



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

SPOUSES CLEMENCIO C.
SABITSANA, JR. and
MA. ROSARIO M. SABITSANA,
Petitioners,

G.R. No. 181359

- versus -

JUANITO F. MUERTEGUI,
represented by his Attorney-in-Fact
DOMINGO A. MUERTEGUI, JR.,
Respondent.

Present:

CARPIO, *Chairperson,*
BRION,
DEL CASTILLO,
PEREZ, *and*
PERLAS-BERNABE, *JJ.*

Promulgated:

AUG 05 2013

X ----- X

DECISION

DEL CASTILLO, J.:

A lawyer may not, for his own personal interest and benefit, gamble on his client's word, believing it at one time and disbelieving it the next. He owes his client his undivided loyalty.

Assailed in this Petition for Review on *Certiorari*¹ are the January 25, 2007 Decision² of the Court of Appeals (CA) which denied the appeal in CA-G.R. CV No. 79250, and its January 11, 2008 Resolution³ denying petitioner's Motion for Reconsideration.⁴

Factual Antecedents

On September 2, 1981, Alberto Garcia (Garcia) executed an unnotarized

¹ *Rollo*, pp. 4-18.

² *CA rollo*, pp. 133-146; penned by Associate Justice Antonio L. Villamor and concurred in by Associate Justices Pampio A. Abarintos and Francisco P. Acosta.

³ *Id.* at 180-181.

⁴ *Id.* at 147-157.

Deed of Sale⁵ in favor of respondent Juanito Muertegui⁶ (Juanito) over a 7,500-square meter parcel of unregistered land (the lot) located in Dalutan Island, Talahid, Almeira, Biliran, Leyte del Norte covered by Tax Declaration (TD) No. 1996 issued in 1985 in Garcia's name.⁷

Juanito's father Domingo Muertegui, Sr. (Domingo Sr.) and brother Domingo Jr. took actual possession of the lot and planted thereon coconut and *ipil-ipil* trees. They also paid the real property taxes on the lot for the years 1980 up to 1998.

On October 17, 1991, Garcia sold the lot to the Muertegui family lawyer, petitioner Atty. Clemencio C. Sabitsana, Jr. (Atty. Sabitsana), through a notarized deed of absolute sale.⁸ The sale was registered with the Register of Deeds on February 6, 1992.⁹ TD No. 1996 was cancelled and a new one, TD No. 5327,¹⁰ was issued in Atty. Sabitsana's name. Although Domingo Jr. and Sr. paid the real estate taxes, Atty. Sabitsana also paid real property taxes in 1992, 1993, and 1999. In 1996, he introduced concrete improvements on the property, which shortly thereafter were destroyed by a typhoon.

When Domingo Sr. passed away, his heirs applied for registration and coverage of the lot under the Public Land Act or Commonwealth Act No. 141. Atty. Sabitsana, in a letter¹¹ dated August 24, 1998 addressed to the Department of Environment and Natural Resources' CENRO/PENRO office in Naval, Biliran, opposed the application, claiming that he was the true owner of the lot. He asked that the application for registration be held in abeyance until the issue of conflicting ownership has been resolved.

On April 11, 2000, Juanito, through his attorney-in-fact Domingo Jr., filed Civil Case No. B-1097¹² for quieting of title and preliminary injunction, against herein petitioners Atty. Sabitsana and his wife, Rosario, claiming that they bought the lot in bad faith and are exercising acts of possession and ownership over the same, which acts thus constitute a cloud over his title. The Complaint¹³ prayed, among others, that the Sabitsana Deed of Sale, the August 24, 1998 letter, and TD No. 5327 be declared null and void and of no effect; that petitioners be ordered to respect and recognize Juanito's title over the lot; and that moral and exemplary damages, attorney's fees, and litigation expenses be awarded to him.

⁵ Records, pp. 9-10.

⁶ The record discloses that the trial court, the Court of Appeals and even the parties alternately use "Muertegui", "Muertigui", or "Muertigue".

⁷ Records, p. 11.

⁸ Id. at 17.

⁹ Id. at 24.

¹⁰ Id. at 18.

¹¹ Id. at 14-15.

¹² With the Regional Trial Court, 8th Judicial Region, Naval, Biliran, Branch 16.

¹³ Records, pp. 1-6.

