

SECOND DIVISION

[A.C. No. 6289, December 16, 2004]

**JULIAN MALONSO, COMPLAINANT, VS. ATTY. PETE PRINCIPE,
RESPONDENT.**

D E C I S I O N

TINGA, J.:

The duty of courts is not alone to see that lawyers act in a proper and lawful manner; it is also their duty to see that lawyers are paid their just and lawful fees. Certainly, no one, not even the Court can deny them that right; there is no law that authorizes them to do so.^[1]

In a *Complaint*^[2] for disbarment dated 6 June 2001 filed before the Integrated Bar of the Philippines (IBP), Julian Malonso claimed that Atty. Pete Principe, without any authority entered his appearance as Malonso's counsel in the expropriation proceedings initiated by the National Power Corporation (NAPOCOR). In addition, he complained that Atty. Principe, after illegally representing him in the said case, claimed forty (40%) of the selling price of his land to the NAPOCOR by way of attorney's fees and, further, in a *Motion to Intervene*, claimed to be a co-owner of Malonso's property.^[3]

In his *Motion to Intervene*,^[4] respondent replied that the services of his law office, Principe Villano Villacorta and Clemente Law Offices, was engaged by Samahan ng mga Dadaanan at Maapektuhan ng NAPOCOR, Inc. (SANDAMA), through its President, Danilo Elfa, as embodied in the *Contract of Legal Services* executed on 01 April 1997.^[5] The Contract states in part:

The parties mutually agree one with the other as follows:

- I. SECOND PARTY engages the services of the FIRST PARTY as their lawyer of the collection, claim, and/ or payment of just compensation of its members with the NAPOCOR;
- II. FIRST PARTY accepts the engagement; both parties further agree on the following conditions:
 - A. Scope of Work - negotiation, legal documentation, attendance to court proceedings and other related activities;
 - B. Payment of Fees is on contingent basis. No acceptance fees, appearance and liaison fees;
 - C. The legal fees or payment to FIRST PARTY:

1. Forty (40%) Percent of the selling price between NAPOCOR and the SANDAMA members; this forty (40%) [percent] is the maximum rate and may be negotiated depending on the volume of work involved;

2. Legal Fees as stated above shall cover:

- i.) Attorney's Fees of FIRST PARTY;
- ii.) His representation expenses and commitment expenses;
- iii.) Miscellaneous Expenses, etc.

D. Both parties agree to exert their best efforts to increase or secure the best price from NAPOCOR.

Respondent claimed that complainant Malonso is a member of SANDAMA and that said member executed a special power of attorney^[6] in favor of Elfa, which served as the latter's authority to act in behalf of Malonso. In the document, Malonso authorized Elfa in the following manner:

Ako, si JULIAN M. MALONSO, nasa hustong gulang, may asawa, Pilipino at naninirahan sa 92 New York St. Cubao, Q.C., sa pamamagitan nito ay ITINATALAGA at BINIBIGYANG KAPANGYARIHAN si G. DANILO V. ELFA, nasa hustong gulang, may asawa, Pilipino at naninirahan sa 038 Dulong Bayan, San Jose del Monte, Bulacan, upang gumanap at umakda para sa akin/amin upang gumawa tulad ng mga sumusunod:

1. PANGASIWAAN, ISAAYOS at MAKIPAGKASUNDO (negotiate) para sa pagbebenta ng akin/aming lupa, sa National Power Corp. (NAPOCOR), na may Titulo Bilang T-229122, na nasasakupan ng Dulong Bayan, San Jose del Monte, Bulacan;
2. TUMAYONG KINATAWAN O REPRESENTANTE ko/naming saan man at ano man maging sa hukuman o alin man sa mga opisinal may kinalaman hinggil sa aming nabanggit na pagbebenta ng akin/aming lupa;
3. TUMANGGAP AT MAGSUMITE ng mga papeles na nauukol sa lupang nabanggit sa Bilang 1;
4. GUMANAP ng ano man sa inaakala ni G. DANILO V. ELFA na nararapat, matuwid at makabubuti para sa nabanggit sa Bilang 1;
5. NA sa pamamagitan ng kasunduan at kapasyahang ito ay binibigyan ng karapatan at kapangyarihang lumagda sa lahat ng papeles/dokumento si G. Danilo V. Elfa, ngunit sa isang pasubali na HINDI KAILAN MAN SIYA DAPAT AT WALA SIYANG KARAPATANG LUMAGDA S GANAP NA BENTAHAN (ABSOLUTE DEED OF SALE).

