

Republic of the Philippines
Supreme Court
Manila

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SUPREME COURT OF THE PHILIPPINES
PUBLIC INFORMATION OFFICE

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REINARIO B. BIHAG, MATEO
CORTES, BENJAMIN CABATIC,
NASSROLLAH D. MONTUD,
TEDDY BERNALES, KARIM
MACAROMPAN, DONATO
CALICA, JR., CLAIRE
GREBERN ELUMIR, and EDGAR
DEMAVIVAS,

Complainants,

- versus -

A.C. No. 12880

Present:

GESMUNDO, C.J.,
PERLAS-BERNABE,
LEONEN,
CAGUIOA,
HERNANDO,*
CARANDANG,
LAZARO-JAVIER,
INTING,
ZALAMEDA,
LOPEZ, M.,
GAERLAN,
ROSARIO,
LOPEZ, J.,
DIMAAMPAO, and
MARQUEZ, JJ.

Promulgated:

ATTY. EDGARDO O. ERA,
Respondent.

November 23, 2021

X ----- [Signature] ----- X

DECISION

PER CURIAM:

Before this Court is a verified complaint for disbarment filed by members of the Lanao del Norte Electric Cooperative (*LANECO*), namely, Reinario B. Bihag (*Bihag*), Benjamin Cabatic, Claire Grebern Elumir, Nassrollah D. Montud, and former members of the Board of Directors of LANECO, namely, Mateo Cortes, Karim Macarompan, Donato Calica, Jr.,

* On official leave.

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Teddy Bernales, and Edgar Demavivas¹ (collectively, *complainants*) against Atty. Edgardo O. Era (*Atty. Era*), before the Integrated Bar of the Philippines (*IBP*).

Complainants alleged that sometime in 2008, LANECO engaged the services of Atty. Era to help challenge the legality of the 1993 Provincial Tax Revenue Code of Lanao del Norte (1993 Provincial Tax Code) under which LANECO was assessed real property and franchise taxes. At the time, Atty. Era was known only to Engineer Resnol Torres (*Engr. Torres*), LANECO's former General Manager.² The LANECO Board of Directors was impressed and convinced by Atty. Era's qualifications and expertise that they did not bother to go into the details of his engagement proposal.³ Consequently, Atty. Era prepared two board resolutions and an engagement contract to confirm his professional services, which entailed the filing and handling of two petitions, *i.e.*, a petition for declaratory relief and a petition for prohibition, to dispute the franchise tax and real property tax assessments, respectively, of the province of Lanao del Norte under the 1993 Provincial Tax Code.⁴

Later, complainants allegedly realized that Atty. Era needed to file only one petition instead of two, as evident from the dispositive portions of the respective trial court decisions, which both declared the 1993 Provincial Tax Code unconstitutional.⁵

Complainants moreover averred that after scrutinizing the engagement contract on a later date, they found that the terms and conditions thereof were grossly and patently onerous and prejudicial to LANECO, specifically with respect to Atty. Era's legal fees. Atty. Era charged an acceptance fee of ₱300,000.00 for the petition for declaratory relief and ₱700,000.00 for the petition for prohibition, with the payment of value-added tax to be shouldered by LANECO. He also charged a pre-success fee of ₱1,000,000.00 if the trial court will issue a preliminary injunction in the prohibition proceeding, and a success fee of 10% of the total amount of real property tax assessed by the provincial government of Lanao del Norte for a favorable judgment. Likewise, he charged a pre-success fee of ₱300,000.00, and a success fee of 10% of the total amount of franchise tax assessed and collected by the provincial government of Lanao del Norte, in case a favorable judgment be rendered in the declaratory relief proceeding. According to complainants, these fees were exorbitant and

¹ *Rollo*, p. 4.

² *Id.* at 459.

³ *Id.* at 6.

⁴ *Id.*

⁵ *Id.* at 11-12.

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onerous in light of LANECO's financial situation. It serves one of the poorest provinces of the country, which fact was made known to Atty. Era from the beginning.⁶

Complainants claimed that Atty. Era purposefully split the civil actions to justify his design to bleed LANECO of its meager financial resources.⁷ They also questioned the stipulation for success fees vis-à-vis the scope of Atty. Era's engagement, which was confined to mere trial court proceedings.⁸

When the Regional Trial Court of Lanao del Norte (*RTC-Lanao del Norte*) rendered a favorable decision in the petition for prohibition, Atty. Era informed LANECO that he is entitled to receive the stipulated success fee equivalent to 10% of the real property tax assessment of the province of Lanao del Norte in the amount of more than ₱150 Million. The LANECO Board of Directors subsequently passed a resolution approving Atty. Era's success fee computed at a discounted rate of 9%, instead of 10%, of ₱150 Million, after Atty. Era and Engr. Torres allegedly represented that the trial court decision had become final.⁹ LANECO then issued eight post-dated checks to Atty. Era in the aggregate amount of ₱13,306,333.10. This success fee is on top of the engagement fee amounting to ₱8,319,749.05, pre-success fees and other billed fees that LANECO previously paid to Atty. Era.¹⁰

Later, complainants purportedly learned that the real property tax actually assessed against LANECO amounted to only ₱31 Million, and said amount of tax due can still be reduced to ₱28 Million after negotiations with the provincial government of Lanao del Norte. They also found out that the cases had not yet been terminated in view of the appeal lodged by the province of Lanao del Norte. These circumstances, coupled with the fact that the National Electrification Administration (*NEA*) required an entry of judgment or certificate of finality of the cases handled by Atty. Era before approving his success fee, compelled the LANECO Board of Directors to issue Board Resolution No. 4, series of 2011, deferring the payment of success fees in favor of Atty. Era pending further investigation.¹¹

⁶ Id. at 9.

⁷ Id. at 461.

⁸ Id. at 13.

⁹ Id. at 14.

¹⁰ Id. at 15.

¹¹ Id. at 15-17.

Complainants maintained that Atty. Era and Engr. Torres altered the date of one of the checks issued to Atty. Era from "May 25, 2011" to "December 30, 2010," so that it will not be covered by Board Resolution No. 4 which was passed and approved on January 4, 2011. This scheme was discovered when the check was sent to complainant Bihag, who refused to countersign the alteration of the date.¹² Subsequently, a criminal complaint for falsification was filed against Engr. Torres. Frustrated about the deferment of the payment of his fees, Atty. Era wrote LANECO a letter requesting that the check be replaced, coupled with a threat that he would file cases against LANECO and its officers for estafa, violation of Batas Pambansa Blg. 22, and/or collection, plus damages.¹³

Unknown to LANECO, Atty. Era indeed filed a collection case against LANECO with the Regional Trial Court of Quezon City (*RTC-Quezon City*) involving two checks, one of which was the altered check. LANECO did not receive summons. Instead, the answer was allegedly prepared by Atty. Era and signed and verified by Engr. Torres without the authority and knowledge of the LANECO Board of Directors. Engr. Torres filed an answer admitting all the material allegations in the complaint, which led to a judgment based on compromise. A writ of execution was consequently issued, and LANECO's funds in the amount of ₱2 Million were garnished. It was only when the LANECO's funds were garnished that the Board of Directors learned of the collection case.¹⁴

LANECO subsequently filed a petition for annulment of the RTC-Quezon City decision before the Court of Appeals (*CA*). The CA granted the petition, noting the presence of extrinsic fraud perpetrated by Atty. Era in connivance with Engr. Torres. The CA decision, which attained finality, ordered Atty. Era to return the amount of ₱2 Million in garnished funds to LANECO.¹⁵

Later, the LANECO Board of Directors requested a copy of the engagement contract, but Engr. Torres turned down the request. Atty. Era, on the other hand, invoked privileged communication, and claimed that he will only deal with LANECO through Engr. Torres. Atty. Era continued his demand for payment of his supposed success fee and even threatened to file a case for syndicated estafa against the LANECO Board of Directors, as well as administrative, civil and criminal cases against the

¹² Id. at 462.

¹³ Id.

¹⁴ Id. at 19.

¹⁵ Id. at 20-21.

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members who signed the resolution deferring the payment of his fees.¹⁶

The LANECO Board of Directors afterwards passed and approved Board Resolution No. 57, series of 2011, which terminated the legal services of Atty. Era. Notwithstanding, Atty. Era refused to withdraw his appearance in the appealed case, and even filed a contempt charge against complainant Bihag, former President of LANECO, after the latter refused to recognize him as counsel pursuant to the aforementioned board resolution.¹⁷ The contempt charge was later on dismissed.¹⁸

Thereafter, Atty. Era filed another collection case against LANECO before the RTC-Quezon City, this time involving three other checks which were supposedly issued as part payments of his success fee, and which he claimed were based on the favorable judgment of the RTC-Lanao del Norte.¹⁹

The foregoing incidents prompted the filing of the instant complaint dated February 16, 2015 before the IBP, praying for the disbarment of Atty. Era and the striking of his name from the Roll of Attorneys.²⁰

The Commission on Bar Discipline (*CBD*) of the IBP required Atty. Era to submit his answer to the complaint²¹ and set the mandatory conference of the case on June 25, 2015.²² Only Atty. Era attended the mandatory conference, and during which occasion, he submitted his answer and mandatory conference brief. The *CBD* required him to furnish copies thereof to complainants before filing them.²³

In his Answer,²⁴ Atty. Era essentially alleged that his engagement proposal was duly presented to the LANECO Board of Directors for review and approval, and that they unanimously approved the same after deliberations. Hence, a perfected contract arose between him and LANECO.²⁵ In response to complainants' allegation that only one case should have been filed, Atty. Era argued that the remedies to question the assessments of real property and franchise taxes are separate and distinct. It was also allegedly discussed in a meeting with the LANECO Board of

¹⁶ Id. at 21.