In their Answer with Counterclaim,¹⁴ petitioners asserted mainly that the sale to Juanito is null and void absent the marital consent of Garcia's wife, Soledad Corto (Soledad); that they acquired the property in good faith and for value; and that the Complaint is barred by prescription and laches. They likewise insisted that the Regional Trial Court (RTC) of Naval, Biliran did not have jurisdiction over the case, which involved title to or interest in a parcel of land the assessed value of which is merely ₱1,230.00.

The evidence and testimonies of the respondent's witnesses during trial reveal that petitioner Atty. Sabitsana was the Muertegui family's lawyer at the time Garcia sold the lot to Juanito, and that as such, he was consulted by the family before the sale was executed; that after the sale to Juanito, Domingo Sr. entered into actual, public, adverse and continuous possession of the lot, and planted the same to coconut and *ipil-ipil*; and that after Domingo Sr.'s death, his wife Caseldita, succeeded him in the possession and exercise of rights over the lot.

On the other hand, Atty. Sabitsana testified that before purchasing the lot, he was told by a member of the Muertegui family, Carmen Muertegui Davies (Carmen), that the Muertegui family had bought the lot, but she could not show the document of sale; that he then conducted an investigation with the offices of the municipal and provincial assessors; that he failed to find any document, record, or other proof of the sale by Garcia to Juanito, and instead discovered that the lot was still in the name of Garcia; that given the foregoing revelations, he concluded that the Muerteguis were merely bluffing, and that they probably did not want him to buy the property because they were interested in buying it for themselves considering that it was adjacent to a lot which they owned; that he then proceeded to purchase the lot from Garcia; that after purchasing the lot, he wrote Caseldita in October 1991 to inform her of the sale; that he then took possession of the lot and gathered *ipil-ipil* for firewood and harvested coconuts and *calamansi* from the lot; and that he constructed a rip-rap on the property sometime in 1996 and 1997.

Ruling of the Regional Trial Court

On October 28, 2002, the trial court issued its Decision¹⁵ which decrees as follows:

WHEREFORE, in view of the foregoing considerations, this Court finds in favor of the plaintiff and against the defendants, hereby declaring the Deed of Sale dated 2 September 1981 as valid and preferred while the Deed of Absolute Sale dated 17 October 1991 and Tax Declaration No. 5327 in the name of Atty. Clemencio C. Sabitsana, Jr. are VOID and of no legal effect.

¹⁴ Id. at 20-27.

¹⁵ Id. at 175-186; penned by Judge Enrique C. Asis.

The Provincial Assessor and the Municipal Assessor of Naval are directed to cancel Tax Declaration No. 5327 as void and done in bad faith.

Further, Atty. Clemencio C. Sabitsana, Jr. is ordered to pay plaintiff Juanito Muertigui, represented by his attorney-in-fact Domingo Muertigui, Jr. the amount[s] of:

- a) ₱30,000.00 [as] attorney's fees;
- b) ₱10,000.00 [as] litigation expenses; and
- c) Costs.

SO ORDERED.¹⁶

The trial court held that petitioners are not buyers in good faith. Petitioner Atty. Sabitsana was the Muertegui family's lawyer, and was informed beforehand by Carmen that her family had purchased the lot; thus, he knew of the sale to Juanito. After conducting an investigation, he found out that the sale was not registered. With this information in mind, Atty. Sabitsana went on to purchase the same lot and raced to register the sale ahead of the Muerteguis, expecting that his purchase and prior registration would prevail over that of his clients, the Muerteguis. Applying Article 1544 of the Civil Code,¹⁷ the trial court declared that even though petitioners were first to register their sale, the same was not done in good faith. And because petitioners' registration was not in good faith, preference should be given to the sale in favor of Juanito, as he was the first to take possession of the lot in good faith, and the sale to petitioners must be declared null and void for it casts a cloud upon the Muertegui title.

Petitioners filed a Motion for Reconsideration¹⁸ but the trial court denied¹⁹ the same.

Ruling of the Court of Appeals

Petitioners appealed to the CA²⁰ asserting that the sale to Juanito was null and void for lack of marital consent; that the sale to them is valid; that the lower court erred in applying Article 1544 of the Civil Code; that the Complaint should have been barred by prescription, laches and estoppel; that respondent had no cause of action; that respondent was not entitled to an award of attorney's fees and

¹⁶ Id. at 185-186.

