



Republic of the Philippines  
 Supreme Court  
 Manila

SECOND DIVISION

EDUARDO N. RIGUER,

Petitioner,

G.R. No. 222538

Present:

CARPIO,\* J.,  
 PERALTA,\*\* *Acting Chairperson*,  
 MENDOZA,  
 LEONEN,\*\*\* and  
 MARTIRES, JJ.

- versus -

ATTY. EDRALIN S. MATEO,

Respondent.

Promulgated:

21 JUN 2017

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DECISION

MENDOZA, J.:

This petition for review on *certiorari* seeks to reverse and set aside the April 13, 2015 Decision<sup>1</sup> and the September 3, 2015<sup>2</sup> and January 14, 2016<sup>3</sup> Resolutions of the Court of Appeals (CA) in CA-G.R. SP No. 136297, which upheld the June 2, 2014 Decision<sup>4</sup> of the Regional Trial Court, Branch 28, Cabanatuan City (RTC). The RTC affirmed the July 26, 2013 Decision<sup>5</sup> of the Municipal Trial Court in Cities, Cabanatuan City (MTCC), in a case involving attorney's fees.

\* On Official Leave.

\*\* Per Special Order No. 2445 dated June 16, 2017.

\*\*\* On Leave.

<sup>1</sup> Penned by Associate Justice Amy C. Lazaro-Javier, with Associate Justice Celia C. Librea-Leagogo and Associate Justice Melchor Q.C. Sadang, concurring; *rollo*, pp. 32-43.

<sup>2</sup> Id. at 52-53.

<sup>3</sup> Id. at 54.

<sup>4</sup> Penned by Presiding Judge Trese D. Wenceslao; id. at 68-78.

<sup>5</sup> Penned by Presiding Judge Kelly B. Belino; id. at 61-67.

### The Antecedents

Sometime in 2002, petitioner Eduardo N. Riguer (*Riguer*) engaged the services of respondent Atty. Edralin S. Mateo (*Atty. Mateo*) to represent him in civil and criminal cases involving a parcel of land covered by Transfer Certificate of Title (*TCT*) No. 12112. They agreed that the compensation for Atty. Mateo's legal services would be the acceptance fee, appearance fee, and pleading fees, which Riguer religiously paid.<sup>6</sup>

On January 16, 2007, the RTC rendered a judgment favorable to Riguer in the civil case. During the pendency of the appeal, Atty. Mateo was able to make him sign a document entitled "*Kasunduan*."<sup>7</sup> The said document stated that Riguer agreed to pay Atty. Mateo the following: a) ₱30,000.00 as reimbursement for the latter's expenses in the civil case; b) ₱50,000.00 in case of a favorable decision in the civil case; and c) ₱250,000.00 once the land covered by TCT No. 12112 was sold.<sup>8</sup>

On May 21, 2009, the appeal was decided in favor of Riguer, prompting Atty. Mateo to demand payment of the fees agreed upon in the *Kasunduan*. Riguer refused to pay.

After two (2) years or on May 30, 2011, Atty. Mateo filed a Complaint for Collection of Attorney's Fees with Urgent Prayer for Issuance of Preliminary Attachment before the MTCC.

#### *The MTCC Ruling*

In its July 26, 2013 decision, the MTCC ruled in favor of Atty. Mateo and ordered Riguer to pay him ₱250,000.00 with six percent (6%) interest as attorney's fees and ₱5,494.50 as costs of suit. It opined that the *Kasunduan* bound Riguer as he never denied signing the same. The MTCC disregarded his claim that he was unaware that he had signed the said document as it was lumped with other documents to be signed for the appeal. It found that at the time the *Kasunduan* was executed, no appeal had yet been made as the trial court had not yet rendered a decision in the civil case. In addition, it imposed legal interest at the rate of six percent (6%) *per annum* pursuant to Article 2209 of the Civil Code. The MTCC disposed the case in this wise:

WHEREFORE, premises considered, judgment is hereby rendered in favor of plaintiff Atty. Edralin S. Mateo as against the defendant Eduardo N. Riguer as follows:

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<sup>6</sup> Id. at 11.

<sup>7</sup> Id.

<sup>8</sup> Id. at 12.