DITO'Y AKING IGINAGAWAD sa naturan naming kinatawan ang lahat ng karapatang kumilos at magsagawa upang isakatuparan ang kapangyarihang magbili sa bisa ng karapatang dito ay iginagawad sa kanya nang kahalintulad nang kung kami, sa ganang aming sarili ang

mismong nagsasagawa, at dito'y AMING PINAGTITIBAY ang lahat ng kanyang gawin na nasa aming naman ang lubos na karapatang siya ay palitan o bawiin ang Gawad na Karapatang ito.

In his *Reply*,^[7] Malonso reiterated that he did not authorize Elfa to act in his behalf, considering that while the *Contract of Legal Services* entered into by Atty. Principe and Elfa was dated 01 April 1997, the special power of attorney he executed bore a much later date, 27 November 1997. Moreover, he could not have authorized Elfa to hire a lawyer in his behalf since he already had his own lawyer in the person of Atty. Benjamin Mendoza.

To counter this argument, Atty. Principe commented that the agreement entered into by SANDAMA and his law firm is a continuing one and hence, Malonso was within the coverage of the contract even if he executed the special power of attorney on a later date. Likewise, as a member of SANDAMA, Malonso is bound to honor the organization's commitments.^[8]

The Court adopts the chronological order of events as found by the IBP Investigating Commissioner, Julio C. Elamparo:

In the early part of 1997, National Power Corp. (NPC for brevity) instituted expropriation proceedings against several lot owners in Bulacan including the complainant in this case.

On April 1, 1997, a "Contract of Legal Services" was entered into between the law firm "Principe Villano and Clemente Law Offices" and SANDAMA, Inc. (Samahan ng mga Dadaan at Maapektuhan ng National Power Corporation) represented by its President Danilo V. Elfa. SANDAMA is the organization of lot owners affected by the expropriation proceedings. Complainant is a member of this organization.

On November 27, 1997, complainant executed a "Kasulatan ng Pagbibigay Kapangyarihan" in favor of Danilo Elfa appointing the latter as the attorney-in-fact of the complainant on the matter of negotiation with the NPC.

On December 21, 1999, NPC's Board of Directors approved the amicable settlement of the expropriation cases by paying all the lot owners the total of **One Hundred Three Million Four Hundred Thirteen Thousand Two Hundred Pesos (P103,413,200.00)**.

More than two (2) years after the expropriation cases were instituted and while complainant was represented therein by Atty. Benjamin Mendoza, on January 18, 2000, respondent filed an "Ex-Parte Motion to Separate Legal Fees From Selling Price Between Plaintiffs and Defendants."

About ten days after respondent filed his motion to separate legal fees, respondent filed his "Notice of Entry of Appearance" (dated January 28, 2000) claiming that respondent is the legal counsel of the complainant, a defendant in said case.

On February 12, 2000, Sixty Nine (69) lot owners including the

complainant wrote a letter to NPC informing the latter that they have never authorized Mr. Danilo Elfa to hire the services of the respondent's law firm to represent them in the expropriation cases.

On February 17, 2000, complainant filed an "Opposition" to respondent's entry of appearance and motion to separate legal fees.

On March 7, 2000, respondent filed a "Notice of Attorney's Lien" claiming 40% of the selling price of the properties being expropriated by NPC.

On April 10, 2000, respondent filed a "Notice of Adverse Claim" before the Register of Deeds of Bulacan claiming 40% of the rights, title and interest of the lot owners over their lots being expropriated including that of complainant.

On November 20, 2000, respondent herein filed a Motion for Leave to Intervene in the expropriation case claiming to be a co-owner of the property being expropriated.

On February 26, 2001, respondent filed an Opposition to the Compromise Agreement submitted by the lot owners and NPC for court approval.

