



REPUBLIC OF THE PHILIPPINES  
SUPREME COURT  
Manila

SECOND DIVISION

**NOTICE**

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **23 February 2022** which reads as follows:*

**“G.R. No. 224200 (Atty. Rebene C. Carrera v. C.F. Sharp Crew Management / Reederei Claus Peter Offen / Juan Jose P. Rocha and Richard V. Arnaldo.)** – In this Petition for Review on *Certiorari*,<sup>1</sup> petitioner Atty. Rebene C. Carrera (petitioner) seeks to reverse and set aside the Decision dated 23 October 2015<sup>2</sup> and Resolution dated 22 April 2016<sup>3</sup> promulgated by the Court of Appeals (CA) in CA-G.R. SP No. 136127. The assailed decision and resolution reversed the ruling of the National Labor Relations Commission (NLRC) and held that the attorney’s lien of petitioner, who is counsel for complainant Richard V. Arnaldo (Arnaldo), would be best addressed in an action separate from the main case.

**Antecedents**

The CA cited the factual antecedents of the case in the following manner:

Records show that on December 12, 2011, complainant filed a complaint against respondents for permanent disability compensation and balance of sick wages in accordance with the CBA, reimbursement of medical and transportation expenses, moral and exemplary damages, and attorney’s fees.

Complainant was represented by Atty. Carrera during the proceedings before the Labor Arbiter. As counsel for complainant, Atty. Carrera attended the mandatory conferences and subsequent hearings/conferences conducted by the Office of the Labor Arbiter for this case. Atty. Carrera likewise prepared and filed a Position Paper with supporting documents, and thereafter a Reply, for complainant.

---

<sup>1</sup> *Rollo*, pp. 10-35.

<sup>2</sup> *Id.* at 37-49; penned by Associate Justice Romeo F. Barza and concurred in by Presiding Justice Andres B. Reyes, Jr. (a retired Member of this Court) and Associate Justice Agnes Reyes-Carpio of the First (1<sup>st</sup>) Division, Court of Appeals, Manila.

<sup>3</sup> *Id.* at 51-55.

On January 4, 2014, Executive Labor Arbiter Fatima Jambaro-Franco rendered a Decision, the dispositive portion of which reads:

WHEREFORE, premises considered, judgment is hereby rendered ordering the respondents C.F. Sharp Crew Management / Reederei Claus-Peter Offen to pay complainant Richard V. Arnaldo the amount of ONE HUNDRED THIRTY SEVEN THOUSAND FIVE HUNDRED US DOLLARS & 80/100 (US\$137,500.00) or its equivalent in Philippine Peso at the prevailing rate of exchange at the time of actual payment representing his disability benefits and attorney's fees.

All other claims are DISMISSED for lack of merit.

SO ORDERED.

Respondents appealed from the Decision of the Executive Labor Arbiter. This appealed case was raffled and assigned to Commissioner Angelo A. Palana of this Division. As counsel of complainant before this Commission, Atty. Carrera prepared and filed an Opposition to respondents' Notice of Appeal with Memorandum of Appeal (Records, pages 238-248).

On April 12, 2013, complainant filed a Motion to Inhibit Commissioner Palana, alleging that there is a serious personal misunderstanding between his counsel and said Commissioner, and for this reason, this case may not be resolved with neutrality and fairness. Complainant prayed that in the interest of justice, this case should be re-raffled to the remaining Commissioners of this Division (Records, pages 251-252).

On April 24, 2013, complainant filed a Notice of Termination of Counsel, praying that he (complainant) be directly sent notices, orders, resolutions or decisions that may henceforth be issued by this Commission relative to this case. Complainant furnished a copy of said Notice to respondents' counsel of record by registered mail. There is no showing in the records that complainant furnished a copy thereof to his counsel of record, Atty. Carrera (Records, pages 254-255).

On April 26, 2013, the Commission sent a Notice for clarificatory hearing set on May 9, 2013, to complainant, respondents, and respondents' counsel (Records, page 257).

Clarificatory hearing was conducted on May 9, 2013 as scheduled. Complainant appeared personally, while respondents were represented by their counsel. The hearing was conducted by Commission Attorney Christopher Redeemson R. Brocales, by authority of Commissioner Palana. During said hearing, complainant manifested that he personally caused the preparation of and signed, the Notice of Termination of Counsel dated April 4, 2013. Further, both parties manifested the possibility of settling the controversy amicably. Thus, a mediation

conference was set on May 27, 2013 and complainant and respondents' counsel were duly notified thereof in open court (Records, page 258).

