



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Third Division, issued a Resolution dated **January 23, 2023**, which reads as follows:*

A.C. No. 13612 – SULPICIO B. MANTALABA, JR., FIDEL B. BOSE, IRENEO D. ORGANISTA, ERNESTO G. VARGAS, JESSIE B. ABAY-ABAY, ELINO B. LAZAGA, TOMAS D. VELAÑA, PERFECTO C. REPOYO, and ERNESTO ALCALDE, Complainants, v. ATTY. JOSE C. EVANGELISTA, Respondent. – The Court resolves to **NOTE** the Letter dated July 12, 2022 of Atty. Avelino V. Sales, Jr., Director for Bar Discipline, Commission on Bar Discipline of the Integrated Bar of the Philippines (IBP) transmitting the documents pertaining to this case.

Complainants Sulpicio B. Mantalaba, Jr., Fidel B. Bose, Ireneo D. Organista, Ernesto G. Vargas, Jessie B. Abay-Abay, Elinio B. Lazaga, Tomas D. Velaña, Perfecto C. Repojo, and Ernesto Alcalde (collectively, the **Complainants**) filed a Complaint-Affidavit (**Complaint**),¹ dated June 21, 2018, against Atty. Jose C. Evangelista (**Atty. Evangelista**) before the Commission on Bar Discipline of the Integrated Bar of the Philippines (IBP), seeking his disbarment. In its Resolution,² dated April 23, 2022, and Extended Resolution,³ dated July 2, 2022, the IBP recommended the dismissal of the Complaint for lack of merit. The Court adopts and approves the IBP's recommendation. The Complaint is dismissed.

The Facts

The Complainants are among the 248 security guards (**Labor Case Complainants**) represented by Atty. Evangelista in an illegal dismissal, unfair labor practice, and refund of cash bond case (**Labor Case**) against

¹ *Rollo*, pp.1-7.

² *Id.* at 151-152.

³ *Id.* at 181-185.

Fortune Tobacco Corporation (**Fortune Tobacco**) and Magnum Integrated Services (**Magnum**) filed before the National Labor Relations Commission (**NLRC**).

In the Decision,⁴ dated December 15, 1992, the Labor Arbiter ruled in favor of the Labor Case Complainants and ordered Fortune Tobacco and Magnum to pay them the following: (1) PHP 13,345,547.20 as backwages; (2) PHP 7,051,926.10 as separation pay; (3) refund of accumulated cash bond deposits due each complainant; and (4) Attorney's fees equivalent to ten percent (10%) of whatever is adjudicated in favor of the Labor Case Complainants.⁵

Fortune Tobacco and Magnum appealed the Labor Arbiter Decision to the NLRC. The NLRC reversed the Labor Arbiter Decision and dismissed the case. The Labor Case Complainants, through their counsel, Atty. Evangelista, filed a petition for *certiorari* before the Court.⁶ The Court initially dismissed the petition. Atty. Evangelista, for his clients, filed a motion for reconsideration which prompted the Court to give due course to the petition.⁷ In the Decision,⁸ dated, May 30, 2001, the Court granted the petition and set aside the resolution of the NLRC. The Court also ordered Fortune Tobacco and Magnum to pay the Labor Case Complainants their full backwages, to reinstate them to their former position without loss of seniority rights and privileges, or to award them separation pay in case reinstatement is no longer feasible. The Court Decision became final and executory on September 10, 2002.⁹

For the Complainants, the amounts they were entitled to under the Court Decision are as follows:¹⁰

Name	Backwages	Separation Pay	Cash Bond	Attorney's Fees	Total Award
Sulpicio Mantalaba, Jr.	50,813.90	19, 219.15	5, 000.00	7, 503.32	82, 536.47
Fidel B. Bose	50,813.90	34, 594.65	5, 000.00	9, 040.85	99, 449.41
Ireneo D. Organista	50,813.90	26, 906.95	5, 000.00	8, 272.08	90, 992.94
Ernesto G. Vargas	50,813.90	30, 750.00	5, 000.00	8, 656.39	95, 220.29
Jessie B. Abay-Abay	50,813.90	34, 494.00	5, 000.00	9, 030.79	99, 338.69
Elinio B. Lazaga	50,813.90	38, 438.50	5, 000.00	9, 425.24	103, 677.64
Tomas D.	50,813.90	46, 126.20	5, 000.00	10, 194.01	112, 134.11

⁴ *Id.* at 63-80.

