

THIRD DIVISION

[G.R. NO. 127520, February 09, 2007]

**AURORA FE B. CAMACHO, PETITIONER, VS. COURT OF APPEALS
AND ANGELINO BANZON, RESPONDENTS.,**

DECISION

CALLEJO, SR., J.:

This is a Petition for Review on *Certiorari* of the Decision^[1] of the Court of Appeals (CA) in CA-G.R. CV No. 41268 affirming with modification the Decision^[2] of the Regional Trial Court (RTC) of Balanga, Bataan, Branch 1.

The Antecedents

Camacho was the owner of Lot 261, a 7.5-hectare parcel of land situated in Balanga, Bataan and covered by Transfer Certificate of Title No. T-10,185.

On July 14, 1968, Camacho and respondent Atty. Angelino Banzon entered into a contract for legal services denominated as a "Contract of Attorney's Fee."^[3] The agreement is worded as follows:

KNOW ALL MEN BY THESE PRESENTS:

That we, Aurora B. Camacho, widow, of legal age and resident of Balanga, Bataan, and Angelino M. Banzon, have agreed on the following:

That I, Aurora B. Camacho is the registered owner of Lot No. 261 Balanga Cadastre, has secured the legal services of Atty. Angelino M. Banzon to perform the following:

1. To negotiate with the Municipal Government of Balanga so that the above-mentioned lot shall be the site of the proposed Balanga Public Market;
2. To sell 1200 sq. m. for the sum of TWENTY- FOUR THOUSAND PESOS (P24,000.00) right at the Market Site;
3. And to perform all the legal phase incidental to this work.

That for and in consideration of this undertaking, I bind myself to pay Atty. Angelino M. Banzon FIVE THOUSAND SQUARE METERS (5000) of the said lot, for which in no case I shall not be responsible for payment of income taxes in relation hereto, this area located also at market site.

That I, Angelino M. Banzon, is willing to undertake the above-enumerated undertaking.

WITNESS our hands this 14 of July, 1968, in Balanga, Bataan.

(Signed)
ANGELINO M. BANZON

(Signed)
AURORA B. CAMACHO

Pursuant to the agreement, Atty. Banzon, on even date, sent a letter-proposal^[4] to the municipal council offering three sites for the proposed public market which included Lot 261. Still on the same date, Camacho executed a Special Power of Attorney^[5] giving Atty. Banzon the authority to execute and sign for her behalf a Deed of Donation transferring a 17,000-sq-m portion of Lot 261 to the municipal government of Balanga, Bataan. The Deed of Donation was executed, which was later accepted by the local government unit in Municipal Resolution No. 127.^[6]

Silvestre Tuazon had been an agricultural tenant in Lot 261 since World War II. On August 22, 1968, Tuazon and Camacho entered into an "Agreement with Voluntary Surrender"^[7] where Tuazon voluntarily surrendered his right as a tenant of the landholding. Despite the agreement, however, Tuazon plowed a portion of the lot and planted *palay* without Camacho's consent. Since Tuazon refused to vacate the premises, Camacho and the Municipality of Balanga, through then Acting Mayor Victor Y. Baluyot, filed a complaint^[8] for forcible entry on November 18, 1969 before the Municipal Trial Court (MTC) of Balanga, Bataan. The complaint was docketed as Civil Case No. 424. The case was eventually decided in favor of the plaintiffs and Tuazon was ordered to vacate the lot. On appeal to the RTC, trial *de novo* ensued, in view of the absence of the transcript of stenographic notes of the proceedings before the MTC. The RTC issued a preliminary mandatory injunction ordering Tuazon to "discontinue entering the subject premises until further orders of the court."^[9]

On September 1, 1973, the plaintiffs, through Atty. Banzon, and Tuazon entered into an "Agreement to Stay Court Order."^[10] Under the agreement, Tuazon was allowed to cultivate specific portions of the property as indicated in a sketch plan which the parties prepared, and to use the market's water supply to irrigate his plants within the lot subject to the market's preferential rights. The parties also contracted that "the agreement shall in no way affect the merits of Civil Case No. 3512 and CAR Case No. 520-B'73; and that no part shall be construed as impliedly creating new tenancy relationship."