During the mediation conference of May 27, 2013, complainant appeared without counsel while respondents appeared through their counsel (Records, page 259). The Minutes of said conference states that both parties agreed on the amount of US\$60,000.00 as settlement of this case, and that they would return to the Office of Commissioner Palana on June 10, 2013 to execute and finalize their settlement. The hearing officer, Atty. John Mones, reminded complainant to appear together with his counsel during the next hearing (Records, page 259).

On June 4, 2013, Atty. Antonio Q. Baquirin filed a Notice of Appearance, notifying the Fourth Division that he was entering his appearance as counsel for complainant, with the conforme of the latter, and henceforth, for that Office to send all notices, summons, papers, and other legal processes to his given office address (Records, pages 261-263).

On June 5, 2013, complainant with his new counsel, Atty. Baquirin, and respondents' counsel, appeared before Labor Arbiter Reynante L. San Gaspar, and filed a Joint Motion to Dismiss with Urgent Motion to Cancel Appeal Bond, which was signed by complainant and Atty. Baquirin, as well as respondents' counsel (Records, pages 264-266). The parties also filed a Release of All Rights and Pagpapaubaya ng Lahat ng Karapatan, which complainant and Atty. Baquirin executed before Labor Arbiter San Gaspar (Records, pages 260, 267-274). They likewise filed a Receipt of Payment signed by complainant, and an Affidavit of Claimant executed by complainant before Labor Arbiter San Gaspar (Records, pages 275-277).

In their Joint Motion to Dismiss with Urgent Motion to Cancel Appeal Bond dated June 5, 2013, the parties manifested that: They have now entered into an amicable settlement wherein complainant received the amount of P2,896,740.00 from respondents as full and complete satisfaction of the Decision of the Executive Labor Arbiter dated January 4, 2013. Said payment was made by means of a Citybank Check dated June 3, 2013, in the sum of P2,896,740.00, payable to complainant. By virtue of said payment, complainant has no further claims against respondents. In view of the amicable settlement reached between the parties, they are now jointly moving for the dismissal of the complaint filed by complainant, with prejudice, and that the Surety Bond dated February 22, 2013 issued by Pioneer Insurance and Surety Corp. in favor of the NLRC be cancelled (Records, pages 264-265).

During the conference of June 5, 2013, the hearing Officer, Labor Arbiter San Gaspar, pointed out that there were pending incidents: i.e., Motion to Inhibit and Termination of Counsel. Upon inquiry by the Labor Arbiter, complainant and his new counsel manifested that they were abandoning the said motion in view of the settlement. Complainant further manifested that he has already informed his former counsel about his termination. After a thorough examination of complainant and his new counsel, the Labor Arbiter was convinced that complainant understood the import of the settlement/quitclaim and that he acted freely and voluntarily.

Complainant's new counsel also affirmed that the amount is fair and reasonable. Upon review, the Labor Arbiter also found the amount of US\$70,000.00 to be reasonable. Thus, the Labor Arbiter deemed the Joint Motion to Dismiss, together with the Release of All Rights, Pagpapaubaya ng Lahat ng Karapatan, and Affidavit of Claimant, submitted for approval and resolution (Records, page 260).

On June 17, 2013, Atty. Carrera filed a Motion for Attorney's Lien, attaching a retainer agreement entered into by and between him and complainant on September 19, 2011, wherein the latter retained the legal services of the former in connection with this case, for therein agreed attorney's fees (Records, pages 279-289). In his Motion for Attorney's Lien, Atty. Carrera prayed that his lien for his attorney's fees consisting of 25% of the total amount recovered, plus 10% by way of award, be now granted to him in the interest of justice.<sup>4</sup>

### **Ruling of the NLRC**

The NLRC, on 21 October 2013, issued a Resolution granting the Joint Motion to Dismiss with Urgent Motion to Cancel Appeal Bond filed by Arnaldo and respondents C.F. Sharp Crew Management, Reederei Clause Peter Offen and Juan Jose P. Rocha (C.F. Sharp, et al.). The NLRC also issued a Resolution dated 29 October 2013 denying petitioner's Motion for Attorney's Lien after finding that petitioner's remedy is unavailing since it was filed twelve (12) days after the parties have already reached an amicable settlement, which effectively terminated the case. Accordingly, C.F. Sharp, et al., have been discharged from their liability to Arnaldo and there is, likewise, no more object against which the lien may be enforced for satisfaction.<sup>5</sup>