1. Ordering the defendant Eduardo Riguer to pay the plaintiff the amount of TWO HUNDRED FIFTY THOUSAND PESOS (Php250,000.00) with 6% legal interest commencing from the date of judicial demand or the filing of this case on May 30, 2011, until the finality of this Decision. The total amount due inclusive of interest shall further earn 6% interest until the whole obligation has been paid; and

2. Ordering the defendant Eduardo Riguer to pay the plaintiff the cost of this suit in the amount of FIVE THOUSAND FOUR HUNDRED NINETY-FOUR PESOS AND FIFTY CENTAVOS (Php5,494.50).

SO ORDERED.<sup>9</sup>

Aggrieved, Riguer appealed to the RTC.

#### *The RTC Ruling*

In its June 2, 2014 Decision, the RTC concurred with the MTCC. It held that the *Kasunduan* bound Riguer and that the latter's claim that the said document was inserted in the voluminous documents he signed for the appeal was mere speculation. Further, the RTC ruled that the attorney's fees in the amount of ₱250,000.00 were just and equitable on the basis of *quantum meruit*. Likewise, it held that Atty. Mateo could rightfully recover the costs of suit as he was constrained to litigate to enforce his claim for attorney's fees. The RTC decreed:

WHEREFORE, premises considered, let the above-entitled appealed case be DISMISSED with prejudice for lack of merit. The decision in Civil Case No. 19388 dated July 26, 2013 rendered by the MTCC – Branch 1, Cabanatuan City is hereby affirmed *in toto*.

SO ORDERED.<sup>10</sup>

Undeterred, Riguer appealed before the CA.

#### *The CA Ruling*

In its April 13, 2015 Decision, the CA sustained the RTC decision. The appellate court disagreed that Atty. Mateo merely inserted the *Kasunduan* in the voluminous documents of the appealed civil case as the document was signed a month before the trial court had rendered its decision. Hence, there was no appeal to speak of yet. Further, the CA added that even if the *Kasunduan* was void, Atty. Mateo was still entitled to attorney's fees on the basis of *quantum meruit*. It noted that Riguer's claim that the

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<sup>9</sup> Id. at 66.

<sup>10</sup> Id. at 78.

₱250,000.00 was grossly disproportionate to the selling price of the land in the amount of ₱600,000.00 was only presented for the first time on appeal. Thus, the CA ruled:

ACCORDINGLY, this petition is DENIED and the Decision dated June 2, 2014, AFFIRMED.

SO ORDERED.<sup>11</sup>

Riguer moved for reconsideration, but his motion was denied by the CA in its September 3, 2015 Resolution for being filed out of time. He filed another motion for reconsideration, but it was again denied by the CA in its January 14, 2016 Resolution as a second motion for reconsideration was prohibited pursuant to Section 2, Rule 52 of the Rules of Court.

Hence, this petition.

### **ISSUES**

#### **I**

**WHETHER RIGUER'S MOTION FOR RECONSIDERATION FOR THE APRIL 13, 2015 CA DECISION WAS TIMELY FILED.**

#### **II**

**WHETHER ATTY. MATEO IS ENTITLED TO RECOVER ₱250,000.00 IN ATTORNEY'S FEES PURSUANT TO THE KASUNDUAN.**

Riguer insists that the CA erred in ruling that the first motion for reconsideration was filed out of time. He faults the CA in reckoning the 15-day period to file a motion for reconsideration from May 15, 2015, or the date his former counsel allegedly received the notice of the April 13, 2015 decision. Riguer explained that the notice was received by a certain Marisol Macaldo (*Macaldo*). He asserts that Macaldo never worked for the law firm which previously represented him because she was a former helper of the father of one of the lawyers in the said law firm. Thus, Riguer concludes that the service of the notice was defective as it was never served at the office of his counsel but at the latter's family home. Likewise, he dismisses the CA's ruling that his motion for reconsideration of the September 3, 2015 resolution was a second motion for reconsideration because it raised a different issue.

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<sup>11</sup> Id. at 42.

Further, Riguer stresses that he was misled in signing the *Kasunduan* as it was included in the voluminous documents for appeal. He asserts that Atty. Mateo took advantage of his lack of education and advanced age in making him sign it. Riguer points out that he paid the ₱30,000.00 and ₱50,000.00 embodied in the *Kasunduan* as Atty. Mateo verbally required him to do so. He insists that the said document belied the true intent of the parties and that the ₱250,000.00 attorney's fees was unreasonable.