On December 6, 1973, Camacho filed a Manifestation^[11] in Civil Case No. 3512 declaring that she had terminated the services of Atty. Banzon and had retained the services of new counsel, Atty. Victor De La Serna.

On December 17, 1973, Atty. Banzon filed a Complaint-in-Intervention^[12] in Civil Case No. 3512. He alleged that Camacho had engaged his services as counsel in CAR Case No. 59 B'65 (where a favorable decision was rendered) and in Civil Case No. 3512. Under the Contract of Attorney's Fee which they had both signed, Camacho would compensate him with a 5,000-sq-m portion of Lot 261 in case he succeeds in negotiating with the Municipality of Balanga in transferring the projected new public market which had been set for construction at the Doña Francisca Subdivision, all legal requirements having been approved by a municipal resolution,

the Development Bank of the Philippines, and the National Urban Planning Commission. Atty. Banzon further claimed that as a consequence of the seven cases filed by/against Camacho, she further bound herself orally to give him a 1,000-sq-m portion of Lot 261 as attorney's fee. He had also acquired from Camacho by purchase an 80-sq-m portion of the subject lot as evidenced by a Provisional Deed of Sale^[13] and from third parties an 800-sq-m portion. He further declared that his requests for Camacho to deliver the portions of the subject lot remained unheeded, and that of the seven cases^[14] he had handled for Camacho, four had been decided in her favor while three are pending. Atty. Banzon thus prayed for the following relief:

1. Ordering the ejectment of Defendant Silvestre Tuazon, in so far as (6880) square meters is concerned, INTERVENOR'S claim over Lot 261;
2. The First Cause of Action, ordering the Plaintiff Aurora B. Camacho to deliver (5000) square meters as per Annex "A"; EIGHTY square meters as per Annex "C"; EIGHT HUNDRED (800) square meters which the INTERVENOR purchased from third parties;
3. On the Second Cause of Action, ordering the Plaintiff Aurora B. Camacho to pay the sum of P8,820.00, corresponding to the lease rental of (5880) square meters a month, counted from July, 1973, until the same is delivered to the INTERVENOR;
4. On the Third Cause of Action, ordering the Plaintiff Aurora B. Camacho to deliver (1000) square meters, as attorney's fee in handling seven (7) cases;
5. Ordering the Plaintiff Aurora B. Camacho and Defendant Silvestre Tuazon to pay jointly and severally, the sum of P5,000.00 for attorney's fee for legal services to the INTERVENOR; cost and litigation expenses of P1,000. until the case is terminated.
6. To grant such relief, just and equitable in the premises.^[15]

Camacho opposed^[16] Atty. Banzon's motion on the ground that the admission of the complaint-in-intervention would merely serve to delay the case. She also claimed that his interest could be fully ventilated in a separate case for recovery of property or for damages.

On April 5, 1974, the RTC granted^[17] the motion and subsequently admitted the complaint-in-intervention.

On December 31, 1973, Atty. Banzon and Tuazon entered into the following amicable settlement:

1. That for and in consideration of the sum of TWO THOUSAND PESOS (P2,000.00), Philippine currency, which have been received from the INTERVENOR and acknowledged to have been received by the Defendant Silvestre Tuazon, the latter hereby acknowledges, waives his defenses against the claim of the INTERVENOR ANGELINO M.

BANZON over a portion of Lot No. 261, portion of the lot in question, to the extent of SIX THOUSAND EIGHT HUNDRED EIGHTY (6880) SQUARE METERS as claimed and contained in the COMPLAINT IN INTERVENTION and to give effect to this AMICABLE SETTLEMENT hereby surrenders the actual possession of the said portion, subject to the approval of this Hon. Court, in favor of the INTERVENOR;

2. That the herein parties to this AMICABLE SETTLEMENT waive and renounce whatever rights or claims, including future claims that each may have against each other;
3. That the parties herein bind themselves to comply with the conditions of the foregoing settlement;
4. That the foregoing AMICABLE SETTLEMENT was realized and achieved between the herein parties, thru the prior intercession of the Defendant's counsel Atty. Narciso V. Cruz, Jr.