On reconsideration, the NLRC reversed its earlier ruling through its Resolution dated 3 March 2014.<sup>6</sup> It upheld the retainer agreement between petitioner and Arnaldo where the latter agreed to pay the former the equivalent of 25% of the total amount recovered in addition to any attorney's fees awarded by the Labor Arbiter since there was no justifiable cause for termination of his services as counsel. Further, Arnaldo's deliberate failure to furnish petitioner with a notice terminating the latter's services and his subsequent act of entering an amicable settlement with C.F. Sharp, et al., shows his attempt to evade his obligation with petitioner.<sup>7</sup> It, thus, ordered respondents Arnaldo, C.F. Sharp Crew Management and Reederei Claus Peter Offen to jointly and severally pay petitioner his attorney's fees:

<sup>4</sup> *Id.* at 38-41.

<sup>5</sup> *Id.* at 41-42.

<sup>6</sup> *Id.* at 132-145.

<sup>7</sup> *Id.* at 43-44.

**WHEREFORE**, the motions for reconsideration filed by Atty. Rebene C. Carrerra are partly GRANTED.

The Resolution of the Commission dated October 29, 2013 is SET ASIDE, and the Motion for Attorney's Lien is GRANTED.

Likewise, the Resolution of the Commission dated October 21, 2013 is SET ASIDE, but only with respect to the amount of P1,013,859.00, representing attorney's fees of Atty. Carrera.

Complainant and respondents C.F. Sharp Crew Management/Reederei Claus-Peter Offen are ordered to jointly and severally pay the amount of P1,013,859.00 to Atty. Carrera as attorney's fees.

**SO ORDERED.**<sup>8</sup>

C.F. Sharp, et al. filed a motion for reconsideration, which was denied by the NLRC in its Resolution dated 25 April 2014.<sup>9</sup>

#### **Decision of the CA**

On 23 October 2015, the CA promulgated the assailed decision invalidating the ruling of the NLRC:

**WHEREFORE**, finding the petition to be impressed with merit, the same is hereby **GRANTED**. The assailed NLRC resolutions dated March 3, 2014 and April 25, 2014 are hereby **ANNULED**.

**SO ORDERED.**<sup>10</sup>

While the CA recognizes the right of petitioner to assert his attorney's fees in the very action from which he rendered his services, the CA deemed it best for the issue of his attorney's lien to be addressed in an action separate from the main case. Records show that C.F. Sharp, et al., already paid Arnaldo the settlement amount as early as 5 June 2013 or before petitioner filed a motion for attorney's lien on 17 June 2013. However, the NLRC granted petitioner's motion for attorney's lien and ordered herein respondents to jointly and severally pay attorney's fees to petitioner when C.F. Sharp, et al., have already been discharged of their liability to Arnaldo. This is tantamount to grave abuse of discretion as the proceeds of the judgment had already been delivered to Arnaldo and there is no more object

<sup>8</sup> *Id.* at 44-45, 144.

<sup>9</sup> *Id.* at 45.

<sup>10</sup> *Id.* at 48.

upon which the lien may attach.<sup>11</sup>

### Issues

Was the CA correct in finding grave abuse of discretion on the part of the NLRC when the latter adjudged C.F. Sharp, et al. jointly and severally liable to pay attorney's fees to petitioner?

### Ruling of the Court

The Petition lacks merit.

A compromise is a consensual contract whereby the parties, by making reciprocal concessions, avoid litigation or put an end to one already commenced. It is binding upon the signatories or parties and their successors-in-interest but cannot affect third persons who are not parties to the agreement.<sup>12</sup>

Undoubtedly, a client has an undisputed right to settle a suit or enter into a compromise agreement without the intervention of his lawyer. Having exclusive control over the subject matter of the litigation, a client may settle the case out of court without his or her attorney's intervention or consent at any time before judgment. Accordingly, a claim for attorney's fees will not void a compromise agreement and is no obstacle to a court approval.<sup>13</sup>

Verily, the payment of a lawyer's adequate compensation is not affected by upholding the validity of a compromise agreement, which was entered into without the lawyer's knowledge or consent. Since a compromise agreement could not affect the rights of a third person, including the lawyer who was not privy to the agreement, the counsel's entitlement to his or her compensation remains unimpaired. Indeed, "[t]he terms of the compromise subscribed to by the client should not be such that will amount to an entire deprivation of his lawyer's fees, especially when the contract is on a contingent fee basis... A lawyer is as much entitled to judicial protection against injustice or imposition of fraud on the part of his client as the client is against abuse on the part of his counsel. The duty of the court is not only

<sup>11</sup> *Id.* at 46-48.