In his Comment,<sup>12</sup> dated July 29, 2016, Atty. Mateo countered that the CA correctly denied Riguer's first motion for reconsideration because the explanation of his counsel was unjustified. He claimed that the certification of the Postmaster proved that the decision was properly served on Riguer's counsel at the address indicated in the records.

Moreover, Atty. Mateo asserted that even if technicalities were to be brushed aside, the petition still failed to impress because the same raised questions of fact, which were beyond the ambit of a petition for review under Rule 45. Likewise, he stated that the courts *a quo* were right in awarding the attorney's fees because they were in accordance with the written contract assented to by Riguer. Atty. Mateo claimed that the ₱250,000.00 attorney's fees was appropriate, considering that Riguer's property was valued at around ₱3million at the time the contract was executed. He pointed out that Riguer could not rely on the deed of sale as basis to reduce the award because the same was fictitious, elaborating that it was common not to indicate the accurate price of the property sold to lessen the tax to be levied from the sale.

In his Reply,<sup>13</sup> dated November 14, 2016, Riguer reiterated that it had been sufficiently established that the person who received the CA decision was never authorized by his counsel to do so. He asserted that Atty. Mateo's claim that the property was valued at ₱3 million was unsubstantiated. Riguer persisted that the price indicated in the notarized deed of sale was controlling as it was a public document.

### **The Court's Ruling**

The petition is partially meritorious.

Under Section 9, Rule 13 of the Rules of Court, service of judgments, final orders or resolutions may be served either personally or by registered mail. In relation thereto, service by registered mail shall be made by depositing the copy in the post office in a sealed envelope addressed to the

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<sup>12</sup> Id. at 139-146.

<sup>13</sup> Id. at 151-160.

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party or his counsel at his office, if known, otherwise at his residence, if known.<sup>14</sup>

The CA was correct in reckoning the 15-day period to file a motion for reconsideration from May 15, 2015, when Macaldo received a copy of the decision, and not May 18, 2015, when Riguer's former counsel was allegedly informed by his mother about the decision. Thus, the motion for reconsideration was filed out of time as it was done only on June 2, 2015. As pointed out by the CA, the Philippine Postal Corporation certified that a copy of the April 13, 2015 decision was received by Riguer's counsel through Macaldo.

*Rules of procedure  
relaxed in the interest of  
substantial justice*

The procedural lapses, notwithstanding, the Court may still entertain the present appeal. Procedural rules may be disregarded by the Court to serve the ends of substantial justice. Thus, in *CMTC International Marketing Corporation v. Bhagis International Trading Corporation*,<sup>15</sup> the Court elucidated:

Time and again, this Court has emphasized that procedural rules should be treated with utmost respect and due regard, since they are designed to facilitate the adjudication of cases to remedy the worsening problem of delay in the resolution of rival claims and in the administration of justice. From time to time, however, we have recognized exceptions to the Rules, but only for the most compelling reasons where stubborn obedience to the Rules would defeat rather than serve the ends of justice.

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Ergo, where strong considerations of substantive justice are manifest in the petition, the strict application of the rules of procedure may be relaxed, in the exercise of its equity jurisdiction. Thus, a rigid application of the rules of procedure will not be entertained if it will obstruct rather than serve the broader interests of justice in the light of the prevailing circumstances in the case under consideration.<sup>16</sup>

The merits of Riguer's petition for review warrant a relaxation of the rules of procedure if only to attain justice swiftly. As would be further discussed, a denial of his petition would only allow Atty. Mateo to collect unconscionable attorney's fees.

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<sup>14</sup> Section 7, Rule 13 of the Rules of Court.

<sup>15</sup> 700 Phil. 575 (2012).

<sup>16</sup> Id. at 581-582.

*Fraud must be clearly  
and convincingly proved  
before a contract may be  
nullified*

The Court agrees that Riguer failed to establish that he was deceived and misled by Atty. Mateo in signing the *Kasunduan*. Though Atty. Mateo judicially admitted that he prepared the said document during the pendency of the appeal,<sup>17</sup> it was insufficient to prove that he employed fraud and deceit in making Riguer sign the said document together with other documents for the appeal.

