

THIRD DIVISION

[G.R. No. 167988, February 06, 2007]

MA. CONCEPCION L. REGALADO, PETITIONER, VS. ANTONIO S. GO, RESPONDENT.

D E C I S I O N

CHICO-NAZARIO, J.:

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, of the Resolution^[1] dated 30 August 2004 of the Court of Appeals, finding petitioner Ma. Concepcion L. Regalado (Atty. Regalado) guilty of indirect contempt. Likewise assailed in this petition is the Resolution^[2] denying her Motion for Reconsideration. The dispositive portion of the Resolution reads:

WHEREFORE, Atty. Ma. Concepcion Regalado of De Borja Medialdea Bello Guevarra and Gerodias Law Offices is declared GUILTY of INDIRECT CONTEMPT and is ordered to pay a fine of Five Thousand Pesos (P5,000), with a STERN WARNING that a repetition of the same or similar acts in the future will be dealt with more severely. The imposed fine should be paid to this Court upon finality hereof.

Let a copy of this resolution be furnished the Bar Confidant (sic), the Integrated Bar of the Philippines and the Court Administrator for investigation and possible administrative sanction.^[3]

The present controversy stemmed from the complaint of illegal dismissal filed before the Labor Arbiter by herein respondent Antonio S. Go against Eurotech Hair Systems, Inc. (EHSI), and its President Lutz Kunack and General Manager Jose E. Barin.

In a Decision^[4] dated 29 December 2000, the Labor Arbiter ruled that respondent Go was illegally dismissed from employment, the decretal portion of which reads:

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

1. Declaring [EHSI, Kunack and Barin] guilty of illegal dismissal;
2. Considering that reinstatement would not be feasible because of strained relations, [EHSI, Kunack and Barin] are ordered to pay [herein respondent Go] backwages in the amount of Php900,000.00 (Php60,000 x 15 months), separation pay of Php180,000.00 (one month pay for every year of service = Php60,000 x 3 years);
3. Ordering [EHSI, Kunack and Barin] to pay [respondent Go] Php500,000.00 as moral damages;

4. Ordering [EHSI, Kunack and Barin] to pay [respondent Go] Php300,000 as exemplary damages;

5. Ordering the payment of ten percent (10%) of the total monetary award as attorney's fees in the sum of Php188,000.00.

All other claims are hereby dismissed for lack of merit.

On appeal to the National Labor Relations Commission (NLRC), EHSI, Kunack and Barin employed the legal services of De Borja Medialdea Bello Guevarra and Gerodias Law Offices where herein petitioner Atty. Regalado worked as an associate.
[5]

On 11 June 2001, the NLRC rendered a Decision^[6] reversing the Labor Arbiter's decision and declaring that respondent Go's separation from employment was legal for it was attended by a just cause and was validly effected by EHSI, Kunack and Barin. The dispositive part of the decision reads:

WHEREFORE, the appealed decision is set aside. The complaint below is dismissed for being without merit.

For lack of patent or palpable error, the Motion for Reconsideration interposed by respondent Go was denied by the NLRC in an Order^[7] dated 20 December 2001.

Aggrieved, respondent Go elevated the adverse decision to the Court of Appeals which was docketed as CA-G.R. SP No. 69909 entitled, *Antonio S. Go v. National Labor Relations Commission, Eurotech Hair Systems, Inc., Lutz Kunack and Jose Barin*.

On 9 July 2003, the Court of Appeals promulgated a Decision^[8] setting aside the ruling of the NLRC and reinstating the decision of the Labor Arbiter adjudging EHSI, Kunack and Barin guilty of illegal dismissal. The appellate court thus ordered EHSI, Kunack and Barin to pay respondent Go full backwages, separation pay, moral and exemplary damages. The *fallo* of the decision reads:

WHEREFORE, the petition for certiorari is GRANTED. The assailed decision of the NLRC promulgated on July 30, 2001 and its Order dated December 20, 2001 are SET ASIDE while the decision of Labor Arbiter Waldo Emerson R. Gan dated December 29, 2000 declaring the dismissal of [herein respondent Go] as illegal is hereby REINSTATED with the modification that [EHSI] is hereby Ordered to pay [respondent Go]:

1. His full backwages from the time of his illegal dismissal until the finality of this decision;
2. Separation pay equal to one month pay for every year of service;
3. Moral damages in the amount of P50,000.00; and
4. Exemplary damages in the amount of P20,000.00

The award of attorney's fees is DELETED.