⁵ *Id.* at 79-80.

⁶ *Id.* at 95-105

⁷ *Id.* at 88.

⁸ *Id.* at 81-93.

⁹ *Id.* at 106-108.

¹⁰ *Id.* at 159.

Velana					
Perfecto Repoyo	C.50,813.90	23,063.10	5,000.00	7,887.70	86,764.70
Ernesto Alcalde	50,813.90	46,126.20	5,000.00	10,194.01	112,134.11

The Labor Arbiter issued a writ of execution. However, Fortune Tobacco and Magnum filed a motion to quash the writ of execution. The Labor Arbiter denied the motion which prompted Fortune Tobacco and Magnum to appeal the denial to the NLRC.¹¹

While the matter was pending before the NLRC, Atty. Evangelista, representing the Labor Case Complainants, and Magnum filed a Joint Motion to Consider Case Closed and Terminated (**Joint Motion**),¹² dated June 20, 2005, praying that the NLRC consider the case closed and terminated as the parties have already settled the dispute.

The Joint Motion included as an annex the Settlement Agreement¹³ between the complainants in the labor case and Magnum. The Settlement Agreement stated, among others, that:

...MAGNUM, shall, upon signing of this agreement, deliver and remit to ATTY. JOSE C. EVANGELISTA, the total amount of 13,344,430.85 PESOS, representing the full and final payment of the monetary awards to each of the complainants named and listed in Annex "A" hereof. In addition, MAGNUM shall, upon signing of this agreement, pay to ATTY. JOSE C. EVANGELISTA the amount equivalent to ten (10%) of the total amount in the judgment awarded to the complainants by Labor Arbiter Jose G. de Vera, as decreed in his decision, dated December 15, 1992.¹⁴

Atty. Evangelista paid the Labor Case Complainants, including the Complainants in this case, through checks.¹⁵ According to Atty. Evangelista, the amounts paid to the Labor Case Complainants pertained to the amount awarded to them less the 20% attorney's fees which the Labor Case Complainants agreed to pay him on a contingency fee basis.¹⁶

The breakdown of the amounts paid by Atty. Evangelista to the Complainants are in the table below:¹⁷

¹¹ *Id.* at 160.
¹² *Id.* at 109-112.
¹³ *Id.* at 110-111.
¹⁴ *Id.* at 111.
¹⁵ *Id.* at 156-157.
¹⁶ *Id.* at 130.
¹⁷ *Id.* at 168 & 173.

Name	Total Award	Amount delivered by Atty. Evangelista	Atty's Fees paid by Atty. Evangelista	Percentage of Attorney's Fees
Sulpicio Mantalaba, Jr.	82,536.47	69,829.80	12,706.67	15.40%
Fidel B. Bose	99,449.41	83,667.60	15,781.81	15.87%
Ireneo Organista	D.90,992.94	76,748.70	14,244.24	15.65%
Ernesto Vargas	G.95,220.29	80,208.23	15,012.06	15.77%
Jessie B. Abay	99,338.69	84,067.70	15,270.99	15.37%
Eliño Lazaga	B.103,677.64	87,127.16	16,550.48	15.96%
Tomas Velana	D.112,134.11	94,046.00	18,088.11	16.13%
Perfecto Repoyo	C.86,764.70	73,289.30	13,475.40	15.53%
Ernesto Alcalde	112,134.11	114,450.00	n/a	n/a

In their Complaint filed before the IBP, the Complainants alleged that Atty. Evangelista delivered to them checks for the payment of their separation pay only. Allegedly, Atty. Evangelista did not pay them their backwages. They claim that Atty. Evangelista never gave them their share in the PHP 13,345,847.20 which he received under the Settlement Agreement.¹⁸ They also asserted that Atty. Evangelista purportedly even transferred offices to evade his obligations to them.¹⁹

Thus, the Complainants charged Atty. Evangelista with violation of the following provisions of the Code of Professional Responsibility:

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

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Rule 16.01 – A lawyer shall account for all money or property collected or received for or from the client.

Rule 16.02 - A lawyer shall keep the funds of each client separate and apart from his own and those of others kept by him.