<sup>12</sup> See *Dimayuga Law Offices v. Titan-Ikeda Construction and Development Corp.*, G.R. No. 247724, 23 September 2020 [Per J. Carandang].

<sup>13</sup> *Qubal v. National Power Corp.*, 627 Phil. 551 (2010). G.R. No. 167415, 26 February 2010 [Per J. Del Castillo].

to ensure that a lawyer acts in a proper and lawful manner, but also to see to it that a lawyer is paid his just fees.”<sup>14</sup>

Nonetheless, it must be emphasized that petitioner’s compensation is a personal obligation of his client, Arnaldo, who has benefited from his legal services prior to the execution of the compromise agreement.<sup>15</sup> Still, if the adverse party settled the suit in bad faith, then such party will be made solidarily liable with the client for the payment of such fees.<sup>16</sup>

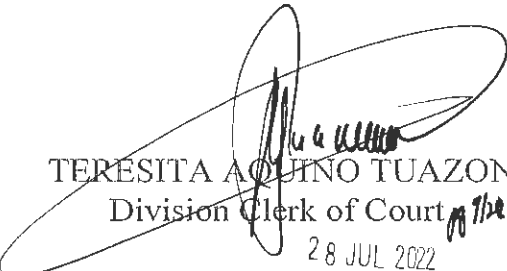
In this case, absent a finding of bad faith or collusion between Arnaldo and C.F. Sharp, et al., in entering into a compromise agreement, the contract for payment of attorney’s fees remains strictly a contract between petitioner and Arnaldo. Hence, the CA correctly ruled that the NLRC acted with grave abuse of discretion when it granted petitioner’s motions for reconsideration effectively pronouncing herein respondents as solidarily liable to pay petitioner’s attorney’s fees. Certainly, the NLRC did not make any conclusions as to show bad faith or collusion on the part of C.F. Sharp, et al.

Under the above circumstances, C.F. Sharp, et al., cannot be made solidarily liable for the attorney’s fees of petitioner, which, without proof of collusion or bad faith on its part, are the personal obligation of Arnaldo. Any action as to the satisfaction of said fees should be brought only against petitioner’s client, Arnaldo.

WHEREFORE, the present Petition is **DENIED**. The Decision dated 23 October 2015 and Resolution dated 22 April 2016 promulgated by the Court of Appeals in CA-G.R. SP No. 136127 are hereby **AFFIRMED**.

**SO ORDERED.”**

By authority of the Court:

  
TERESITA AQUINO TUAZON  
Division Clerk of Court  
28 JUL 2022

<sup>14</sup> *Id.*

<sup>15</sup> See *National Power Corp. v. Court of Appeals*, 828 Phil. 492 (2018), G.R. No. 206167, 19 March 2018 [Per J. Tijam].

<sup>16</sup> *Agustin v. Cruz-Herrera*, 726 Phil. 533 (2014), G.R. No. 174564, 12 February 2014 [Per J. Reyes].

## CARRERA &amp; ASSOCIATES LAW OFFICES (reg)

Counsel for Petitioner

Unit 2-D, Dahlia Tower, Suntrust Properties

Natividad Almeda Lopez St.

Ermita, Manila

-and/or-

4/F, G.E. Antonino Bldg., T.M. Kalaw cor.

Bocobo St., 1000 Manila

## DEL ROSARIO AND DEL ROSARIO LAW OFFICES (reg)

Counsel for Respondents

14th Floor, Del Rosario Law Centre

21st Drive cor. 20th Drive

Bonifacio Global City, 1630 Taguig City

## NATIONAL LABOR RELATIONS COMMISSION (reg)

PPSTA Building, Banawe Street cor. Quezon Avenue

1100 Quezon City

(NLRC LAC No. 03-000284-13;

NLRC NCR Case No. 12-18347-11 [OFW])

## JUDGMENT DIVISION (x)

Supreme Court, Manila

## PUBLIC INFORMATION OFFICE (x)

LIBRARY SERVICES (x)

[For uploading pursuant to A.M. No. 12-7-SC]

## OFFICE OF THE CHIEF ATTORNEY (x)

OFFICE OF THE REPORTER (x)

PHILIPPINE JUDICIAL ACADEMY (x)

Supreme Court, Manila

## COURT OF APPEALS (x)

Ma. Orosa Street

Ermita, 1000 Manila

CA-G.R. SP No. 136127

*Please notify the Court of any change in your address.*

GR224200. 02/23/2022(185)URES