In nullifying contracts on the basis of fraud, the same must be established by clear and convincing evidence. The Court, in *Tankeh v. DBP*,<sup>18</sup> wrote:

Second, the standard of proof required is clear and convincing evidence. This standard of proof is derived from American common law. It is less than proof beyond reasonable doubt (for criminal cases) but greater than preponderance of evidence (for civil cases). The degree of believability is higher than that of an ordinary civil case. Civil cases only require a preponderance of evidence to meet the required burden of proof. **However, when fraud is alleged in an ordinary civil case involving contractual relations, an entirely different standard of proof needs to be satisfied. The imputation of fraud in a civil case requires the presentation of clear and convincing evidence. Mere allegations will not suffice to sustain the existence of fraud.** The burden of evidence rests on the part of the plaintiff or the party alleging fraud. The quantum of evidence is such that fraud *must* be clearly and convincingly shown.<sup>19</sup> [Emphases supplied]

Other than Riguer's allegation of fraud, no clear and convincing evidence was presented to support a conclusion that Atty. Mateo employed it in preparing, and eventually having Riguer sign, the *Kasunduan*. Absent sufficient proof of fraud, the contract binds the parties and is the law between them.

*Stipulated attorney's fees  
may be reduced if found  
to be unconscionable*

The Court, nevertheless, reduces the agreed attorney's fees for being unconscionable. Section 24, Rule 138 of the Rules of Court provides:

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<sup>17</sup> *Rollo*, pp. 21-23.

<sup>18</sup> 720 Phil. 641 (2013).

<sup>19</sup> *Id.* at 675-676.

*Sec. 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 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 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.** [Emphases supplied]

Accordingly, whether there is an agreement or not, the courts can fix a reasonable compensation which lawyers may receive for their professional services.<sup>20</sup> As an officer of the court, the lawyer submits himself to the authority of the court and, as such, the power to determine the reasonableness or unconscionable character of attorney's fees stipulated by the parties is a matter falling within the regulatory prerogative of the courts.<sup>21</sup>

In *Rayos v. Atty. Hernandez*,<sup>22</sup> the Court wrote that the stipulated attorney's fees could be reduced if the same were unconscionable based on established standards, to wit:

Stipulated attorney's fees are unconscionable whenever the amount is by far so disproportionate compared to the value of the services rendered as to amount to fraud perpetrated upon the client. This means to say that the amount of the fee contracted for, standing alone and unexplained would be sufficient to show that an unfair advantage had been taken of the client, or that a legal fraud had been perpetrated on him.

**The decree of unconscionability or unreasonableness of a stipulated amount in a contingent fee contract, will not, however, preclude recovery. It merely justifies the fixing by the court of a reasonable compensation for the lawyer's services.**

Generally, the amount of attorney's fees due is that stipulated in the retainer agreement which is conclusive as to the amount of the lawyer's compensation. **A stipulation on a lawyer's compensation in a written contract for professional services ordinarily controls the amount of fees that the contracting lawyer may be allowed, unless the court finds such stipulated amount unreasonable or unconscionable. x x x x**

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<sup>20</sup> *Rilloraza, Africa, de Ocampo and Africa v. Eastern Telecommunications Phils., Inc.*, 369 Phil. 1, 11. (1999).

<sup>21</sup> *Radiowealth Finance Co., Inc., et.al., v. International Corporate Bank*, 261 Phil. 1022, 1029 (1990).

<sup>22</sup> 544 Phil. 447 (2007).



We have identified the circumstances to be considered in determining the reasonableness of a claim for attorney's fees as follows: (1) **the amount and character of the service rendered**; (2) **labor, time, and trouble involved**; (3) the nature and importance of the litigation or business in which the services were rendered; (4) the responsibility imposed; (5) **the amount of money or the value of the property affected by the controversy or involved in the employment**; (6) the skill and experience called for in the performance of the services; (7) the professional character and social standing of the attorney; (8) the results secured; (9) whether the fee is absolute or contingent, it being recognized that an attorney may properly charge a much larger fee when it is contingent than when it is not; and (10) **the financial capacity and economic status of the client have to be taken into account in fixing the reasonableness of the fee.**<sup>23</sup> [Emphases supplied]