EHSI, Kunack and Barin were able to receive a copy of the decision through registered mail on 17 July 2003 while respondent Go received his copy on 21 July 2003.^[9]

On 16 July 2003, after the promulgation of the Court of Appeals decision but prior to the receipt of the parties of their respective copies, the parties decided to settle the case and signed a Release Waiver and Quitclaim^[10] with the approval of the Labor Arbiter. In view of the amicable settlement, the Labor Arbiter, on the same day, issued an Order^[11] dismissing the illegal dismissal case with prejudice. The order thus reads:

In view of the Release, Waiver and Quitclaim voluntarily executed by the [herein respondent] Antonio S. Go, let the instant case be as it is hereby DISMISSED WITH PREJUDICE.

The execution of the compromise agreement was attended by the counsel for EHSI, Kunack and Barin, petitioner Atty. Regalado, and respondent Go, but in the absence and without the knowledge of respondent Go's lawyer.^[12]

After the receipt of a copy of the Court of Appeals decision, respondent Go, through counsel, filed, on 29 July 2003, a Manifestation with Omnibus Motion^[13] seeking to nullify the Release Waiver and Quitclaim dated 16 July 2003 on the ground of fraud, mistake or undue influence. In the same motion, respondent Go, through counsel, moved that petitioner Atty. Regalado be made to explain her unethical conduct for directly negotiating with respondent Go without the knowledge of his counsel. The motion thus prays:

WHEREFORE, premises considered, it is most respectfully prayed for the Honorable Court to declare Null and Void the dismissal of the instant (sic), with prejudice, by Labor (sic) Waldo Emerson Gan, as well as the Release Waiver and Quitclaim dated July 16, 2003 signed by [herein respondent Go] for having been obtained through mistake, fraud or undue influence committed by [EHSI, Kunack and Barin] and their counsels (sic).

It is likewise prayed for [EHSI, Kunack and Barin's] counsel, particularly Atty. Ma. Concepcion Regalado, to be required to explain why no disciplinary action should be taken against them (sic) for their (sic), unethical conduct of directly negotiating with [respondent Go] without the presence of undersigned counsel, and for submitting the Release, Waiver and Quitclaim before Labor Arbiter Waldo Emerson Gan knowing fully well that the controversy between [respondent Go] and [EHSI] is still pending before this Honorable Court.

[Respondent Go] likewise prays for such other relief [as may be] just and equitable under the premises.^[14]

For their part, EHSI, Kunack and Barin submitted a Manifestation and Motion with Leave of Court^[15] praying that CA-G.R. SP No. 69909 be considered settled with finality in view of the amicable settlement among the parties which resulted in the dismissal of respondent Go's complaint with prejudice in the Labor Arbiter's Order

dated 16 July 2003.

In addition, EHSI, Kunack and Barin also filed a Motion for Reconsideration^[16] with an *ad cautelam* that in case of unfavorable action on their foregoing Manifestation and Motion, the appellate court should reconsider its decision dated 9 July 2003.

Acting on the motions, the appellate court issued a Resolution^[17] on 19 November 2003 annulling the Order of the Labor Arbiter dated 16 July 2003 for lack of jurisdiction. It also denied for lack of merit EHSI, Kunack and Barin's Motion for Reconsideration *Ad Cautelam*. In the same resolution, petitioner Atty. Regalado was ordered to explain why she should not be cited for contempt of court for violating Canon 9 of the Canons of Professional Ethics. The decretal portion of the Resolution reads:

WHEREFORE, premises considered, the Manifestation with Omnibus Motion is PARTIALLY GRANTED. The order of Labor Arbiter Gan dismissing the case with prejudice is hereby declared NULL and VOID for lack of jurisdiction. [EHSI, Kunack and Barin's] counsel, [herein petitioner] Atty. Ma. Concepcion Regalado is ordered to SHOW CAUSE within five (5) days from receipt of this Resolution why she should not be cited for contempt of court for directly negotiating with [herein respondent Go] in violation of Canon 9 of the Canons of Professional Ethics. On the other hand, the Motion for Reconsideration *Ad Cautelam* is hereby denied for lack of merit.

