



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, Third Division, issued a Resolution dated November 29, 2023, which reads as follows:

“A.C. No. 13779 [FORMERLY CBD Case No. 17-5437] (KAREN C. CHEN, Complainant, v. Atty. SHARON DABLO-DARAL AND ATTY. EDUARDO DARAL, Respondents). — The Court resolves the disbarment complaint¹ filed by Karen C. Chen (complainant) before the Integrated Bar of the Philippines (IBP) against Atty. Sharon Dablo-Daral (Atty. Sharon) and Atty. Eduardo Daral (Atty. Eduardo) (collectively, respondents) for allegedly representing conflicting interests in violation of the Code of Professional Responsibility (CPR).

The Antecedents

Atty. Sharon was formerly a retained counsel of Fortune Star Corporation (Fortune Star) in relation to a dispute against Felipe P. Carreon (Carreon) involving a parcel of land under Transfer Certificate of Title (TCT) Nos. T-105054² and T-105056³ located at Casisang, Malaybalay City, Bukidnon (subject property).⁴ Atty. Eduardo, on the other hand, is the spouse of Atty. Sharon.⁵

According to complainant, Atty. Sharon was authorized as follows: (1) to represent Fortune Star in the complaint filed by Carreon at the *barangay* level, and in the event that a civil case arising therefrom be filed in court; and (2) to sign and execute any document/s necessary to carry out her tasks.⁶

¹ *Rollo*, pp. 1–5, denominated as a Verified Disbarment Complaint/Letter-Affidavit.

² *Id.* at 16–17.

³ *Id.* at 14–15.

⁴ *Id.* at 1–2.

⁵ *Id.* at 2 and 182, Report and Recommendation dated July 29, 2022.

⁶ *Id.* at 6, Special Power of Attorney dated April 22, 2008.

On January 27, 2016, complainant found out that Atty. Eduardo caused a relocation survey on TCT Nos. T-105054 and T-105056. She also came to know that a Deed of Absolute Sale⁷ dated October 17, 2015, was executed between Atty. Eduardo and Carreon over the subject property.⁸

Complainant alleged that Atty. Sharon, being under the employ of Fortune Star, had the obligation not to use any information she acquired during such engagement. She asserted that the rights of Fortune Star were prejudiced when Atty. Eduardo bought the subject land from Carreon.⁹ She maintained that as a previous counsel of Fortune Star, Atty. Sharon owed the company undivided allegiance to the extent that she should have avoided representing conflicting interests.¹⁰ Considering this, complainant insisted that Atty. Sharon violated Rule 15.03,¹¹ Canon 15 of the CPR.¹²

In their Position Papers,¹³ Atty. Sharon and Atty. Eduardo denied violating Rule 15.03, Canon 15 of the CPR. Atty. Sharon argued that there were no conflicting interests considering that complainant was not respondent's client, and neither was Carreon a client of Atty. Eduardo. She also explained that her lawyer-client relationship with Fortune Star had ended years before the sale transaction happened between Atty. Eduardo and Carreon. Atty. Sharon pointed out that Fortune Star no longer had interest, right, or ownership over the subject properties at the time of the execution of the sale.¹⁴

For his part, Atty. Eduardo echoed Atty. Sharon's contentions. He stated that he was a Registrar of Deeds of Misamis Occidental until his retirement in 2000. He did not have authority to practice, so complainant was not a client of his. Given this, there was no lawyer-client relationship between him and complainant, and he was therefore not bound by the lawyer-client privilege as provided under Rule 15.03, Canon 15 of the CPR. Furthermore, Atty. Eduardo also agreed with Atty. Sharon's allegation that she never in any stage of her practice transacted with complainant. Lastly, he alleged that his wife was no longer connected with Fortune Star and thus was not bound by the rules protecting lawyer-client relationship.¹⁵

⁷ *Id.* at 9–11.

⁸ *Id.* at 2.

⁹ *Id.* at 3.

¹⁰ *Id.*

¹¹ RULE 15.03. A lawyer shall not represent conflicting interests except by written consent of all concerned given after a full disclosure of the facts.

¹² *Rollo*, pp. 2–3.

¹³ *Id.* at 107–116, Position Paper of Atty. Sharon Dablo-Daral; *id.* at 118–126, Position Paper of Atty. Eduardo Daral.

¹⁴ *Id.* at 110–111.

¹⁵ *Id.* at 120.