¹⁷ Art. 1544. If the same thing should have been sold to different vendees, the ownership shall be transferred to the person who may have first taken possession thereof in good faith, if it should be movable property.

Should it be immovable property, the ownership shall belong to the person acquiring it who in good faith first recorded it in the Registry of Property.

Should there be no inscription, the ownership shall pertain to the person who in good faith was first in the possession; and, in the absence thereof, to the person who presents the oldest title, provided there is good faith.

¹⁸ Records, pp. 187-195.

¹⁹ See Order dated December 18, 2002, id. at 209-211.

²⁰ Docketed as CA-G.R. CV No. 79250.

litigation expenses; and that they should be the ones awarded attorney's fees and litigation expenses.

The CA, through its questioned January 25, 2007 Decision,²¹ denied the appeal and affirmed the trial court's Decision *in toto*. It held that even though the lot admittedly was conjugal property, the absence of Soledad's signature and consent to the deed did not render the sale to Juanito absolutely null and void, but merely voidable. Since Garcia and his wife were married prior to the effectivity of the Family Code, Article 173 of the Civil Code²² should apply; and under the said provision, the disposition of conjugal property without the wife's consent is not void, but merely voidable. In the absence of a decree annulling the deed of sale in favor of Juanito, the same remains valid.

The CA added that the fact that the Deed of Sale in favor of Juanito was not notarized could not affect its validity. As against the notarized deed of sale in favor of petitioners, the CA held that the sale in favor of Juanito still prevails. Applying Article 1544 of the Civil Code, the CA said that the determining factor is petitioners' good faith, or the lack of it. It held that even though petitioners were first to register the sale in their favor, they did not do so in good faith, for they already knew beforehand of Garcia's prior sale to Juanito. By virtue of Atty. Sabitsana's professional and confidential relationship with the Muertegui family, petitioners came to know about the prior sale to the Muerteguis and the latter's possession of the lot, and yet they pushed through with the second sale. Far from acting in good faith, petitioner Atty. Sabitsana used his legal knowledge to take advantage of his clients by registering his purchase ahead of them.

Finally, the CA declared that Juanito, as the rightful owner of the lot, possessed the requisite cause of action to institute the suit for quieting of title and obtain judgment in his favor, and is entitled as well to an award for attorney's fees and litigation expenses, which the trial court correctly held to be just and equitable under the circumstances.

The dispositive portion of the CA Decision reads:

WHEREFORE, premises considered, the instant appeal is DENIED and the Decision dated October 28, 2002 of the Regional Trial Court, 8th Judicial Region, Branch 16, Naval[,] Biliran, is hereby AFFIRMED. Costs against defendants-appellants.

²¹ CA rollo, pp. 133-146.

²² Article 173. The wife may, during the marriage, and within ten years from the transaction questioned, ask the courts for the annulment of any contract of the husband entered into without her consent, when such consent is required, or any act or contract of the husband which tends to defraud her or impair her interest in the conjugal partnership property. Should the wife fail to exercise this right, she or her heirs, after the dissolution of the marriage, may demand the value of property fraudulently alienated by the husband.

SO ORDERED.²³

Issues

Petitioners now raise the following issues for resolution:

- I. THE COURT OF APPEALS ERRED IN NOT HOLDING THAT THE REGIONAL TRIAL COURT DID NOT HAVE JURISDICTION OVER THE CASE IN VIEW OF THE FACT THAT THE ASSESSED VALUE OF THE SUBJECT LAND WAS ONLY ₱1,230.00 (AND STATED MARKET VALUE OF ONLY ₱3,450.00).
- II. THE COURT OF APPEALS ERRED IN APPLYING ART. 1544 OF THE CIVIL CODE INSTEAD OF THE PROPERTY REGISTRATION DECREE (P.D. NO. 1529) CONSIDERING THAT THE SUBJECT LAND WAS UNREGISTERED.
- III. THE COURT OF APPEALS ERRED IN NOT HOLDING THAT THE COMPLAINT WAS ALREADY BARRED [BY] LACHES AND THE STATUTE OF LIMITATIONS.
- IV. THE COURT OF APPEALS ERRED IN AFFIRMING THE DECISION OF THE REGIONAL TRIAL COURT ORDERING THE PETITIONERS TO PAY ATTORNEY'S FEES AND LITIGATION EXPENSES TO THE RESPONDENT.²⁴