¹⁷ Id. at 22.

¹⁸ Id. at 463.

¹⁹ Id. at 23.

²⁰ Id. at 26.

²¹ Id. at 388.

²² Id. at 392.

²³ Id. at 397.

²⁴ Id. at 398-411.

²⁵ Id. at 400.

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Directors that the estimated real property and franchise tax assessments against LANECO totaled ₱140 Million, and not ₱31 Million.²⁶ He averred that the amount of ₱31 Million was based on assessments that do not include all areas covered by LANECO, and contemplated a shorter period than the period in which the questioned 1993 Provincial Tax Code was effective.²⁷ Atty. Era contended that it was impossible for complainants to not know that his engagement was up to the trial court only, and insisted that he is entitled to a success fee which remained unpaid even after the RTC-Lanao del Norte had rendered decisions favorable to LANECO.²⁸

The CBD terminated the second mandatory conference scheduled on August 28, 2015 after complainants failed to appear. It also directed the parties to submit their respective verified position papers, and after which, the case shall be deemed submitted for report and recommendation.²⁹ Complainants filed their position paper³⁰ dated November 5, 2015. Atty. Era, on the otherhand, filed five (5) motions for extension of time to file a position paper but did not submit any.³¹

The CBD Investigating Commissioner, Dr. Jose I. De la Rama, Jr. (*Commissioner De la Rama*), rendered his Report and Recommendation dated April 13, 2018, recommending that Atty. Era be meted with the penalty of suspension from the practice of law for two years based on his deceitful and malicious conduct that were committed in violation of Rules 1.01, 1.02, and 1.03 of the Code of Professional Responsibility (*CPR*). Commissioner De la Rama discussed the grounds supporting his recommendation, as follows:

First, it is a form of fraudulent machination on the part of Atty. Era to make his client believe that he is entitled to a success fee pending appeal of the adverse party. With this, he exhibited deceitful conduct that is very unbecoming of a lawyer, and which constitutes a clear violation of Rule 1.01 of the CPR.³²

Moreover, the amount of success fee Atty. Era charged was grossly iniquitous.³³ He led the LANECO Board of Directors to believe that the basis of his success fee was more or less ₱140 Million when in fact it should only be ₱31 Million, which amount may even be reduced to ₱28

²⁶ Id.

²⁷ Id. at 405.

²⁸ Id. at 401.

²⁹ Id. at 415.

³⁰ Id. at 419-444.

³¹ Id. at 464.

³² Id. at 467.

³³ Id.

Million. Even assuming that the computation of the success fee should be based on ₱140 Million, the payment thereof to Atty. Era still lacks basis since the case has not yet attained finality. While Atty. Era has a right to recover just fees for his services, he has no right to deceive his client in recovering them. He had been untruthful in dealing with his client, and contravened Canon 15 of the CPR.³⁴

Second, the 1993 Provincial Tax Code could have been assailed in one initiatory pleading. Atty. Era's filing of two separate special civil actions involving real property tax and franchise tax, respectively, in order to charge two separate sets of pre-success and success fees, is a deceitful conduct and shows corrupt interest, which makes him unfit to be called a lawyer.³⁵

Third, Atty. Era committed extrinsic fraud in connivance with Engr. Torres, per the CA decision which nullified the RTC-Quezon City decision that rendered a judgment based on a compromise agreement executed in the collection case that Atty. Era filed against LANECO.³⁶

Fourth, Atty. Era insisted on representing LANECO even if his services have been validly terminated by its Board of Directors. His act of continuing to represent LANECO in its pending cases is a clear showing of disrespect to the law and legal processes, and constitutes a violation of Rules 1.01 and 1.02 of the CPR.³⁷

Finally, Atty. Era's refusal to give a copy of the engagement contract to complainants shows that he was delaying their cause for the sake of corrupt motives or interests, in violation of Rule 1.03 of the CPR. Atty. Era cited privileged communication between him and Engr. Torres, but the latter was only a representative of LANECO on whose behalf the engagement contract was entered into. Since LANECO was the lawful client and party to the contract, its Board of Directors had a right to secure a copy of the contract.³⁸

To reiterate, Commissioner De la Rama concluded that Atty. Era violated Rules 1.01, 1.02, and 1.03 of the CPR, for which he should be meted with the penalty of suspension from the practice of law for 2 years.

³⁴ Id. at 468.

³⁵ Id. at 469.

³⁶ Id. at 470.

³⁷ Id. at 470-471.

³⁸ Id. at 471.

On June 17, 2009, the IBP Board of Governors passed a Resolution adopting the findings of fact and recommendation of Commissioner De la Rama.³⁹

The Court's Ruling

The Court adopts the factual and legal findings of the IBP-CBD, but imposes the supreme administrative penalty of disbarment on account of Atty. Era's various ethical breaches that more than adequately demonstrated his unfitness to remain as a member of the bar.

Atty. Era engaged in deceitful conduct in violation of the CPR.

The practice of law is a privilege burdened with conditions. Adherence to the rigid standards of mental fitness, maintenance of the highest degree of morality and faithful compliance with the rules of the legal profession are the conditions required for remaining a member of good standing of the bar and for enjoying the privilege to practice law.⁴⁰

Canon 1 of the CPR states that a lawyer shall uphold the Constitution, obey the laws of the land and promote respect for law and legal processes. This duty, in turn, demands that a lawyer shall not engage in unlawful, dishonest, immoral or deceitful conduct.⁴¹

To be "dishonest" means having the disposition to lie, cheat, deceive, defraud or betray; be untrustworthy; lacking in integrity, honesty, probity, integrity in principle, fairness and straightforwardness. On the other hand, conduct that is "deceitful" means having the proclivity for fraudulent and deceptive misrepresentation, artifice or device that is used upon another who is ignorant of the true facts, to the prejudice and damage of the party imposed upon. In order to be deceitful, the person must either have knowledge of the falsity or acted in reckless and conscious ignorance thereof, especially if the parties are not on equal terms, and was done with the intent that the aggrieved party act thereon, and the latter indeed acted in reliance of the false statement or deed in the manner contemplated to his injury.⁴²

Here, Atty. Era displayed dishonest and deceitful conduct, one after another, in his dealings with his client.

³⁹ Id. at 458.

⁴⁰ *Manalang v. Atty. Buendia*, A.C. No. 12079, November 10, 2020.

⁴¹ Rule 1.01, CPR.

⁴² *Manalang v. Atty. Buendia*, supra note 40.

First, Atty. Era took advantage of his superior knowledge of the law by filing two separate cases when he could have assailed the validity of the 1993 Provincial Tax Code in one initiatory pleading. To recall, Atty. Era filed a petition for prohibition and a petition for declaratory relief to enjoin the provincial government of Lanao del Norte from imposing real property and franchise taxes, respectively, from LANECO. The petition for prohibition sought to restrain the assessment and collection of real property tax against LANECO *solely* on the ground that the real property tax provisions of the 1993 Provincial Tax Code are unconstitutional, for lack of public consultations and publication.⁴³ Likewise, the first issue raised in the petition for declaratory relief was the unconstitutionality of the franchise tax provisions of the same tax code anchored on the same grounds.⁴⁴ The main cause of action of both petitions is thus the improper imposition of taxes because of the unconstitutionality of the provincial tax code. Atty. Era could have raised this issue in one action, which would have sufficed for the trial court to restrain the further implementation of the provincial tax code and disarm the province of Lanao del Norte of its authority to assess and collect *any and all* taxes levied therein on account of its infirmities. By filing two actions that argue the same point, Atty. Era, in effect, engaged in the splitting of a cause of action. Public policy requires that a single cause of action or entire claim or demand cannot be split up or divided into two or more different actions.⁴⁵

In the answer that he filed with the CBD, Atty. Era explained, without elaborating, that the “[p]rovisions on Real Property Tax and Provisions on Franchise Tax are separate and distinct,” and that the “[r]emedies available to Real Property Tax Problems are different from remedies available to Franchise Tax.”⁴⁶

It is true that the petition for declaratory relief raised other issues that dealt with the impropriety of imposing franchise taxes on LANECO “assuming that the 1993 Provincial Revenue Code of the Province of Lanao del Norte is valid and constitutional.”⁴⁷ However, these additional arguments do not preclude the filing of one action. If Atty. Era believed that there were different causes of action pertaining to the different taxes assessed against LANECO, the Rules of Court allow the joinder of causes of action in one pleading. Subject to certain conditions, a party may assert in one pleading as many causes of action as he may have against an opposing party.⁴⁸ The objectives of the rule are to avoid multiplicity of suits by effecting in one

⁴³ *Rollo*, p. 155.

⁴⁴ *Id.* at 77.

⁴⁵ See *Riviera Golf Club, Inc. v. CCA Holdings, B.V.*, 760 Phil. 655, 665-666 (2015).

⁴⁶ *Rollo*, p. 400.

⁴⁷ *Id.* at 77-78.

⁴⁸ See Sec. 5, Rule 2, Rules of Court.

action a complete determination of all matters in controversy between the parties involving one subject matter, and to expedite the disposition of litigation at minimum cost.⁴⁹ Rules of procedure are not meant to be oppressive and burdensome. On the contrary, they provide avenues for the speedy disposition of cases at the least possible cost to the litigant in terms of time and money. It is the responsibility of Atty. Era, as agent of the law, to ensure that rules of procedure are used to promote the administration of justice and not to defeat it.