Applying the aforementioned standards, no other conclusion can be reached other than that the ₱250,000.00 attorney's fees was unconscionable. *First*, the attorney's fees amounted to almost 50% of the value of the property litigated as it was only sold for ₱600,000.00. *Second*, Riguer was a farmer of advanced age with limited educational attainment. *Third*, the stipulated attorney's fees in the *Kasunduan* referred to Atty. Mateo's services for the appeal because the legal fees during the proceedings in the trial court had already been paid. *Lastly*, Atty. Mateo judicially admitted that he believed he was entitled to 10% attorney's fees. It was stated in the *Kasunduan* that Atty. Mateo was to be paid ₱250,000.00 because he claimed that the litigated property had a fair market value of around ₱3 million. The same, however, was sold for only ₱600,000.00.

To convince the Court that the ₱250,000.00 attorney's fees was conscionable, Atty. Mateo pointed out that the deed of sale did not accurately reflect the value of the land sold because its consideration was only for ₱600,000.00. He insisted that the true value of the property was around ₱3 million.

The deed of sale in question was notarized. The act of notarizing made the instrument a public document carrying with it legal ramifications. In *Dela Peña v. Avila*,<sup>24</sup> the Court explained that a notarized document is proof of the contents stated therein and may be set aside only by clear and strong evidence to the contrary, to wit:

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<sup>23</sup> Id. at 462-463.

<sup>24</sup> 681Phil. 553 (2012).

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With the material contradictions in the Dela Peña's evidence, the CA cannot be faulted for upholding the validity of the impugned 4 November 1997 Deed of Absolute Sale. Having been duly notarized, said deed is a public document which carries the evidentiary weight conferred upon it with respect to its due execution. **Regarded as evidence of the facts therein expressed in a clear, unequivocal manner, public documents enjoy a presumption of regularity which may only be rebutted by evidence so clear, strong and convincing as to exclude all controversy as to falsity. The burden of proof to overcome said presumptions lies with the party contesting the notarial document like the Dela Peñas who, unfortunately, failed to discharge said onus.** Absent clear and convincing evidence to contradict the same, we find that the CA correctly pronounced the Deed of Absolute Sale was valid and binding between Antonia and Gemma.<sup>25</sup> [Emphasis and underscoring supplied]

In the case at bench, other than his bare assertions, Atty. Mateo never presented proof to support his claim that the consideration indicated in the deed of sale was spurious. Absent any proof to the contrary, the contents of the notarized deed of sale should be held valid and true. Further, Riguer pointed out that the property was located in a remote location, which made it less valuable compared to properties located in the center of the city.

Lest it be misunderstood, the Court does not wish to deprive Atty. Mateo of his just compensation for the satisfactory legal service he had rendered to his client. Though his right to his lawyer's fees is recognized, the same must not amount to a deprivation of property of his client. As Riguer's property was sold for only ₱600,000.00, and not ₱3million, the agreed attorney's fees of ₱250,000.00 must be reduced accordingly.

**WHEREFORE**, the April 13, 2015 Decision and the September 3, 2015 and January 14, 2016 Resolutions of the Court of Appeals (CA) in CA-G.R. SP No. 136297 are **AFFIRMED with MODIFICATION**. The attorney's fees in the amount of ₱250,000.00 awarded to respondent Atty. Edralin S. Mateo is reduced to ₱100,000.00.

**SO ORDERED.**

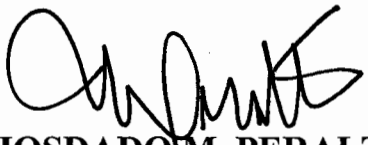
  
**JOSE CATRAL MENDOZA**  
Associate Justice

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<sup>25</sup> Id. at 567.

**WE CONCUR:**

(On Official Leave)  
**ANTONIO T. CARPIO**  
Associate Justice


  
**DIOSDADO M. PERALTA**  
Associate Justice  
Acting Chairperson

(On Leave)  
**MARVIC M.V.F. LEONEN**  
Associate Justice

  
**SAMUEL R. MARTIRES**  
Associate Justice


**ATTESTATION**

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**DIOSDADO M. PERALTA**  
Associate Justice  
Acting Chairperson, Second Division

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**MARIA LOURDES P. A. SERENO**  
Chief Justice

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