Petitioners' Arguments

Petitioners assert that the RTC of Naval, Biliran did not have jurisdiction over the case. They argue that since the assessed value of the lot was a mere ₱1,230.00, jurisdiction over the case lies with the first level courts, pursuant to Republic Act No. 7691,²⁵ which expanded their exclusive original jurisdiction to include "all civil actions which involve title to, or possession of, real property, or any interest therein where the assessed value of the property or interest therein does not exceed Twenty thousand pesos (₱20,000.00) or, in civil actions in Metro Manila, where such assessed value does not exceed Fifty thousand pesos (₱50,000.00) exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses and costs."²⁶ Petitioners thus conclude that the Decision in Civil Case No. B-1097 is null and void for lack of jurisdiction.

²³ CA rollo, p. 146.

²⁴ Rollo, p. 9.

²⁵ AN ACT EXPANDING THE JURISDICTION OF THE METROPOLITAN TRIAL COURTS, MUNICIPAL TRIAL COURTS, AND MUNICIPAL CIRCUIT TRIAL COURTS, AMENDING FOR THE PURPOSE BATAS PAMBANSA BLG. 129, OTHERWISE KNOWN AS THE "JUDICIARY REORGANIZATION ACT OF 1980". Approved March 25, 1994.

²⁶ REPUBLIC ACT NO. 7691, Sec. 3.

Petitioners next insist that the lot, being unregistered land, is beyond the coverage of Article 1544 of the Civil Code, and instead, the provisions of Presidential Decree (PD) No. 1529 should apply. This being the case, the Deed of Sale in favor of Juanito is valid only as between him and the seller Garcia, pursuant to Section 113 of PD 1529;²⁷ it cannot affect petitioners who are not parties thereto.

On the issue of estoppel, laches and prescription, petitioners insist that from the time they informed the Muerteguis in writing about their purchase of the lot, or in October 1991, the latter did not notify them of their prior purchase of the lot, nor did respondent interpose any objection to the sale in their favor. It was only in 1998 that Domingo Jr. showed to petitioners the unnotarized deed of sale. According to petitioners, this seven-year period of silence and inaction on the Muerteguis' part should be taken against them and construed as neglect on their part to assert their rights for an unreasonable length of time. As such, their action to quiet title should be deemed barred by laches and estoppel.

Lastly, petitioners take exception to the award of attorney's fees and litigation expenses, claiming that since there was no bad faith on their part, such award may not be considered just and equitable under the circumstances. Still, an award of attorney's fees should remain the exception rather than the rule; and in awarding the same, there must have been an express finding of facts and law justifying such award, a requirement that is absent in this case.

Petitioners thus pray for the reversal of the questioned CA Decision and Resolution; the dismissal of the Complaint in Civil Case No. B-1097; the deletion of the award of attorney's fees and litigation expenses in respondent's favor; and a declaration that they are the true and rightful owners of the lot.

Respondent's Arguments

Respondent, on the other hand, counters that a suit for quieting of title is one whose subject matter is incapable of pecuniary estimation, and thus falls within the jurisdiction of the RTC. He likewise insists that Article 1544 applies to the case because there is a clear case of double sale of the same property to different buyers, and the bottom line thereof lies in petitioners' lack of good faith in entering into the subsequent sale. On the issue of laches/estoppel, respondent echoes the CA's view that he was persistent in the exercise of his rights over the lot, having previously filed a complaint for recovery of the lot, which unfortunately was dismissed based on technicality.

²⁷ SECTION 113. Recording of instruments relating to unregistered lands. – No deed, conveyance, mortgage, lease, or other voluntary instrument affecting land not registered under the Torrens system shall be valid, except as between the parties thereto, unless such instrument shall have been recorded in the manner herein prescribed in the office of the Register of Deeds for the province or city where the land lies. x x x

On the issue of attorney's fees and litigation expenses, respondent finds refuge in Article 2208 of the Civil Code,²⁸ citing three instances which fortify the award in his favor – petitioners' acts compelled him to litigate and incur expenses to protect his interests; their gross and evident bad faith in refusing to recognize his ownership and possession over the lot; and the justness and equitableness of his case.