Atty. Era filed two separate actions obviously in order to exact larger fees from LANECO, as in fact he charged separate engagement fees, appearance fees, and pre-success and success fees for each of the two cases he filed. In doing so, Atty. Era displayed lack of sense of fairness, and employed deception on a client untrained on the substantive and procedural workings of the law, all to achieve his selfish purpose. His conduct indubitably amounts to a violation of Rule 1.01 of the CPR.

Second, Atty. Era exhibited dishonest and deceitful conduct when he overcharged success fees. It must be stressed, at the outset, that there is nothing legally objectionable to Atty. Era's charging of success fees *per se*. What is unacceptable is his deceitful representation of how much his success fees should be.

Success fees are in the nature of attorney's fees. In its ordinary sense, attorney's fees are the reasonable compensation paid to a lawyer by his client for legal services rendered.⁵⁰ The parties are free to stipulate on the kind and amount of attorney's fees that may be paid to counsel, and a written contract for services shall control the amount to be paid as attorney's fees unless found by the court to be unconscionable or unreasonable.⁵¹

In this case, after the promulgation of favorable decisions in the two petitions by the trial court, Atty. Era charged LANECO success fees amounting to more than ₱13 Million, computed at a discounted rate of 8% of ₱166 Million, which Atty. Era claimed was the total amount of franchise and real property taxes that LANECO should have paid, inclusive of penalties and surcharges.⁵²

Atty. Era pegged the real property taxes supposedly payable by LANECO at more than ₱150 Million by *approximating* amounts payable for

⁴⁹ *Ada v. Baylon*, 692 Phil. 432, 443 (2012).

⁵⁰ *Rosario, Jr. v. De Guzman*, 713 Phil. 678, 685 (2013).

⁵¹ Sec. 24, Rule 138, Rules of Court.

⁵² *Rollo*, p. 219.

the years 1994 to 2009, adding 25% surcharges and 2% monthly interests (capping the interest rate at 72%), and *adding estimated* real property taxes, surcharges, and interests that may have pertained to 8 municipalities within the jurisdiction of LANECO that were *not* assessed real property taxes.⁵³ Similarly, Atty. Era pegged the amount of franchise taxes supposedly payable by LANECO at ₱12 Million, arriving at this amount by applying the rate of franchise tax on LANECO's gross receipts from the years 1993 to 2009 and adding 25% surcharge and 2% monthly interest until 36 months.⁵⁴

The success fees charged by Atty. Era were above and beyond what had been agreed upon by the parties in the engagement contract, which is "10% of the total amount of taxes *being assessed and collected* by the Provincial Government of Lanao del Norte against LANECO based on the 1993 Provincial Revenue Code."⁵⁵ The provincial government of Lanao del Norte billed LANECO the aggregate amount of ₱31,112,311.64 in real property taxes,⁵⁶ and assessed it ₱1,742,663.17 in franchise taxes.⁵⁷ Correspondingly, Atty. Era's 10% success fees should have been computed against these amounts only. There is no basis to increase his success fees on account of *speculated* amounts of franchise and real property taxes governing the periods in which *no assessments have yet been made*, and municipalities that *have not yet been assessed*. Nor was there basis to include in the computation surcharges and interests that were not billed or assessed by the provincial government.

Atty. Era had been untruthful when, in the affidavits that he executed to support the collection cases he filed against LANECO, he stated that under the engagement contract he was entitled to "success fee on LANECO's *total amount of savings*."⁵⁸ To be sure, "total amount of savings" is different from taxes "being assessed and collected," which is what was provided for in the engagement contract. The former is undoubtedly greater than the latter. Notably, Atty. Era is aware that he was charging more when he recognized in the answer he filed before the CBD that there were *unquestioned* amounts against which his 10% success fees may be computed, thus:

On the matter of the three (3) checks with a total amount of ₱3,000,000.00 which have been presented for payment and honored by LANECO, it is worthy to note that the **unquestioned real property tax** due to the Provincial Government of Lanao del Norte is in the amount of ₱31 Million more or less, thus, 10% success fee of the **unquestioned total**

⁵³ Id. at 241.

⁵⁴ Id. at 408.

⁵⁵ Id. at 31; emphasis supplied.

⁵⁶ The Province of Lanao del Norte billed LANECO the amounts of ₱22,841,842.60 and ₱8,270,469.04, respectively; id. at 146-147.

⁵⁷ Id. at 47.

⁵⁸ Id. at 253, 347; emphasis supplied.

real property tax amounts of ₱3,100,000.00 more or less. In addition, the 10% success fee on the franchise tax is also **unquestioned** by both parties, thus, the amount of ₱984,333.10. Hence, the **total amount of unquestioned success fee** totaled to ₱4,000,000.00 more or less x x x. (emphases supplied)

The *unquestioned* amounts refer to the exact figures of real property and franchise taxes *actually* assessed against LANECO. Certainly, any amounts beyond these unquestioned amounts are already *questionable*. In exaggerating the amounts of real property and franchise taxes on which to base his success fees, Atty. Era misrepresented for selfish gain the limitation that he himself proposed in the engagement contract, *i.e.*, the amounts *assessed and collected* by the provincial government of Lanao del Norte against LANECO. His conduct revealed deceitful and dishonest intentions which amount to a violation not only of Canon 1.01 of the CPR, but also Canon 15 which provides that a lawyer shall observe candor, fairness, and loyalty in all his dealings and transactions with his clients.

The *third* instance when Atty. Era exhibited deceitful conduct was when he refused to give a copy of the engagement contract to the LANECO Board of Directors. The complaint alleged that in the course of the LANECO Board of Director's investigation on the conduct of Atty. Era and Engr. Torres, it needed to secure a copy of the engagement contract to be able to examine its details. When requested, Atty. Era refused to provide a copy, citing privileged communication and claiming that he will only deal with LANECO through Engr. Torres.⁵⁹

Atty. Era's underhanded conduct is immediately palpable. He could not have neglected that a corporation like LANECO has a separate and distinct personality from its directors and officers, and can only exercise its corporate powers through its board of directors. An individual corporate officer cannot solely exercise any corporate power pertaining to the corporation without authority from the board of directors.⁶⁰ Indeed, Atty. Era became counsel of LANECO by the action of its Board. It was also the Board that authorized Engr. Torres to coordinate with Atty. Era as regards the cases then to be filed. Atty. Era's client was LANECO, and not Engr. Torres, so that it does not make sense for him to claim privileged communication against LANECO. To the mind of the Court, there would not have been any other reason for Atty. Era's refusal to provide a copy of the engagement contract to LANECO's Board of Directors but to conceal the provisions that are disadvantageous to LANECO, particularly

⁵⁹ Id. at 21.

⁶⁰ *Philippine Numismatic and Antiquarian Society v. Aquino*, 804 Phil. 508, 517-518 (2017).

pertaining to his grossly unreasonable attorney's fees.

The *fourth* instance when Atty. Era exhibited dishonest and deceitful conduct was when he connived with Engr. Torres to manipulate the outcome of the collection suit he filed to recover his success fees. The record bears that Atty. Era filed a Complaint for Collection of Sum of Money with Prayer for the Issuance of a Writ of Attachment⁶¹ before the RTC-Quezon City, docketed as Civil Case No. Q11-68654, praying that a decision be rendered ordering LANECO to pay him the sum of ₱2,176,759.97 as part of his success fees. The complaint was filed on February 2, 2011.⁶² Notwithstanding the distance between Quezon City and Lanao del Norte where LANECO is based, Engr. Torres appeared before a notary public on February 4, 2011⁶³ to verify an Answer⁶⁴ of even date which he signed on behalf of LANECO without any board resolution. The answer was received by RTC-Quezon City on February 7, 2011.⁶⁵ In the answer, Engr. Torres admitted all the allegations in the complaint and prayed that the RTC should “set aside notice and hearing, and issue an appropriate decision based on the admitted facts and circumstances.”⁶⁶

On March 14, 2011, Atty. Era and Engr. Torres filed a Joint Motion for Judgment Based on Compromise.⁶⁷ They prayed for the RTC to render a decision based on the terms and conditions they agreed upon, particularly, that LANECO will (a) pay the amount demanded by Atty. Era, (b) not file any case against Atty. Era arising from the complaint, and (c) not terminate the legal services of Atty. Era in all cases presently being handled by him on any ground arising from the complaint.⁶⁸ The RTC-Quezon City subsequently rendered Judgment⁶⁹ based on a compromise agreement. LANECO claimed that it learned of the collection case only when its funds were garnished,⁷⁰ constraining it to file a petition for annulment of the said RTC judgment before the CA.

On March 16, 2013, the CA rendered a Decision⁷¹ nullifying the RTC-Quezon City judgment and its order for the issuance of a writ of execution, and directing Atty. Era to return to LANECO the entire sum of money that had been garnished pursuant to the writ of execution. The CA

⁶¹ *Rollo*, pp. 245-251.

⁶² *Id.* at 245.

⁶³ *Id.* at 258.

⁶⁴ *Id.* at 255-258.

⁶⁵ *Id.* at 255.

⁶⁶ *Id.* at 257.

⁶⁷ *Id.* at 261-264.

⁶⁸ *Id.* at 262.

⁶⁹ *Id.* at 265-267.

⁷⁰ *Id.* at 19.

⁷¹ *Id.* at 271-281.