Because of the actions taken by the respondent, the execution of the decision approving the compromise agreement between the lot owners and the NPC was delayed.^[9]

The Report found that the *Contract of Legal Services* is between SANDAMA, a corporate being, and respondent's law firm. SANDAMA is not a party in all of the expropriation proceedings instituted by NAPOCOR, neither does it claim co-ownership of the properties being expropriated. Furthermore, the power of attorney was executed by Malonso in favor of Elfa and not SANDAMA, and that said power of attorney was executed after SANDAMA entered into the *Contract of Legal Services*. Thus, the Report concluded that the right of co-ownership could not be derived from the said documents.^[10]

Likewise, the Report noted that the right of legal representation could not be derived from the above-mentioned documents. A contract for legal services between a lawyer and his client is personal in nature and cannot be performed through intermediaries. Even Elfa, the attorney-in-fact of Malonso, was never authorized to engage legal counsels to represent the former in the expropriation proceedings. Moreover, SANDAMA is not a party litigant in the expropriation proceedings and thus Atty. Principe has no basis to interfere in the court proceeding involving its members.

The Investigating Commissioner concluded that from the evidence presented by both parties, Atty. Principe was guilty of misrepresentation. Atty. Principe was found to have violated Canon 3, Rule 3.01, Canon 10, Rule 10.01 and Rule 12.04.^[11] In representing himself as Malonso's and the other lot owners' legal counsel in the face of the latter's opposition, Atty. Principe was found to be guilty of gross or serious misconduct. Likewise, his act of falsely claiming to be the co-owner of properties being expropriated and his filing of several actions to frustrate the implementation

of the decision approving the compromise agreement make his conduct constitutive of malpractice. The Report recommended the penalty of two (2) years suspension from the practice of law. [12]

In its *Resolution*[13] dated 25 October 2003, the IBP Board of Governors ordained:

RESOLUTION NO. XVI-2003-241

CBD Case No. 01-848

Julian Malonso v.

Atty. Pete Principe

RESOLVED to ADOPT AND APPROVE, as it is hereby ADOPTED and APPROVED, the Report and Recommendation of the Investigating Commissioner of the above-entitled case, herein made part of this Resolution/Decision as Annex "A"; and, finding the recommendation fully supported by the evidence on record and the applicable laws and rules, **with modification**, and considering respondent's violation of Rule 3.01 of Canon 3, Rule 10.01 of Canon 10 and Rule 12.04 of Canon 12 of the Code of Professional Responsibility, Atty. Pedro Principe is hereby **SUSPENDED** from the practice of law for one (1) year.

In his *Appeal Memorandum*, [14] respondent claims that the Resolution No. XVI-2003-241 has no factual and legal basis, the complaint having been motivated by pure selfishness and greed, and the Resolution itself invalid for having failed to comply with Rule 139-B of the Rules of Court. [15] According to the respondent, the Investigating Commissioner continued to investigate the instant case despite the lapse of three months provided under Section 8 of Rule 139-B, without any extension granted by the Supreme Court. [16] Moreover, in the subsequent review made by the IBP Board of Governors, no actual voting took place but a mere consensus, and the required number of votes provided by the Rules was not secured considering that there were only five (5) governors present. [17] Respondent opines that the actions of the IBP Board were aimed at preventing him from pursuing his known intention to run for IBP National President. [18]

We find for the respondent.

It is the duty of the Supreme Court to see to it that a lawyer accounts for his behavior towards the court, his client, his peers in the profession and the public. However, the duty of the Court is not limited to disciplining those guilty of misconduct, but also to protecting the reputation of those wrongfully charged, much more, those wrongfully found guilty.

On the other hand, the IBP is aimed towards the elevation of the standards of the law profession, the improvement of the administration of justice, and the enabling of the Bar to discharge its public responsibility more effectively. [19] Despite its duty to police the ranks, the IBP is not exempt from the duty to "promote respect for the law and legal processes" and "to abstain from activities aimed at defiance of the law or at lessening confidence in the legal system." [20] Respect for law is gravely eroded when lawyers themselves, who are supposed to be minions of the law, engage in unlawful practices and cavalierly brush aside the very rules formulated for their