Our Ruling

The Petition must be denied.

The Regional Trial Court has jurisdiction over the suit for quieting of title.

On the question of jurisdiction, it is clear under the Rules that an action for quieting of title may be instituted in the RTCs, regardless of the assessed value of the real property in dispute. Under Rule 63 of the Rules of Court,²⁹ an action to quiet title to real property or remove clouds therefrom may be brought in the appropriate RTC.

It must be remembered that the suit for quieting of title was prompted by petitioners' August 24, 1998 letter-opposition to respondent's application for

²⁸ Art. 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:

- (1) When exemplary damages are awarded;
- (2) When the defendant's act or omission has compelled the plaintiff to litigate with third persons or to incur expenses to protect his interest;
- (3) In criminal cases of malicious prosecution against the plaintiff;
- (4) In case of a clearly unfounded civil action or proceeding against the plaintiff;
- (5) Where the defendant acted in gross and evident bad faith in refusing to satisfy the plaintiff's plainly valid, just and demandable claim;
- (6) In actions for legal support;
- (7) In actions for the recovery of wages of household helpers, laborers and skilled workers;
- (8) In actions for indemnity under workmen's compensation and employer's liability laws;
- (9) In a separate civil action to recover civil liability arising from a crime;
- (10) When at least double judicial costs are awarded;
- (11) In any other case where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered.

In all cases, the attorney's fees and expenses of litigation must be reasonable.

²⁹

RULE 63

DECLARATORY RELIEF AND SIMILAR REMEDIES

Section 1. *Who may file petition.*

Any person interested under a deed, will, contract or other written instrument, or whose rights are affected by a statute, executive order or regulation, ordinance, or any other governmental regulation may, before breach or violation thereof, bring an action in the appropriate Regional Trial Court to determine any question of construction or validity arising, and for a declaration of his rights or duties, thereunder.

An action for the reformation of an instrument, **to quiet title to real property or remove clouds therefrom**, or to consolidate ownership under Article 1607 of the Civil Code, may be brought under this Rule. (Emphasis supplied)

registration. Thus, in order to prevent³⁰ a cloud from being cast upon his application for a title, respondent filed Civil Case No. B-1097 to obtain a declaration of his rights. In this sense, the action is one for declaratory relief, which properly falls within the jurisdiction of the RTC pursuant to Rule 63 of the Rules.

Article 1544 of the Civil Code does not apply to sales involving unregistered land.

Both the trial court and the CA are, however, wrong in applying Article 1544 of the Civil Code. Both courts seem to have forgotten that the provision does not apply to sales involving unregistered land. Suffice it to state that the issue of the buyer's good or bad faith is relevant only where the subject of the sale is registered land, and the purchaser is buying the same from the registered owner whose title to the land is clean. In such case, the purchaser who relies on the clean title of the registered owner is protected if he is a purchaser in good faith for value.³¹

Act No. 3344 applies to sale of unregistered lands.

What applies in this case is Act No. 3344,³² as amended, which provides for the system of recording of transactions over unregistered real estate. Act No. 3344 expressly declares that any registration made shall be without prejudice to a third party with a better right. The question to be resolved therefore is: who between petitioners and respondent has a better right to the disputed lot?

Respondent has a better right to the lot.

The sale to respondent Juanito was executed on September 2, 1981 *via* an unnotarized deed of sale, while the sale to petitioners was made *via* a notarized

³⁰ CIVIL CODE, Art. 476. Whenever **there is a cloud** on title to real property or any interest therein, by reason of any instrument, record, claim, encumbrance or proceeding which is apparently valid or effective but is in truth and in fact invalid, ineffective, voidable, or unenforceable, and may be prejudicial to said title, an action may be brought to remove such cloud or to quiet the title.

An action may also be brought to **prevent a cloud from being cast** upon title to real property or any interest therein. (Emphases supplied)

³¹ *Spouses Ong v. Spouses Olasiman*, 520 Phil. 338, 345-346 (2006).