WHEREFORE, it is respectfully prayed that the foregoing AMICABLE SETTLEMENT be approved and made as the basis of this Hon. Court's decision between the herein INTERVENOR and DEFENDANT Silvestre Tuazon.^[18]

In Answer^[19] to the complaint-in-intervention, Camacho denied that she solicited the services of Atty. Banzon to facilitate the transfer of the site of the proposed public market; in fact, it was Atty. Banzon who approached and convinced her to donate a portion of the lot to the municipality of Balanga. He assured her that the municipality of Balanga planned to relocate the public market and was scouting for a new location. He also told her that her lot appeared to be the most ideal location, and that he would take care of all the legal problems.

Camacho admitted, however, that she signed the Contract of Attorney's Fee but only upon the request of Atty. Banzon. He told her that the document would be shown to the municipal councilors "for formality's sake" to prove his authority to act for and in behalf of Camacho. It was never intended to bind her to pay attorney's fees.^[20] She further denied that she agreed to give to Atty. Banzon 1,000 sq m for handling the seven cases; they never discussed attorney's fees. The cases stemmed from his assurance that he would take care of any legal problem resulting from the donation of her property. She was not even a party in some of the cases cited by Atty. Banzon.^[21] Lastly, she denied that he had made demands to deliver the mentioned portions of the property.^[22]

In his Reply,^[23] Atty. Banzon countered that the Balanga Municipal Council Resolution No. 128 transferring the market site to Camacho's property was enacted precisely because of his letter-proposal^[24] to the municipal council.

On August 14, 1977, Camacho and Tuazon entered into a Compromise Agreement,^[25] whereby Camacho agreed to transfer a 1,000-sq-m portion of Lot 261-B in favor of Tuazon; for his part, Tuazon moved to dismiss Civil Case No. 3805 and to remove all the improvements outside the portion of the property which Camacho had agreed

to convey to him. Thus, the RTC rendered a partial decision^[26] approving the compromise agreement.

On September 12, 1978, Camacho filed a Motion to Dismiss^[27] the Complaint-in-Intervention filed by Atty. Banzon on the ground that the jurisdiction of the court to try the case ceased to exist because the principal action had been terminated. The RTC denied the motion in its Order^[28] dated March 16, 1979. It held that Atty. Banzon had an interest over the subject property which he had to protect and that the compromise agreement between Camacho and Tuazon did not include him. Moreover, the dismissal of the intervention would not achieve its purpose of avoiding multiplicity of suits. The propriety of the denial of Camacho's motion to dismiss was finally settled by this Court in *Camacho v. Court of Appeals*^[29] where this Court affirmed the denial of the motion.

After trial on the merits, the RTC rendered a Decision^[30] on September 1, 1992 in favor of Atty. Banzon. The *fallo* reads:

ACCORDINGLY, judgment is hereby rendered:

1. Ordering plaintiff Aurora B. Camacho under the Contract of Attorney's Fees, [to deliver] 5000 square meters of the subject landholding, Lot 261-B-1, covered by Transfer Certificate of Title No. T-76357, or any other derivative sublots of the original Lot 261-B;
2. Declaring the dismissal of said intervenor from the case at bar as unjustified;
3. Ordering said plaintiff to pay and deliver to said intervenor 1000 square meters of the property in question, Lot 261-B-1 or any other derivative sublots of the original Lot 261-B in case of deficiency, for legal services rendered in seven (7) cases;
4. Directing said plaintiff to deliver to said intervenor, under a Provisional Deed of Sale, 80 square meters of the subject property, Lot 261-B-1 or any other derivative sublots of the original Lot 261 in case of deficiency, after payment of the balance of the purchase price;
5. Ordering said plaintiff to execute the corresponding Deed of Sale in favor of said intervenor for the aforesaid 80 square meters;
6. Condemning said plaintiff to pay moral damages to said intervenor in the amount of P100,000.00; attorney's fees in the sum of P30,000.00; and the costs of the suit.

SO ORDERED.^[31]

According to the RTC, Camacho had indeed read the contract and freely affixed her signature thereon. Applying the provisions of Section 7 (now section 9), Rule 130^[32] of the Rules of Court, it concluded that the terms of the contract were embodied in the document itself. Moreover, Camacho did not bother to pay for all