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held that the “facts ineluctably show the presence of extrinsic fraud perpetrated by Atty. Era in connivance with... Engr. Resnol Torres,”⁷² as shown by the following circumstances: (1) Engr. Torres filed pleadings without a board resolution authorizing him to act on behalf of LANECO;⁷³ (2) the immediate and quick response of Engr. Torres to the complaint is suspicious. The CA took judicial notice of the fact that it would take more than a week for registered mail to be delivered from Quezon City to Lanao del Norte. Yet, Engr. Torres was able to file an answer in a matter of five days from the date of filing of the complaint. Finally, (3) it was downright absurd and illogical that LANECO supposedly admitted its monetary obligation to Atty. Era when it had previously issued a board resolution deferring payment to the latter, and eventually, another board resolution terminating Atty. Era’s legal services.⁷⁴ The CA concluded from the foregoing circumstances that LANECO had no knowledge of the complaint for collection of sum of money filed by Atty. Era and was fraudulently prevented from participating in the proceedings.⁷⁵ The CA decision had attained finality.⁷⁶

The fraud perpetrated by Atty. Era in attempting to collect success fees from his hapless client undermined, rather than promoted, the administration of justice. He violated his Lawyer’s Oath to do no falsehood, nor consent to the doing of any in court, and to exercise fidelity to the courts and his clients. Atty. Era likewise violated his duty to society, the legal profession, the courts, and his clients, as embodied in the following provisions of the CPR:

Canon 1 – A LAWYER SHALL UPHOLD THE CONSTITUTION, OBEY THE LAWS OF THE LAND, AND PROMOTE RESPECT FOR LAW AND LEGAL PROCESSES.

Rule 1.01 – A lawyer shall not engage in unlawful, dishonest, immoral or deceitful conduct.

Rule 1.02 – A lawyer shall not counsel or abet activities aimed at defiance of the law or lessening confidence in the legal system.

Canon 7 – A LAWYER SHALL AT ALL TIMES UPHOLD THE INTEGRITY AND DIGNITY OF THE LEGAL PROFESSION AND SUPPORT THE ACTIVITIES OF THE INTEGRATED BAR.

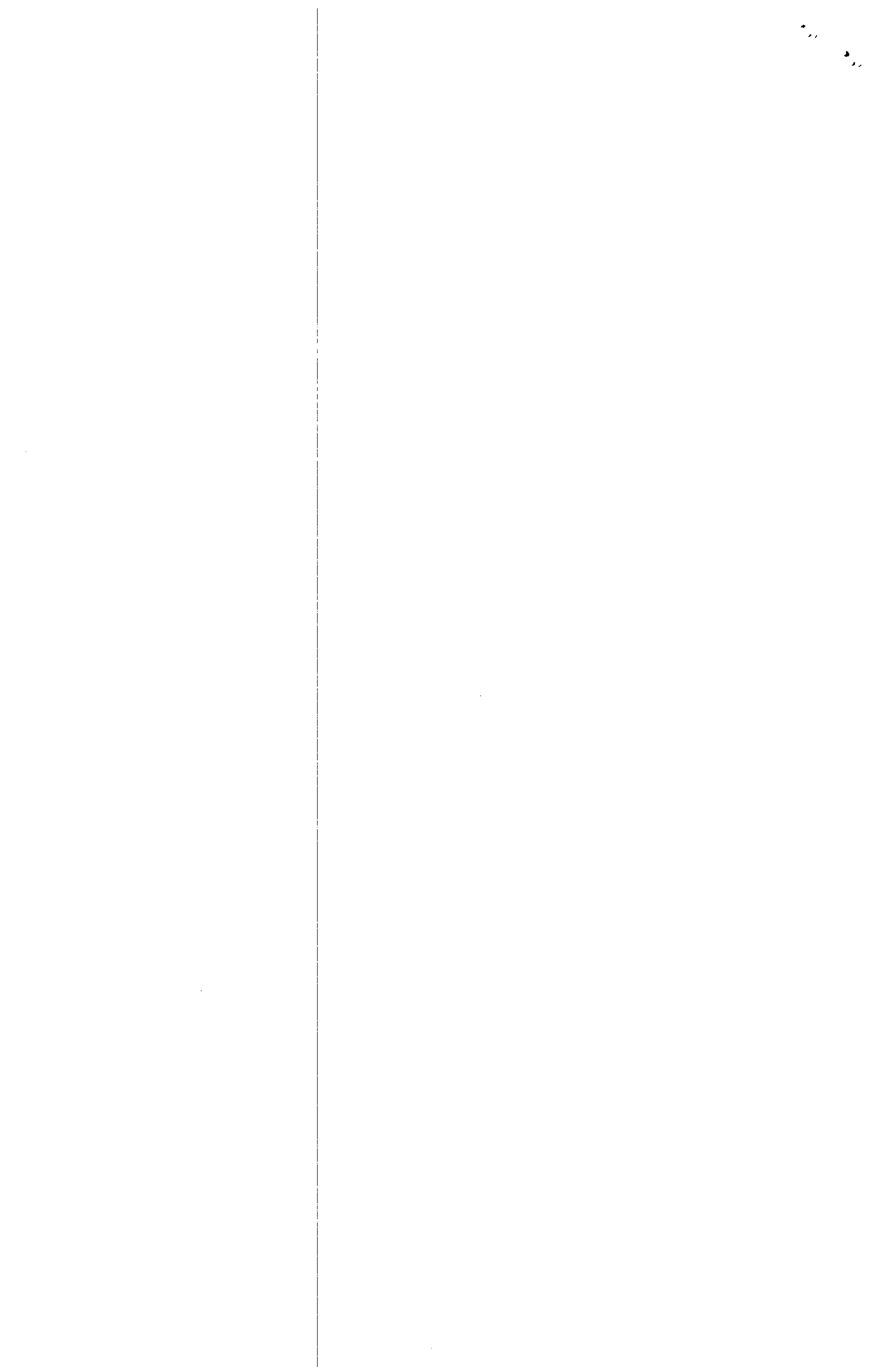
⁷² Id. at 277.

⁷³ Id. at 278.

⁷⁴ Id.

⁷⁵ Id.

⁷⁶ Id. at 285.



Rule 7.03 – A lawyer shall not engage in conduct that adversely reflects on his fitness to practice law, nor shall he whether in public or private life, behave in a scandalous manner to the discredit of the legal profession.

Canon 10 – A LAWYER OWES CANDOR, FAIRNESS AND GOOD FAITH TO THE COURT.

Rule 10.01 – A lawyer shall not do any falsehood, nor consent to the doing of any in Court; nor shall he mislead, or allow the Court to be misled by any artifice.

Rule 10.02 – A lawyer shall not knowingly misquote or misrepresent the contents of a paper, the language or the argument of opposing counsel, or the text of a decision or authority, or knowingly cite as law a provision already rendered inoperative by repeal or amendment, or assert as a fact that which has not been proved.

Rule 10.03 – A lawyer shall observe the rules of procedure and shall not misuse them to defeat the ends of justice.

Canon 17 – A LAWYER OWES FIDELITY TO THE CAUSE OF HIS CLIENT AND HE SHALL BE MINDFUL OF THE TRUST AND CONFIDENCE REPOSED IN HIM.

Canon 20 – A LAWYER SHALL CHARGE ONLY FAIR AND REASONABLE FEES.

Rule 20.04 – A lawyer shall avoid controversies with clients concerning his compensation and shall resort to judicial action only to prevent imposition, injustice or fraud.

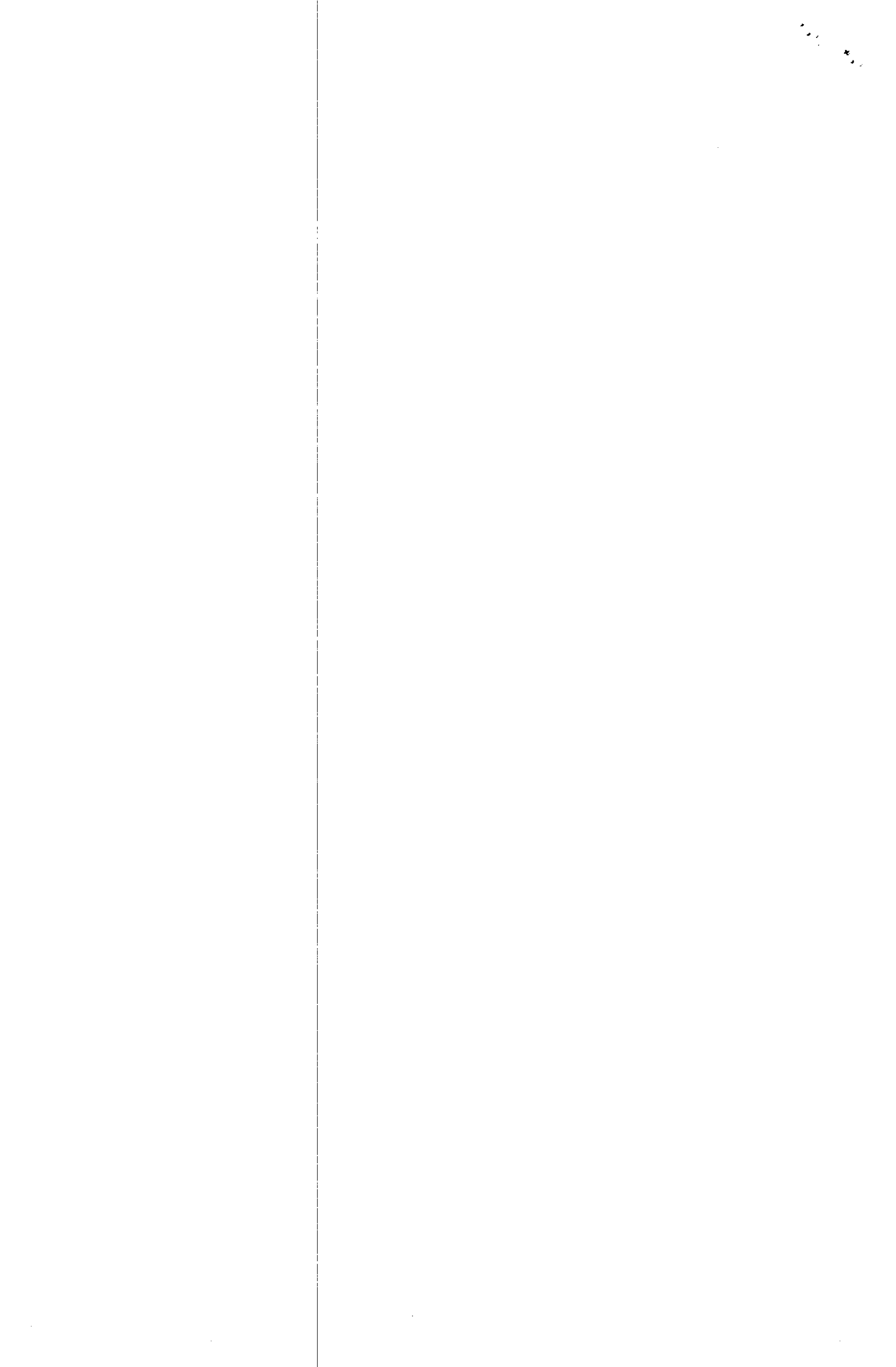
In addition, Atty. Era's actions contravened the duties of an attorney under Section 20, Rule 138 of the Rules of Court, which provides:

Section 20. Duties of attorneys. – It is the duty of an attorney:

(d) To employ, for the purpose of maintaining the causes confided to him, such means only as are consistent with truth and honor, and never seek to mislead the judge or any judicial officer by an artifice or false statement of fact or law;

x x x x

(f) To abstain from all offensive personality and to advance no fact prejudicial to the honor or reputation of a party or witness, unless required by the justice of the cause with which he is charged;



(g) Not to encourage either the commencement or the continuance of an action or proceeding, or delay any man's cause, from any corrupt motive or interest[.]

The practice of law is a privilege bestowed on those who show that they possessed and continue to possess the legal qualifications for it. Indeed, lawyers are expected to maintain at all times a high standard of legal proficiency and morality, including honesty, integrity and fair dealing. They must perform their fourfold duty to society, the legal profession, the courts and their clients, in accordance with the values and norms of the legal profession as embodied in the CPR.⁷⁷

A lawyer who practices or utilizes deceit in his dealings with his client not only violates his duty of fidelity, loyalty and devotion to the client's cause but also degrades himself and besmirches the fair name of an honorable profession.⁷⁸ The deceitful concealment of the collection case against LANECO reflects lack of good moral character on the part of Atty. Era, and shows that he is no longer fit to remain a member of the noble legal profession.

Atty. Era violated other provisions of the CPR.

Regrettably, in his attempts to claim his success fees, Atty. Era committed other violations of the CPR.

The LANECO Board of Directors issued a board resolution deferring payment of Atty. Era's success fees pending investigation and determination of its correct tax liability which would be the basis of these success fees. Previously, LANECO also received a Letter⁷⁹ from NEA requiring it to submit, among others, an entry of judgment and certificate of finality of the RTC decisions that will justify the payment of Atty. Era's success fees. In light of the foregoing circumstances, the LANECO Board of Directors' decision to put off the payment of success fees to Atty. Era was reasonable.

However, the deferment of the payment of his success fees proved unacceptable to Atty. Era. He threatened to file administrative, civil, and criminal cases against those who were responsible for the delay in the payment of his fees,⁸⁰ and made true his threats when he instituted an action for the

⁷⁷ *Lijauco v. Atty. Terrado*, 532 Phil. 1, 5 (2006).

⁷⁸ *Lemoine v. Atty. Balon, Jr.*, 460 Phil. 702, 713 (2003).

⁷⁹ *Rollo*, p. 239.

⁸⁰ *Id.* at 21, 243.

collection of a sum of money before the RTC-Quezon City. In the process, he violated a slew of ethical rules, including Rule 20.04 of the CPR, which states that a lawyer shall avoid controversies with clients concerning his compensation and shall resort to judicial action only to prevent imposition, injustice or fraud.

Atty. Era also violated Rule 22.02 of the CPR, which states that “[a] lawyer who withdraws or is discharged shall, subject to a retainer lien, immediately turn over all papers and property to which the client is entitled, and shall cooperate with his successor in the orderly transfer of the matter, including all information necessary for the proper handling of the matter.”

Here, Atty. Era had been discharged as LANECO’s counsel by virtue of Board Resolution No. 57 dated February 18, 2011. Nonetheless, as alleged in the complaint, he continued to represent LANECO in the appellate court.⁸¹ Atty. Era did not deny these allegations in his answer. Instead, he advanced the defense that complainants were colluding with the provincial government of Lanao del Norte “to thwart the interests of LANECO,” and that these two “attempted to conspire” to force him to withdraw from the appealed cases filed by the provincial government and have the cases won by him be reversed.⁸² Atty. Era’s stance is utterly bereft of merit.

A client has the absolute right to terminate the attorney-client relationship, but such right must be exercised in good faith, and is subject to the right of the attorney to be compensated.⁸³ Atty. Era attributed bad faith on the part of the LANECO Board of Directors, yet he was unable to prove his allegations. The burden of proving bad faith rests upon a party alleging the same.⁸⁴ Atty. Era’s unsubstantiated allegation is not evidence and is not equivalent to proof.⁸⁵ Hence, the rule that good faith is always presumed⁸⁶ prevails. Besides, even if he had been discharged as counsel, Atty. Era was not left without any other remedy to claim his *lawful* fees.

It must also not be overlooked that the engagement contract clearly provides that Atty. Era’s services is “limited to representing the client within the concerned trial court.”⁸⁷ Atty. Era confirmed this in his answer, when he said that “[i]t should be noted that the scope of the engagement agreement is limited only up to the trial court, not until the finality of the

⁸¹ *Id.* at 22.

⁸² *Id.* at 410.

⁸³ *Malvar v. Kraft Food Phils., Inc.*, 717 Phil. 427, 450 (2013).

⁸⁴ *Tan v. Valeriano*, 815 Phil. 155, 165-166 (2017).

⁸⁵ *ECE Realty and Development, Inc. v. Mandap*, 742 Phil. 164, 171 (2014).

⁸⁶ *Tan v. Valeriano*, supra note 84, at 165.

⁸⁷ *Rollo*, p. 32.

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case.”⁸⁸ By this statement, Atty. Era himself admitted that he had no authority to represent LANECO in the appellate court.

Atty. Era should be meted with the supreme administrative penalty of disbarment.

Sec. 27, Rule 138 of the Rules of Court provides the grounds for the disbarment or suspension of a lawyer, thus:

Sec. 27. Disbarment or suspension of attorneys by Supreme Court, grounds therefor. – A member of the bar may be disbarred or suspended from his office as attorney by the Supreme Court for any **deceit, malpractice, or other gross misconduct** in such office, grossly immoral conduct, or by reason of his conviction of a crime involving moral turpitude, or for any **violation of the oath which he is required to take before admission to practice**, or for a willful disobedience **appearing as an attorney for a party to a case without authority so to do**. The practice of soliciting cases at law for the purpose of gain, either personally or through paid agents or brokers, constitutes malpractice. (emphases supplied)

One of the qualifications required of a candidate for admission to the Bar is the possession of good moral character. When one who has already been admitted to the bar clearly shows, by series of acts, that he does not follow such moral principles as should govern the conduct of an upright person, and that in his dealings with his clients and with the courts, he disregards the rule of professional ethics required to be observed by every attorney, it is the duty of the court, as guardian of the interests of society as well as of the preservation of the ideal standard of professional conduct to make use of its powers to deprive him of his professional attributes which he so unworthily abused.⁸⁹

In disbarment proceedings, the burden of proof rests upon the complainant. The Court will exercise its disciplining authority only if the case against the respondent is established by substantial evidence, or the amount of relevant evidence which a reasonable mind might accept as adequate to support a conclusion.⁹⁰ Here, complainants were able to establish by this quantum of proof that Atty. Era committed acts violative of the Lawyer’s Oath, Rule 138, and the CPR.

⁸⁸ Id. at 401.

⁸⁹ *In Re Sotto*, 38 Phil. 532, 548-549 (1918), cited in *Anacta v. Atty. Resurreccion*, 692 Phil. 488, 494-495 (2012).

⁹⁰ *Tan v. Alvarico*, A.C. No. 10933, November 3, 2020.

Notably, in the face of all the allegations of his reprehensible acts that adversely affects his integrity and fitness to remain in the noble legal profession, Atty. Era failed to put forward a substantial defense. He denied the imputed wrongdoings, but his denial did not disprove the substantial evidence adduced against him. He did not attempt to present countervailing evidence to substantiate his bare allegations, and even failed to file a position paper after asking for several extensions to file the same.

Time and again, the Court has pointed out that when the integrity or morality of a member of the Bar is challenged, it is not enough that he or she denies the charge, for he or she must meet the issue and overcome the evidence presented on the charge. He or she must present proof that he or she still maintains the degree of integrity and morality expected of him or her at all times.⁹¹ Atty. Era miserably failed in this regard.

The unacceptable and unlawful behavior that Atty. Era exhibited in this case is, unfortunately, not without precedent. The Court has previously suspended him for indecorous conduct not once, but twice.

In A.C. No. 6664, entitled *Ferdinand A. Samson v. Atty. Edgardo O. Era* promulgated on July 16, 2013, the Court suspended Atty. Era from the practice of law for two years for violation of Rule 15.03⁹² of Canon 15,⁹³ and Canon 17⁹⁴ of the CPR.

