.^[1] On 4 September 2002, they entered into an agreement with Gerry R. Fevidal (Fevidal), a subdivision developer. In that agreement, they stood to be paid P35,000,000 for all the lots that would be sold in the subdivision.^[2] For that purpose, they executed a Special Power of Attorney authorizing Fevidal to enter into all agreements concerning the parcels of land and to sign those agreements on their behalf.^[3]

Fevidal did not update complainants about the status of the subdivision project and failed to account for the titles to the subdivided land.^[4] Complainants also found that he had sold a number of parcels to third parties, but that he did not turn the proceeds over to them. Neither were complainants invited to the ceremonial opening of the subdivision project.^[5] Thus, on 23 August 2005, they revoked the Special Power of Attorney they had previously executed in his favor.^[6]

Complainants subsequently agreed to settle with Fevidal for the amount of P10,000,000, but the latter again failed to pay them.^[7] Complainants engaged the professional services of respondent for the purpose of assisting them in the preparation of a settlement agreement.^[8] Instead of drafting a written settlement, respondent encouraged them to institute actions against Fevidal in order to recover their properties.

Complainants then signed a contract of legal services,^[9] in which it was agreed that they would not pay acceptance and appearance fees to respondent, but that the docket fees would instead be shared by the parties. Under the contract, complainants would pay respondent 50% of whatever would be recovered of the properties.

In preparation for the filing of an action against Fevidal, respondent prepared and notarized an Affidavit of Adverse Claim, seeking to annotate the claim of complainants to at least 195 titles in the possession of Fevidal.^[10] A certain Luzviminda Andrade (Andrade) was tasked to submit the Affidavit of Adverse Claim to the Register of Deeds of Bataan.^[11] The costs for the annotation of the adverse

claim were paid by respondent. Unknown to him, the adverse claim was held in abeyance, because Fevidal got wind of it and convinced complainants to agree to another settlement.^[12]

Meanwhile, on behalf of complainants, and after sending Fevidal a demand letter dated 10 July 2006, respondent filed a complaint for annulment, cancellation and revalidation of titles, and damages against Fevidal before the Regional Trial Court (RTC) of Bataan on 13 October 2006.^[13]

Complainants found it hard to wait for the outcome of the action. Thus, they terminated the services of respondent on 8 June 2007, withdrew their complaint against Fevidal on 9 June 2007, and finalized their amicable settlement with him on 5 July 2007.^[14]

Respondent filed a Manifestation and Opposition^[15] dated 20 July 2007 before the RTC, alleging that the termination of his services and withdrawal of the complaint had been done with the intent of defrauding counsel. On the same date, he filed a Motion for Recording of Attorney's Charging Lien in the Records of the Above-Captioned Cases.^[16] When the RTC granted the withdrawal of the complaint,^[17] he filed a Manifestation and Motion for Reconsideration.^[18]

After an exchange of pleadings between respondent and Fevidal, with the latter denying the former's allegation of collusion,^[19] complainants sought the suspension/disbarment of respondent through a Complaint^[20] filed before the Integrated Bar of the Philippines (IBP) on 14 November 2007. Complainants alleged that they were uneducated and underprivileged, and could not taste the fruits of their properties because the disposition thereof was "now clothed with legal problems" brought about by respondent.^[21] In their complaint, they alleged that respondent had violated Canons 1.01,^[22] 1.03,^[23] 1.04,^[24] 12.02,^[25] 15.05,^[26] 18.04,^[27] and 20.04^[28] of the Code of Professional Responsibility.

On 14 August 2008, the IBP Commission on Bar Discipline adopted and approved the Report and Recommendation^[29] of the investigating commissioner. It suspended respondent from the practice of law for a period of one year for entering into a champertous agreement.^[30] On 26 June 2011, it denied his motion for reconsideration.

On 26 November 2012, this Court noted the Indorsement of the IBP Commission on Bar Discipline, as well as respondent's second motion for reconsideration.

We find that respondent did not violate any of the canons cited by complainants. In fact, we have reason to believe that complainants only filed the instant complaint against him at the prodding of Fevidal.

Respondent cannot be faulted for advising complainants to file an action against Fevidal to recover their properties, instead of agreeing to a settlement of P10,000,000 – a measly amount compared to that in the original agreement, under which Fevidal undertook to pay complainants the amount of P35,000,000. Lawyers have a sworn duty and responsibility to protect the interest of any prospective client

and pursue the ends of justice.^[31] Any lawyer worth his salt would advise complainants against the abuses of Fevidal under the circumstances, and we cannot countenance an administrative complaint against a lawyer only because he performed a duty imposed on him by his oath.

The claim of complainants that they were not informed of the status of the case is more appropriately laid at their door rather than at that of respondent. He was never informed that they had held in abeyance the filing of the adverse claim. Neither was he informed of the brewing amicable settlement between complainants and Fevidal. We also find it very hard to believe that while complainants received various amounts as loans from respondent from August 2006 to June 2007,^[32] they could not spare even a few minutes to ask about the status of the case. We shall discuss this more below.

As regards the claim that respondent refused to “patch up” with Fevidal despite the pleas of complainants, we note the latter’s *Sinumpaang Salaysay* dated 24 September 2007, in which they admitted that they could not convince Fevidal to meet with respondent to agree to a settlement.^[33]

Finally, complainants apparently refer to the motion of respondent for the recording of his attorney’s charging lien as the “legal problem” preventing them from enjoying the fruits of their property.

Section 26, Rule 138 of the Rules of Court allows an attorney to intervene in a case to protect his rights concerning the payment of his compensation. According to the discretion of the court, the attorney shall have a lien upon all judgments for the payment of money rendered in a case in which his services have been retained by the client.

We recently upheld the right of counsel to intervene in proceedings for the recording of their charging lien. In *Malvar v. KFPI*,^[34] we granted counsel’s motion to intervene in the case after petitioner therein terminated his services without justifiable cause. Furthermore, after finding that petitioner and respondent had colluded in order to deprive counsel of his fees, we ordered the parties to jointly and severally pay counsel the stipulated contingent fees.

Thus, the determination of whether respondent is entitled to the charging lien is based on the discretion of the court before which the lien is presented. The compensation of lawyers for professional services rendered is subject to the supervision of the court, not only to guarantee that the fees they charge remain reasonable and commensurate with the services they have actually rendered, but to maintain the dignity and integrity of the legal profession as well.^[35] In any case, an attorney is entitled to be paid reasonable compensation for his services.^[36] That he had pursued its payment in the appropriate venue does not make him liable for disciplinary action.

Notwithstanding the foregoing, respondent is not without fault. Indeed, we find that the contract for legal services he has executed with complainants is in the nature of a champertous contract – an agreement whereby an attorney undertakes to pay the expenses of the proceedings to enforce the client’s rights in exchange for some