EHSI, Kunack and Barin thus filed a Petition for Review on *Certiorari* before this Court, assailing the Court of Appeals decision promulgated on 9 July 2003 and its Resolution dated 19 November 2003, denying their Motion for Reconsideration. The case is cognized by another division of this Court.

For her part, petitioner Atty. Regalado submitted a Compliance^[18] and explained that she never took part in the negotiation for the amicable settlement of the illegal dismissal case with respondent Go which led to the execution of a compromise agreement by the parties on 16 July 2003. EHSI, Kunack and Barin, through a Mr. Ragay, a former EHSI employee and a close ally of respondent Go, were the ones who negotiated the settlement.

Further, petitioner Atty. Regalado maintained that she never met personally respondent Go, not until 16 July 2003, when the latter appeared before the Labor Arbiter for the execution of the Release Waiver and Quitclaim. Petitioner Atty. Regalado claimed that she was in fact apprehensive to release the money to respondent Go because the latter cannot present any valid identification card to prove his identity. It was only upon the assurance of Labor Arbiter Gan that Antonio S. Go and the person representing himself as such were one and the same, that the execution of the agreement was consummated.

Considering the circumstances, petitioner Atty. Regalado firmly stood that there was no way that she had directly dealt with respondent Go, to the latter's damage and prejudice, and misled him to enter into an amicable settlement with her client.

On 30 August 2004, the Court of Appeals issued a Resolution^[19] disregarding petitioner Atty. Regalado's defenses and adjudging her guilty of indirect contempt

under Rule 71 of the Revised Rules of Court. As declared by the appellate court, even granting *arguendo* that petitioner Atty. Regalado did not participate in the negotiation process, she was nonetheless under the obligation to restrain her clients from doing acts that she herself was prohibited to perform as mandated by Canon 16 of the Canons of Professional Ethics. However, instead of preventing her clients from negotiating with respondent Go who was unassisted by his counsel, Atty. Regalado actively participated in the consummation of the compromise agreement by dealing directly with respondent Go and allowing him to sign the Release Waiver and Quitclaim without his lawyer.

Undaunted, petitioner Atty. Regalado filed a Motion for Reconsideration which was also denied by the appellate court for lack of merit.^[20]

Hence, this instant Petition for Review on Certiorari,^[21] raising the following issues:

I.

WHETHER OR NOT THE COURT OF APPEALS COMPLETELY VIOLATED PETITIONER'S CONSTITUTIONAL RIGHTS.

II.

WHETHER OR NOT THE COURT OF APPEALS TOTALLY DISREGARDED THE MANDATORY PROVISION OF RULE 71 OF THE 1997 RULES OF CIVIL PROCEDURE.

III.

WHETHER OR NOT THE COURT OF APPEALS COMMITTED A MANIFEST ERROR OF LAW IN RULING THAT PETITIONER IS ESTOPPED FROM CHALLENGING ITS AUTHORITY TO ENTERTAIN THE CONTEMPT CHARGES AGAINST HER.

IV.

WHETHER OR NOT THE COURT OF APPEALS ACTED WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN DISREGARDING THE OVERWHELMING EVIDENCE ON RECORD TO EFFECT THAT PETITIONER DID NOT COMMIT ANY CONTUMACIOUS CONDUCT.

V.

WHETHER OR NOT THE COURT OF APPEALS ACTED WITH GRAVE ABUSE OF DISCRETION AND COMMITTED A GROSS MISAPPRECIATION OF FACTS IN FINDING THE PETITIONER GUILTY OF INDIRECT CONTEMPT ON THE BASIS OF THE CONFLICTING, UNCORROBORATED, AND UNVERIFIED ASSERTIONS OF THE RESPONDENT.

Considering that the issues raised herein are both questions of law and fact, and consistent with our policy that this Court is not a trier of facts, we shall address only the pure questions of law and leave the factual issues, which are supported by evidence, as found by the appellate court. It is an oft-repeated principle that in the