In A.C. No. 11754, entitled *Joaquin G. Bonifacio v. Atty. Edgardo O. Era and Atty. Diane Karen B. Bragas* promulgated on October 3, 2017, the Court found Atty. Era guilty of willfully disobeying the Court's lawful order and suspended him from the practice of law for a period of three years, with a warning that a repetition of the same or similar offense, or a commission of another offense will warrant a more severe penalty.

The administrative cases filed against Atty. Era revealed his character and manifested his propensity to violate the sacred duties that he sworn to fulfill when he took the Lawyer's Oath. There is no necessity for members of the Bar to be repeatedly reminded that as instruments in the administration of justice, as vanguards of our legal system, and as

⁹¹ *Ceniza v. Atty. Ceniza*, A.C. No. 8335, April 10, 2019.

⁹² Rule 15.03 – A lawyer shall not represent conflicting interests except by written consent of all concerned given after a full disclosure of the facts.

⁹³ Canon 15 – A lawyer shall observe candor, fairness and loyalty in all his dealings and transactions with his clients.

⁹⁴ Canon 17 – A lawyer owes fidelity to the cause of his client and he shall be mindful of the trust and confidence reposed in him.

members of this noble profession whose task is to always seek the truth, lawyers are expected to maintain a high standard of honesty, integrity, and fair dealing.⁹⁵

A lawyer who overrides the laws and his oath by committing falsity and other wrongdoings is unfaithful to his office and sets a detrimental example to society that makes him unfit to remain a member of the law profession. Therefore, the Resolution⁹⁶ of the IBP Board of Governors adopting the findings of fact and recommendation of the Investigating Commissioner to impose upon Atty. Era the penalty of two (2) years suspension from the practice of law is untenable. Rather than merely suspending Atty. Era from the practice of law, this Court finds it proper to impose upon him the supreme administrative penalty of disbarment. Atty. Era has repeatedly committed unlawful, dishonest, and deceitful conduct, and lessened the confidence of the public in the legal system. Instead of being an advocate of justice, he became a perpetrator of injustice. His reprehensible acts do not merit him to remain in the rolls of the legal profession.⁹⁷ Indeed, by his acts, Atty. Era proved himself to be what a lawyer should not be.⁹⁸

It bears stressing that the object of a disbarment proceeding is not so much to punish the individual attorney himself, as to safeguard the administration of justice by protecting the court and the public from the misconduct of officers of the court, and to remove from the profession of law persons whose disregard for their oath of office have proved them unfit to continue discharging the trust reposed in them as members of the bar.⁹⁹

Atty. Era's attorney's fees should be reduced.

A stipulation on a lawyer's compensation in a written contract for professional services is binding. However, this is not an absolute rule. A lawyer is first and foremost an officer of the court. As such, he participates in the fundamental function of administering justice in society. It follows that a lawyer's compensation for professional services rendered is subject to the supervision of the court, not just to guarantee that the fees he charges and receives remain reasonable and commensurate with the services rendered, but also to maintain the dignity and integrity of the legal

⁹⁵ *Philippine Investment One (SPV-AMC), Inc. v. Atty. Lomeda*, A.C. No. 11351, August 14, 2019.

⁹⁶ *Rollo*, p. 458.

⁹⁷ *Reyes v. Atty. Rivera*, A.C. No. 9114, October 6, 2020.

⁹⁸ *Philippine Investment One (SPV-AMC), Inc. v. Atty. Lomeda*, supra note 95.

⁹⁹ *Anacta v. Atty. Resurreccion*, supra note 89, at 501.

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profession to which he belongs.¹⁰⁰ In this connection, Sec. 24, Rule 138 of the Rules of Court provides:

Section 24. Compensation of attorneys; agreement as to fees. – An attorney shall be entitled to have and recover from his client no more than a reasonable compensation for his services, with a view to the importance of the subject matter of the controversy, the extent of the services rendered, and the professional standing of the attorney. No court shall be bound by the opinion of attorneys as expert witnesses as to the proper compensation, but may disregard such testimony and base its conclusion on its own professional knowledge. A written contract for services shall control the amount to be paid therefor unless found by the court to be unconscionable or unreasonable.

If the Court finds that the stipulated fees are unreasonable or unconscionable, it may accordingly reduce it or fix a reasonable amount taking into consideration surrounding circumstances and established parameters.¹⁰¹ What may be considered fair and reasonable may be deduced from the factors indicated in Rule 20.01 of the CPR, which states:

Rule 20.01 – A lawyer shall be guided by the following factors in determining his fees:

- a) The time spent and the extent of the services rendered or required;
- b) The novelty and difficulty of the questions involved;
- c) The importance of the subject matter;
- d) The skill demanded;
- e) The probability of losing other employment as a result of acceptance of the proffered case;
- f) The customary charges for similar services and the schedule of fees of the IBP Chapter to which he belongs;
- g) The amount involved in the controversy and the benefits resulting to the client from the service;
- h) The contingency or certainty of compensation;
- i) The character of the employment, whether occasional or established; and
- j) The professional standing of the lawyer.

¹⁰⁰ *Sumaoang v. Hon. Judge, RTC, Br. XXXI, Guimba, Nueva Ecija*, 289 Phil. 577, 588 (1992).

¹⁰¹ *Atty. Orocio v. Anguluan*, 597 Phil. 524, 543 (2009).

In this case, the engagement contract¹⁰² between LANECO and Atty. Era shows that the latter charged the following fees:

- 1) Engagement fee of ₱300,000.00 for the petition for declaratory relief, and ₱700,000 for the petition for prohibition with value-added tax (VAT) to be paid by LANECO;
- 2) Consultation/hearing fee/appearance fee of ₱8,000 for a managing lawyer, and ₱5,000 for an associate lawyer for every hearing/meeting/conference attended;
- 3) Pleading fee of ₱600/page;
- 4) Research fee of ₱2,000/hour for a managing lawyer, and ₱1,000/hour for an associate lawyer;
- 5) Mobilization fund of ₱150,000;
- 6) Pre-success fee of ₱1,000,000 if a preliminary injunction is issued in the petition for prohibition, and for a favorable judgment, a success fee of 10% of the total amount of real property tax being assessed and collected by the Provincial Government of Lanao del Norte based on the 1993 Provincial Revenue Code;
- 7) Pre-success fee of ₱300,000 if a preliminary injunction is issued in the petition for declaratory relief, and for a favorable judgment, a success fee of 10% of the total amount of franchise tax being assessed and collected by the Provincial Government of Lanao del Norte based on the 1993 Provincial Revenue Code;
- 8) Pre-termination fee of 10% of the total amount of real property tax being assessed and collected from LANECO from the petition from prohibition, and 10% of the *total* amount of franchise tax being assessed and collected from LANECO from the petition for declaratory relief.

It is undisputed that LANECO had paid a total amount of ₱8,319,749.05 to Atty. Era.¹⁰³ The Court finds this amount unreasonable, and consequently, must be reduced.

As discussed above, Atty. Era exercised deceit and betrayed his fiduciary duty towards his client when he took advantage of his superior knowledge of the law and filed two actions on behalf of LANECO when only one would have sufficed. As may be readily gleaned from his fee structure, he charged separate engagement fees, appearance fees, and pre-success and success fees for each of the two cases. Obviously, his intention was to turn the engagement contract into a money-making venture. The principle that law

¹⁰² *Rollo*, pp. 30-32.

¹⁰³ *Id.* at 15.



advocacy is not capital that necessarily yields profits¹⁰⁴ had been totally lost on him.

Moreover, the fees were not commensurate with the difficulty of the cases filed. The petitions mainly questioned the validity of the 1993 Provincial Tax Code on the account of the lack of public consultations and publication. This issue is neither novel nor complicated, and does not require extensive skill, effort, and research.

In his answer, Atty. Era argued that his engagement proposal was duly presented for the review and approval of LANECO's Board of Directors, and that the latter had unanimously accepted it. Hence, there existed a perfected contract between him and LANECO.¹⁰⁵ Granting that the Board of Directors had intelligently agreed to Atty. Era's fee structure, the Court is not precluded from disregarding the engagement contract if the fees are unconscionable, if they affront one's sense of justice, decency, or reasonableness, or if they are so disproportionate to the value of the services rendered,¹⁰⁶ as in this case.

Guided by the above considerations, and in the exercise of the Court's sound discretion, the amount representing only 50% of the total fees paid by LANECO to Atty. Era, or the amount of ₱4,160,000.00 would be a reasonable and fair compensation for the legal services he rendered to LANECO, from the date of acceptance until the issuance of favorable judgments by the trial court. Atty. Era should not be allowed to profit from his scheme of splitting one cause of action in order to charge different sets of fees. The Court recognizes his right to his lawyer's fees, but the same must not amount to a deprivation of the property of his client.¹⁰⁷ Hence, it must be reduced accordingly.

In fixing fees, it should never be forgotten that the profession is a branch of the administration of justice and not a mere money-getting trade. If the legal profession is to honor its responsibilities to public service, it is essential that the society which it serves should not view the professional abilities of lawyers as representing avaricious and purely personal efforts to obtain wealth. Instead, the goal of the profession should be to impart to all segments of society the understanding that lawyers are primarily devoted to public service and to the pursuance of justice and are allowed a compensation commensurate with professional efforts. If an attorney

¹⁰⁴ *Burbe v. Atty. Magulta*, 432 Phil. 840, 850 (2002).

¹⁰⁵ *Rollo*, pp. 399-400.

¹⁰⁶ *Atty. Orocio v. Anguluan*, supra note 101, at 543.