Rule 16.03 - A lawyer shall deliver the funds and property of his client when due or upon demand. However, he shall have a lien over the funds and may apply so much thereof as may be necessary to satisfy his lawful fees and disbursements, giving notice promptly thereafter to his

¹⁸ *Id.* at 2-3.

¹⁹ *Id.* at 3.

client. He shall also have a lien to the same extent on all judgments and executions he has secured for his client as provided for in the Rules of Court.

In his Position Paper,²⁰ dated May 14, 2019, Atty. Evangelista claimed that he agreed to represent the Complainants, as well as the other security guards in the Labor Case, upon the understanding that he will be paid contingent attorney's fees in the amount of 20% of whatever amount is awarded.²¹ Further, he asserted that in accordance with the terms of the Settlement Agreement, he paid the Labor Case Complainants, including the Complainants here, checks representing their backwages, separation pay, cash bond, and attorney's fees less the 20% contingent attorney's fees to which he was entitled.²²

The Recommendation of the IBP

After the conduct of a mandatory conference and the parties' submission of their respective position papers, the IBP Committee on Bar Discipline issued its Report and Recommendation,²³ dated December 1, 2021. The Report and Recommendation concluded that (a) Atty. Evangelista is entitled to payment of attorney's fees; (b) Atty. Evangelista collected attorney's fees from the Complainants in amounts ranging from 15.37% to 16.13% of the amounts awarded to the Complainants; and (c) the services rendered by Atty. Evangelista to the Complainants entitled him to the amount of the attorney's fees he collected.²⁴

However, the Report and Recommendation found that Atty. Evangelista purportedly did not disclose the total amount he received from Magnum under the Settlement Agreement and concealed the computation of his attorney's fees from the Complainants. Thus, while the Report and Recommendation exonerated Atty. Evangelista of the charge that he unlawfully withheld the monetary award of the Complainants, it recommended that Atty. Evangelista should be reprimanded for his lack of candor and transparency to the Complainants as to the computation of his attorney's fees.²⁵

The Resolution issued by the IBP Board of Governors reversed the Report and Recommendation and directed the Committee on Bar Discipline to prepare an Extended Resolution to explain the IBP Board of Governors' recommendation to dismiss the Complaint for lack of merit.²⁶

²⁰ *Id.* at 130-135.

²¹ *Id.* at 130.

²² *Id.* at 131.

²³ *Id.* at 153-180.

²⁴ *Id.* at 174.

²⁵ *Id.* at 179-180.

²⁶ *Id.* at 181.

The Extended Resolution concluded that it is not disputed that Atty. Evangelista paid the Complainants, and that the Complainants received, the following amounts:²⁷

Name	Amount delivered by Atty. Evangelista
Sulpicio Mantalaba, Jr.	69, 929.80
Fidel B. Bose	83, 667.60
Ireneo D. Organista	76, 748.70
Ernesto G. Vargas	80, 208.23
Jessie B. Abay- Abay	84, 067.70
Elinio B. Lazaga	87, 127.16
Tomas D. Velana	94, 046.00
Perfecto C. Repoyo	73, 289.30
Ernesto Alcalde	114, 450.00

The Extended Resolution also found that it is clear from the evidence on record that Atty. Evangelista collected attorney's fees in amounts ranging from 15.37% to 16.13% despite his claim that he was entitled to the payment of 20% of amount awarded to the Complainants as contingency attorney's fees.²⁸

The Extended Resolution discussed that while a contingency attorney's fees is valid in this jurisdiction, the requirement is that it should be stated in an express contract. As there was no written contract presented in this case, Atty. Evangelista should be paid his attorney's fees on the basis of *quantum meruit*. In this regard, the Extended Resolution stated that Atty. Evangelista's legal services in the Labor Case merited the amount he collected considering the number of complainants and the fact that he defended their interests all the way to the Court.²⁹

The Extended Resolution further noted that out of the 248 security guards who were complainants in the Labor Case, only the Complainants filed the administrative case. This, according to the Extended Resolution, is

²⁷ *Id.* at 183.

²⁸ *Id.* at 184.

²⁹ *Id.* at 183-184.

indication that the majority of the Labor Case Complainants believed that Atty. Evangelista did not commit any wrongdoing.³⁰

The Issue

Should Atty. Evangelista be disciplined for allegedly failing to deliver the total amount of the monetary award granted to the Complainants in the Labor Case?