³² AN ACT TO AMEND SECTION ONE HUNDRED AND NINETY-FOUR OF THE ADMINISTRATIVE CODE, AS AMENDED BY ACT NUMBERED TWO THOUSAND EIGHT HUNDRED AND THIRTY-SEVEN, CONCERNING THE RECORDING OF INSTRUMENTS RELATING TO LAND NOT REGISTERED UNDER ACT NUMBERED FOUR HUNDRED AND NINETY-SIX, ENTITLED "THE LAND REGISTRATION ACT", AND FIXING THE FEES TO BE COLLECTED BY THE REGISTER OF DEEDS FOR INSTRUMENTS RECORDED UNDER SAID ACT. Approved December 8, 1926.

document only on October 17, 1991, or ten years thereafter. Thus, Juanito who was the first buyer has a better right to the lot, while the subsequent sale to petitioners is null and void, because when it was made, the seller Garcia was no longer the owner of the lot. *Nemo dat quod non habet*.

The fact that the sale to Juanito was not notarized does not alter anything, since the sale between him and Garcia remains valid nonetheless. Notarization, or the requirement of a public document under the Civil Code,³³ is only for convenience, and not for validity or enforceability.³⁴ And because it remained valid as between Juanito and Garcia, the latter no longer had the right to sell the lot to petitioners, for his ownership thereof had ceased.

Nor can petitioners' registration of their purchase have any effect on Juanito's rights. The mere registration of a sale in one's favor does not give him any right over the land if the vendor was no longer the owner of the land, having previously sold the same to another even if the earlier sale was unrecorded.³⁵ Neither could it validate the purchase thereof by petitioners, which is null and void. Registration does not vest title; it is merely the evidence of such title. Our land registration laws do not give the holder any better title than what he actually has.³⁶

Specifically, we held in *Radiowealth Finance Co. v. Palileo*³⁷ that:

Under Act No. 3344, registration of instruments affecting unregistered lands is 'without prejudice to a third party with a better right.' The aforementioned phrase has been held by this Court to mean that the mere registration of a sale in one's favor does not give him any right over the land if the vendor was not anymore the owner of the land having previously sold the same to somebody else even if the earlier sale was unrecorded.

Petitioners' defense of prescription, laches and estoppel are unavailing since their claim is based on a null and void deed of sale. The fact that the

³³ Art. 1358. The following must appear in a public document:

(1) Acts and contracts which have for their object the creation, transmission, modification or extinguishment of real rights over immovable property; sales of real property or of an interest therein are governed by Articles 1403, No. 2, and 1405;

(2) The cession, repudiation or renunciation of hereditary rights or of those of the conjugal partnership of gains;

(3) The power to administer property, or any other power which has for its object an act appearing or which should appear in a public document, or should prejudice a third person;

(4) The cession of actions or rights proceeding from an act appearing in a public document.

All other contracts where the amount involved exceeds five hundred pesos must appear in writing, even a private one. But sales of goods, chattels or things in action are governed by Articles, 1403, No. 2 and 1405.

³⁴ *Estreller v. Ysmael*, G.R. No. 170264, March 13, 2009, 581 SCRA 247, 253.

³⁵ *Radiowealth Finance Co. v. Palileo*, 274 Phil. 516, 521-522 (1991). See *Spouses Abrigo v. De Vera*, 476 Phil. 645, 652 (2004).

³⁶ *Gochan and Sons Realty Corporation v. Heirs of Raymundo Baba*, 456 Phil. 569, 578 (2003).

³⁷ 274 Phil. 516, 521 (1991).

Muerteguis failed to interpose any objection to the sale in petitioners' favor does not change anything, nor could it give rise to a right in their favor; their purchase remains void and ineffective as far as the Muerteguis are concerned.

The award of attorney's fees and litigation expenses is proper because of petitioners' bad faith.

Petitioners' actual and prior knowledge of the first sale to Juanito makes them purchasers in bad faith. It also appears that petitioner Atty. Sabitsana was remiss in his duties as counsel to the Muertegui family. Instead of advising the Muerteguis to register their purchase as soon as possible to forestall any legal complications that accompany unregistered sales of real property, he did exactly the opposite: taking advantage of the situation and the information he gathered from his inquiries and investigation, he bought the very same lot and immediately caused the registration thereof ahead of his clients, thinking that his purchase and prior registration would prevail. The Court cannot tolerate this mercenary attitude. Instead of protecting his client's interest, Atty. Sabitsana practically preyed on him.