¹⁰⁷ *Rayos v. Atty. Hernandez*, 544 Phil. 447, 465 (2007).

ignores this philosophy, his imprudence should warrant discipline.¹⁰⁸

Atty. Era should be fined for failure to submit his position paper despite several motions for time.

Finally, the Court deems it proper to penalize Atty. Era for his cavalier attitude in not submitting his position paper after filing no less than five (5) motions for extension. The repeated filing of a motion for extension and not submitting any reflected his willful disregard of the CBD's order and underscores his disrespect of the proceeding. Indeed, the disbarment proceeding had dragged on because he was given every opportunity to file his position paper. Such obstinate disobedience to the CBD's order merits the imposition of a fine of ₱10,000.00.

WHEREFORE, the Court adopts the findings of fact of the Integrated Bar of the Philippines-Commission on Bar Discipline, as affirmed by the IBP Board of Governors, and finds Atty. Edgardo O. Era **GUILTY** of violating the Lawyer's Oath, Rule 138 of the Rules of Court, Canons 1, 7, 10, 15, 17, 20, and Rules 1.01, 1.02, 7.03, 10.01, 10.02, 10.03, 20.01, 20.02 and 20.04 of the Code of Professional Responsibility. He is **DISBARRED** from the practice of law and his name is **ORDERED STRICKEN OFF** the Roll of Attorneys, effective immediately.

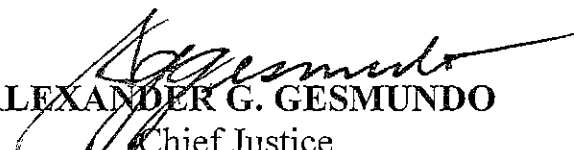
Atty. Era is **DIRECTED** to **RETURN** to the Lanao del Norte Electric Cooperative ₱4,159,749.05, the amount he received in excess of ₱4,160,000.00 which the Court determines as sufficient compensation for all the legal services he rendered, within thirty (30) days from receipt of this Decision.


Atty. Era is likewise **ORDERED** to **PAY** a fine in the amount of ₱10,000.00 for disobedience to the orders of the Integrated Bar of the Philippines Commission on Bar Discipline.


Let a copy of this Decision be furnished to the Office of the Bar Confidant, to be entered into Atty. Edgardo O. Era's records. Copies shall likewise be furnished the Integrated Bar of the Philippines and the Office of the Court Administrator for circulation to all courts concerned.

¹⁰⁸ Romine, Wesley, Legal Fees: Gross Overcharging By An Attorney Warranting Disciplinary Action, The Journal of the Legal Profession, p. 119, accessed at https://www.law.ua.edu/pubs/jlp_files/jlp_issues.php?page=issues&vol=02 on August 30, 2021.

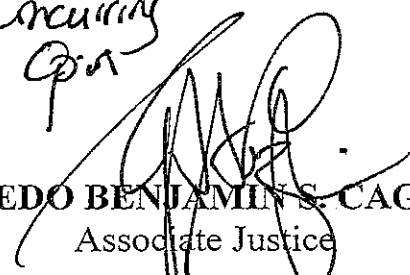
SO ORDERED.

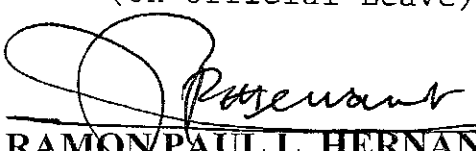

ALEXANDER G. GESMUNDO
Chief Justice


ESTELA M. PERLAS-BERNABE
Associate Justice


MARVIC M.V.F. LEONEN
Associate Justice

*Please See Concurring
& Dissenting Op'n*

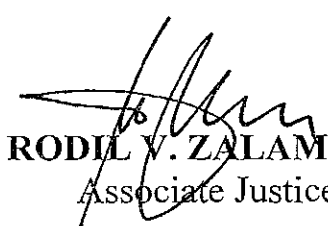

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

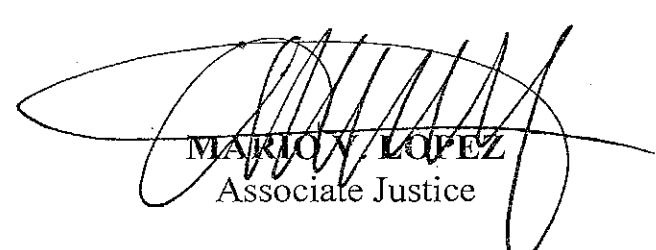
(On Official Leave)

RAMON PAUL L. HERNANDO
Associate Justice



ROSMARI D. CARANDANG
Associate Justice

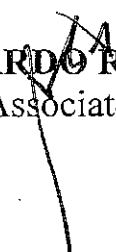

AMY C. LAZARO-JAVIER
Associate Justice



HENRI JEAN PAUL B. INTING
Associate Justice

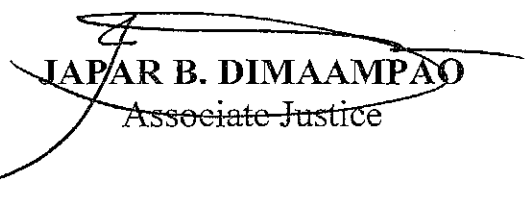

RODIL V. ZALAMEDA
Associate Justice

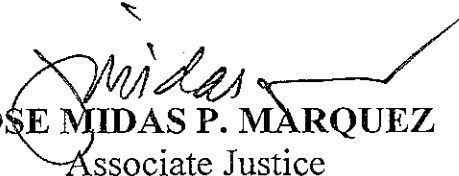

MARIO V. LOPEZ
Associate Justice


SAMUEL H. GAERLAN
Associate Justice


RICARDO R. ROSARIO
Associate Justice


JHOSEP Y. LOPEZ
Associate Justice


JAPAR B. DIMAAMPAO
Associate Justice


JOSE MIDAS P. MARQUEZ
Associate Justice

EN BANC

A.C. No. 12880 – REINARIO B. BIHAG, MATEO CORTES, BENJAMIN CABATIC, NASSROLLAH D. MONTUD, TEDDY BERNALES, KARIM MACAROMPAN, DONATO CALICA, JR., CLAIRE GREBERN ELUMIR, and EDGAR DEMAVIVAS, complainants, versus ATTY. EDGARDO O. ERA, respondent.

Promulgated:

November 23, 2021

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CONCURRING AND DISSENTING OPINION

CAGUIOA, J.:

This is a disbarment complaint filed against respondent Atty. Edgardo O. Era (respondent) for deceitful conduct relative to his professional fees in his engagement with the Lanao del Norte Electric Cooperative (LANECO).¹ The *ponencia* finds respondent guilty of violating the Lawyer's Oath, Rule 138 of the Rules of Court, and Canons 1, 7, 10, 15, 17, 20, and Rules 1.01, 1.02, 7.03, 10.01, 10.02, 10.03, 20.01, 20.02 and 20.04 of the Code of Professional Responsibility (CPR). In view of these violations and his having been previously suspended twice by the Court from the practice of law, the *ponencia* now imposes the supreme penalty of disbarment against respondent.²

* Also Edgardo O. Era in some parts of the *rollo*.

¹ See *rollo*, pp. 31-32. The engagement contract charged the following fees:

1. Engagement fee of P300,000.00 for the petition for declaratory relief, and P700,000.00 for the petition for prohibition with VAT to be paid by LANECO;
2. Consultation/hearing fee/appearance fee of P8,000.00 for managing lawyer, and P5,000.00 for an associate lawyer for every hearing/meeting/conference attended;
3. Pleading fee of P600.00/page;
4. Research fee of P2,000.00/hour for a managing lawyer, and P1,000.00/hour for an associate lawyer;
5. Mobilization fund of P150,000.00;
6. Pre-success fee of P1,000,000.00 if a preliminary injunction is issued in the petition for prohibition, and for a favorable judgment, a success fee of 10% of the total amount of real property tax being assessed and collected by the Provincial Government of Lanao del Norte based on the 1993 Provincial Revenue Code;
7. Pre-success fee of P300,000.00 if a preliminary injunction is issued in the petition for declaratory relief, and for a favorable judgment, a success fee of 10% of the total amount of franchise tax being assessed and collected by the Provincial Government of Lanao del Norte based on the 1993 Provincial Revenue Code;
8. Pre-termination fee of 10% of the total amount of real property tax being assessed and collected from LANECO from the petition for prohibition, and 10% of the total amount of franchise tax being assessed and collected from LANECO from the petition for declaratory relief.

² *Ponencia*, p. 24.





I agree that respondent's actions,³ aggravated by his previous offenses,⁴ warrant his disbarment. However, I demur from the finding in the *ponencia* that the professional fees respondent charged LANECO are unreasonable and must perforce be adjusted. According to the *ponencia*, "[a]s [it] may be readily gleaned from his fee structure x x x [it was] [o]bviously [respondent's] intention x x x to turn the engagement contract into a money-making venture."⁵

There is no serious dispute that the Court is given the power to determine the reasonableness or the unconscionable character of a lawyer's fee, and such power is a matter falling within the regulatory prerogative of the Court.⁶ Section 24, Rule 138 of the Rules of Court likewise provides, in part, that no court shall be bound by the opinion of attorneys as expert witnesses as to the proper compensation, but may disregard such testimony and base its conclusion on its own professional knowledge. A written contract for services shall control the amount to be paid therefor, unless found by the court to be unconscionable or unreasonable.