The Ruling of the Court

The Court adopts and approves the Extended Resolution. The Complaint is dismissed.

As pointed out by the Extended Resolution, there is no dispute that Atty. Evangelista paid the Complainants through checks. The only question for resolution is whether Atty. Evangelista violated his oath as a lawyer when he collected his attorney's fees from the Complainants in amounts ranging from 15.37% to 16.13% of their total award.

Atty. Evangelista anchors his right to attorney's fees on his claim that he and the 248 security guards in the Labor Case agreed that his attorney's fees shall be 20% of whatever amount is awarded, on a contingency basis. The Extended Resolution correctly ruled that while the payment of attorney's fees on contingency basis is valid, the rule is that such an agreement must be embodied in a written contract.³¹ Here, there is no such written contract.

Nonetheless, as there is no question that Atty. Evangelista did render legal services, he is entitled to the payment of reasonable attorney's fees. However, as there is no proven contract for attorney's fees, the amount to which Atty. Evangelista is entitled will be determined on the basis of *quantum meruit*.³²

In this regard, Rule 20.01 of the Code of Professional Responsibility provides for the factors that should be considered in determining reasonable attorney's fees. Rule 20.01 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;

³⁰ *Id.* at 185.

³¹ *Gabucan v. Narido, Jr.*, 916 SCRA 580-604 (2019).

³² *Rillaroza et al. v. Eastern Telecommunications Phils., Inc. and Philippine Long Distance Company*, 369 Phil. 1-13 (1999).

- 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

The Court agrees with the conclusions of the Extended Resolution. Atty. Evangelista represented a total of 248 security guards in the Labor Case. He represented these security guards, including the Complainants, before the Labor Arbiter, which granted their claims, before the NLRC which reversed the award, and before the Court. It is worth noting that the Court had initially dismissed the petition for *certiorari* but eventually reversed its own ruling and granted the petition through Atty. Evangelista's effort in filing a motion for reconsideration. The Court ultimately reversed the NLRC and granted all of the 248 security guards' claims. To be fair to Atty. Evangelista, successfully representing clients before the Court is no easy feat.

Atty. Evangelista was also able to secure the payment of the award to the Complainants through the Settlement Agreement with Magnum, despite the delays in the execution of the Court Decision. Considering the number of parties, the various tribunals before whom Atty. Evangelista had to represent the Complainants (and the other security guards in the Labor Case), and the level of difficulty of the Labor Case, the Court agrees with the Extended Resolution that the amount of attorney's fees that Atty. Evangelista collected is reasonable. As the Extended Resolution observed:

As culled from the records, respondent's legal services have been quite rigorous. First of all, consider the number of complainants numbering 248 workers who were his clients. He represented them before the Labor Arbiter where he was able to get a favorable ruling in their favor. Then, this was followed by his representation of them before the NLRC where the decision was adverse to the complainants, thus, compelling him to find succor to the Supreme Court through an extraordinary remedy of petition for *certiorari*...As it happened, the petition was initially dismissed but the Supreme Court eventually ruled for the complainants and reinstated the decision of the Labor Arbiter which awarded money claims. Thereafter, at the execution stage, another legal calisthenics ensued because the opposing party would want to block it through an appeal before the NLRC. It was only at this phase where a post-judgment settlement was finally forged for the implementation of the Labor Arbiter's decision...³³

³³ *Id.* at 183-184.

The Court also agrees with the Extended Resolution's conclusion that there is no evidence on record supporting the allegations that Atty. Evangelista evaded his obligations to the Complainants by transferring offices and that he deliberately concealed the amount he received from Magnum and the calculation of his attorney's fees. The records of the case show that Atty. Evangelista was able to account for the amounts he paid the Complainants and the computation of the attorney's fees that he collected. In sum, there is no reason for the Court to penalize Atty. Evangelista.

WHEREFORE, the Court adopts and approves the recommendation of the Integrated Bar of the Philippines in the Extended Resolution, dated July 2, 2022. The Complaint-Affidavit, dated June 21, 2018, is **DISMISSED**.

SO ORDERED.

By authority of the Court:

MisDOC both
MISAEAL DOMINGO C. BATTUNG III
Division Clerk of Court

JB 1/27/23

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