Petitioner Atty. Sabitsana took advantage of confidential information disclosed to him by his client, using the same to defeat him and beat him to the draw, so to speak. He rushed the sale and registration thereof ahead of his client. He may not be afforded the excuse that he nonetheless proceeded to buy the lot because he *believed* or *assumed* that the Muerteguis were simply bluffing when Carmen told him that they had already bought the same; this is too convenient an excuse to be believed. As the Muertegui family lawyer, he had no right to take a position, using information disclosed to him in confidence by his client, that would place him in possible conflict with his duty. He may not, for his own personal interest and benefit, gamble on his client's word, believing it at one time and disbelieving it the next. He owed the Muerteguis his *undivided* loyalty. He had the duty to protect the client, at all hazards and costs even to himself.³⁸

Petitioner Atty. Sabitsana is enjoined to "look at any representation situation from the point of view that there are possible conflicts, and further to think in terms of impaired loyalty, that is[,] to evaluate if his representation in any way will impair his loyalty to a client."³⁹

Moreover, as the Muertegui family's lawyer, Atty. Sabitsana was under

³⁸ *Heirs of Lydio Falame v. Atty. Baguio*, 571 Phil. 428, 442 (2008), citing Agpalo, *The Code of Professional Responsibility for Lawyers*, 1991 1st Edition, p. 199, citing *Watkins v. Sedberry*, 261 U.S. 571, 67 L. ed. 802 (1923).

³⁹ *Id.* at 15, citing Zitrin, Richard A. and Langford, Carol M., *Legal Ethics in the Practice Of Law*, Matthew Bender and Company, Inc., Second Edition, p. 181.

obligation to safeguard his client's property, and not jeopardize it. Such is his duty as an attorney, and pursuant to his general agency.⁴⁶

Even granting that Atty. Sabitsana has ceased to act as the Muertegui family's lawyer, he still owed them his loyalty. The termination of attorney-client relation provides no justification for a lawyer to represent an interest adverse to or in conflict with that of the former client on a matter involving confidential information which the lawyer acquired when he was counsel. The client's confidence once reposed should not be divested by mere expiration of professional employment.⁴¹ This is underscored by the fact that Atty. Sabitsana obtained information from Carmen which he used to his advantage and to the detriment of his client.

From the foregoing disquisition, it can be seen that petitioners are guilty of bad faith in pursuing the sale of the lot despite being apprised of the prior sale in respondent's favor. Moreover, petitioner Atty. Sabitsana has exhibited a lack of loyalty toward his clients, the Muerteguis, and by his acts, jeopardized their interests instead of protecting them. Over and above the trial court's and the CA's findings, this provides further justification for the award of attorney's fees, litigation expenses and costs in favor of the respondent.

Thus said, judgment must be rendered in favor of respondent to prevent the petitioners' void sale from casting a cloud upon his valid title.

WHEREFORE, premises considered, the Petition is **DENIED**. The January 25, 2007 Decision and the January 11, 2008 Resolution of the Court of Appeals in CA-G.R. CV No. 79250 are **AFFIRMED**. Costs against petitioners.

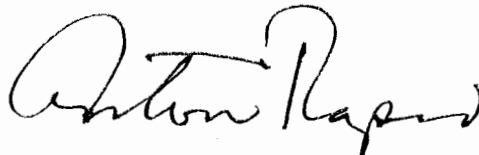
SO ORDERED.


MARIANO C. DEL CASTILLO
Associate Justice

⁴⁰ *Presidential Commission on Good Government v. Sandiganbayan*, 495 Phil. 485, 509 (2005).

⁴¹ *Heirs of Lydio Falame v. Atty. Baguio*, supra note 38 at 442, citing Agpalo, *The Code of Professional Responsibility for Lawyers*, 1991 1st Edition, p. 167, citing *Nombrado v. Hernandez*, 135 Phil. 5, 9 (1968), *Natom v. Capule*, 91 Phil. 640, 648-649 (1952), *San Jose v. Cruz*, 57 Phil. 792, 794 (1933) and *Hilado v. David*, 84 Phil. 569, 576-577 (1949).

WE CONCUR:



ANTONIO T. CARPIO

Associate Justice

Chairperson



ARTURO D. BRION

Associate Justice



JOSE PORTUGAL PEREZ

Associate Justice



ESTELA M. PERLAS-BERNABE

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.



ANTONIO T. CARPIO


Associate Justice

Chairperson



CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division 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*