That acknowledged, there is, however, no hard and fast rule which will serve as guide in determining what is or what is not a reasonable fee. That must be determined from the facts of each case.⁷ In this regard, I respectfully submit that the amount of legal fees alone does not make them decidedly unreasonable or unconscionable. Fees are charged based on a number of circumstances and, to my mind, only when lawyers employ fraud, deceit, or any form of machination against their clients in charging fees should the Court step in. Absent any of these circumstances, professional fees stipulated in an engagement contract that has been freely and intelligently entered into between a lawyer and his or her client should remain valid and binding.

Well-settled is the rule that the "[f]reedom of contract is both a constitutional and statutory right," and that "the contracting parties may establish such stipulations, clauses, terms and conditions as they may deem

³ I agree that respondent exhibited deceitful conduct when he:

1. Pegged his success fees of 10% at an exaggerated base rate of LANECO's "total amount of savings," instead of what was stipulated in his engagement contract, which was the "total amount of taxes being assessed and collected by the Provincial Government of Lanao del Norte against LANECO."
2. Misrepresented to LANECO that the favorable ruling of the trial court was already final, thereby entitling him to his success fees under the contract.
3. Connived with Engr. Resnol Torres in manipulating the outcome of the collection suit he filed to recover his success fees. Notably, the Court of Appeals (CA) nullified the judgment of the trial court, which was granted in favor of respondent, on the ground of "extrinsic fraud perpetrated by Atty. Era in connivance...with Resnol Torres." The CA decision has attained finality.

⁴ In *Samson v. Era*, A.C. No. 6664, July 16, 2013, 701 SCRA 241, respondent was suspended from the practice of law for two years for wittingly representing and serving conflicting interests. In *Bonifacio v. Era*, A.C. No. 11754, October 3, 2017, 841 SCRA 487, he was once again suspended from the practice of law for three years for willfully disobeying the Court's prior order suspending him by continuing to engage in unauthorized practice of law during said suspension.

⁵ *Ponencia*, p. 22.

⁶ *Dalisay v. Mauricio, Jr.*, A.C. No. 5655, April 22, 2005, 456 SCRA 508, 514.

⁷ *Id.* at 514.

convenient, provided they are not contrary to law, morals, good customs, public order, or public policy.”⁸ Moreover, consent is essential for the existence of a contract and it presupposes the following requisites: (1) it should be intelligent or with an exact notion of the matter to which it refers; (2) it should be free; and (3) it should be spontaneous. Intelligence in consent is vitiated by error; freedom by violence, intimidation or undue influence; and spontaneity by fraud.⁹

In this case, there is neither allegation nor proof that the consent of the LANECO Board of Directors (BOD) was unintelligent, forced, or was procured through fraud. Rather, the exact opposite is extant in the own allegations of complainants. While the directors claim that they did not bother going into the details of the engagement *proposal* of respondent because they were impressed with and convinced of his qualifications and expertise,¹⁰ it is very telling that apart from signing the engagement *contract* itself, they also signed *two* board resolutions pertaining to respondent’s engagement.¹¹

However, in concluding that respondent’s fees were unreasonable, the *ponencia* observed that respondent exercised deceit against LANECO when he took advantage of his superior knowledge of the law and filed two actions on behalf of LANECO when only one would have sufficed. The *ponencia* further observed that the fees were not commensurate with the difficulty of the cases that respondent filed. The petitions mainly questioned the validity of the 1993 Provincial Tax Code on account of the lack of public consultations and publication. This issue, according to the *ponencia*, was not novel or complicated, and did not require extensive skill, effort, and research.¹² With due respect, I disagree.

Firstly, the engagement contract clearly provided that respondent’s professional services would entail the filing and handling of two petitions to dispute the franchise and real property tax assessments.¹³ Clearly, respondent had been transparent from the beginning about what his legal fees would be for and how he would handle the legal concerns of LANECO. Again, there is nary an allegation or complaint from LANECO that it was ever coerced or strong-armed in any way in entering into said contract.

Subsequently, too, when respondent was trying to collect on his success fees, the BOD even issued another resolution approving it and the approval did not appear perfunctory as the amount was at a discounted rate of 9% instead of 10% of the base amount as stipulated in the engagement

⁸ *Morla v. Belmonte*, G.R. No. 171146, December 7, 2011, 661 SRCA 717, 730. Citations omitted.

⁹ *Lim, Jr. v. San*, G.R. No. 159723, September 9, 2004, 438 SCRA 102, 106-107.

¹⁰ *Ponencia*, p. 2.

¹¹ *Id.*

¹² *Id.* at 22-23.

¹³ *Id.* at 3.

contract.¹⁴ Admittedly, respondent did misrepresent to LANECO that the favorable decision before the trial court had already attained finality, thereby entitling him to success fees. He also deceitfully pegged said success fees at a base amount different from what his engagement contract provides. Even so, this deceitful conduct did not attend the preparation and perfection of the contract between LANECO and respondent. What remains clear from the totality of the facts of the case is that during the preparation and perfection of the contract of engagement with respondent, the BOD was never kept in the dark, that negotiations were had, and that the parties dealt with each other at an arm's length.

Anent the *ponencia's* second observation, suffice it to say that lawyers have the liberty to fix the legal fees they would charge their clients, subject to what the rules provide. Canon 20 of the CPR requires that a lawyer shall charge only fair and reasonable fees, and in this connection, Rule 20.01 of the CPR further provides the **various** factors intended to guide lawyers in determining what is fair and reasonable. Thus:

Rule 20.01 - A lawyer shall be guided by the following factors in determining his fees:

- a) The time spent and the extent of the services rendered or required;
- b) The novelty and difficulty of the questions involved;
- c) The importance of the subject matter;
- d) The skill demanded;
- e) The probability of losing other employment as a result of acceptance of the proffered case;
- f) The customary charges for similar services and the schedule of fees of the IBP chapter to which he belongs;
- g) The amount involved in the controversy and the benefits resulting to the client from the service;
- h) The contingency or certainty of compensation;
- i) The character of the employment, whether occasional or established; and
- j) The professional standing of the lawyer.

Parallel to the above, Section 24, Rule 138 of the Rules of Court partly provides that lawyers shall be entitled to have and recover from their clients no more than a reasonable compensation for their services, with a view to the importance of the subject matter of the controversy, the extent of the services rendered, and the professional standing of the attorney.

¹⁴ See *id.* at 4.





Proceeding from the above-cited rules, whether attorney's fees are unreasonable does not rest solely on the nature of the case to be handled or the kind and amount of work that will be required from the lawyer. An equally important factor is his or her professional standing in the legal community. Indeed, the reputation that lawyers have painstakingly built over the years in the legal profession accounts for something and the rules also recognize that lawyers may be justified to also anchor their fees on it. It should not be questionable therefore for any lawyer worth his or her salt to charge a fairly higher rate than most. Here, there is no finding or discussion as to whether respondent's professional standing should likewise have a bearing on the fees he charged LANECO. Notably, complainants themselves admitted that they were impressed with respondent's expertise and qualifications.

As well, regardless of the nature or complexity of the cases respondent handled for LANECO, accepting the latter as a client meant losing other employment or potential clients on the part of respondent because he naturally devoted time and attention to the cases of LANECO.

Simply put, the total amount LANECO paid to respondent as legal fees cannot be characterized as unreasonable by its sheer size alone. These fees are, after all, for services **duly** rendered. As may be observed, Rule 20.01(g) of the CPR allows that these services be weighed against the amount involved in the controversy and the benefits resulting to the client from the said services. What would have been unacceptable is to charge fees for services that were never rendered or sorely wanting. None of these circumstances appear in the case at hand.

To my mind, the lack of appreciation of these considerations renders an incomplete assessment of the reasonableness of the fees LANECO voluntarily agreed to pay respondent.

To emphasize yet again, the BOD — presumably comprised of astute businessmen — had agreed to the engagement contract of respondent and had issued two board resolutions relative thereto. To be sure, there was never any claim or evidence that the members of the BOD were naïve or unversed in business matters.

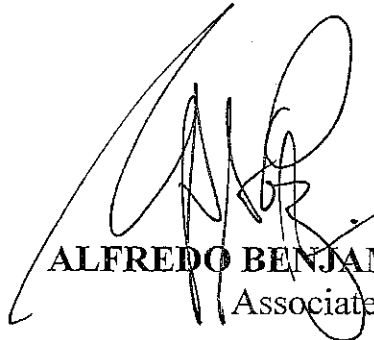
All told, the determination of a proper fee requires consideration of the interests of both client and lawyer. However, the ultimate focus of the judiciary should be upon whether an attorney's action indicates a lack of consideration for his or her client's interest and an abuse of his or her professional relationship with his or her client.¹⁵ Unreasonable, unconscionable, or excessive fees should therefore be evidenced by fraud,

¹⁵ Romine, W., *Legal Fees: Gross Overcharging By An Attorney Warranting Disciplinary Action*, THE JOURNAL OF THE LEGAL PROFESSION, p. 131, accessed at https://www.law.ua.edu/pubs/jlp_files/issues_files/vol02/vol02art09.pdf.



misrepresentation, or overreaching by the lawyer, thereby rendering the charges, under the circumstances, a practical appropriation of the client's funds.¹⁶ I respectfully reiterate that absent any of these elements, an engagement contract freely and intelligently entered into between a lawyer and his or her client remains the law between them.

In view of the foregoing, I dissent from the *ponencia* in ruling that respondent's attorney's fees should be reduced. However, for engaging in deceitful conduct, for violating other provisions of the CPR, and in consideration of his two previous infractions, I concur with the *ponencia* that respondent deserves the extreme penalty of disbarment.



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

¹⁶ Id. at 129, citing *Bushman v. State Bar of California*, 11 Cal. 3d 558, 522 P.2d 312, 113 Cal. Rptr. 904 (1974).