The Report and Recommendation of the IBP

In the Report and Recommendation¹⁶ dated July 29, 2022, Investigating Commissioner Bunrofil C. Altares (Investigating Commissioner) recommended the dismissal of the administrative complaint against respondents for lack of merit.¹⁷

Based on the finding that there was no lawyer-client relationship between the parties, the Investigating Commissioner opined that respondents could not have represented conflicting interests in violation of Rule 15.03 of the CPR. The Investigating Commissioner likewise pointed out that (1) the engagement of Fortune Star with Atty. Sharon was only for the purpose of notarizing documents and not for pursuing any claim against Carreon; and (2) Carreon was not a client of the respondents as the former and Atty. Eduardo's transaction was a mere sale of property.¹⁸

In the Resolution No. CBD-XXV-2022-12-06¹⁹ dated December 3, 2022, the IBP Board of Governors resolved to adopt and approve the findings and recommendation of the Investigating Commissioner to dismiss the complaint against respondents.²⁰

Issue

The issue for the Court's resolution is whether respondents should be held administratively liable for violating Rule 15.03, Canon 15 of the CPR.

The Ruling of the Court

The Court adopts and approves the findings and recommendation of the IBP to dismiss the complaint against respondents for lack of merit.

Under A.M. No. 22-09-1-SC, or the Code of Professional Responsibility and Accountability (CPRA), the prohibition on representing conflicting interests has an extensive coverage for the different scenarios in which it can be applied. The definition of conflict of interest is now found under Section 13, in relation to Section 18, Canon III of the CPRA, viz.:

SECTION 13. *Conflict of Interest.* — A lawyer shall not represent conflicting interests except by written informed consent of all concerned given after a full disclosure of the facts.

¹⁶ *Id.* at 181–187.

¹⁷ *Id.* at 186–187.

¹⁸ *Id.* at 186.

¹⁹ *Id.* at 179.

²⁰ *Id.*

There is conflict of interest when a lawyer represents inconsistent or opposing interests of two or more persons. The test is whether in behalf of one client it is the lawyer's duty to fight for an issue or claim, but which is his or her duty to oppose for the other client.

....

SECTION 18. *Prohibition Against Conflict-of-Interest Representation; Former Clients.* — In relation to former clients, the following rules shall be observed:

(a) A lawyer shall maintain the private confidences of a former client even after the termination of the engagement, except upon the written informed consent of the former client, or as otherwise allowed under the CPRA or other applicable laws or regulations, or when the information has become generally known.

(b) A lawyer shall not use information relating to the former representation, except as the CPRA or applicable laws and regulations would permit or require with respect to a current or prospective client, or when the information has become generally known.

(c) Unless the former client gives written informed consent, a lawyer who has represented such client in a legal matter shall not thereafter represent a prospective client in the same or related legal matter, where the prospective client's interests are materially adverse to the former client's interests.

The rationale for sanctioning lawyers for representing conflicting interests was explained in the case of *Marcelo-Salud v. Bolivar*.²¹ There, the Court explained:

There is conflict of interest when a lawyer represents inconsistent interests of two or more opposing parties. The test is "whether or not in behalf of one client, it is the lawyer's duty to fight for an issue or claim, but it is his duty to oppose it for the other client. In brief, if he argues for one client, this argument will be opposed by him when he argues for the other client." This rule covers not only cases in which confidential communications have been confided, but also those in which no confidence has been bestowed or will be used. Also, there is conflict of interests if the acceptance of the new retainer will require the attorney to perform an act which will injuriously affect his first client in any matter in which he represents him and also whether he will be called upon in his new relation to use against his first client any knowledge acquired through their connection. Another test of the inconsistency of interests is whether the acceptance of a new relation will prevent an attorney from the full discharge of his duty of undivided fidelity and loyalty to his client or invite suspicion of unfaithfulness or double dealing in the performance thereof.²² (Underscoring in the original)

²¹ A.C. No. 11369, July 4, 2022.

²² *Id.*, citing *Hornilla v. Atty. Salunat*, 453 Phil. 108, 111–112 (2003).

From the foregoing, it must be stressed that lawyers owe an undivided allegiance to their clients and such duty of loyalty remains so even after the termination of the lawyer-client relationship. This way, clients can safely entrust their secrets to their lawyers for the greater administration of justice.²³

In the present case, complainant alleged that there was a conflict of interest when Atty. Eduardo bought the property of Carreon. To recall, Atty. Sharon was a former counsel of Fortune Star in a land dispute against Carreon. Thus, complainant contended that Atty. Sharon had the obligation not to use any knowledge she acquired during her engagement with Fortune Star. Hence, when Atty. Eduardo executed the subject Deed of Absolute Sale, Fortune Star's rights were prejudiced in contravention of Rule 15.03, Canon 15 of the CPRA, now Section 13, Canon III of the CPRA.²⁴

The Court disagrees with complainant. While it is true that the proscription against representing conflicting interests does not distinguish whether the lawyer of the opposing parties is their present and/or former counsel, the Court cannot perceive any violation committed by respondents in buying the property of Carreon.

First, complainant is neither a present nor a former client of respondents. Essentially, there was no attorney-client privilege that existed between them that can be the basis of any conflict of interest.²⁵

Second, the relationship of Atty. Eduardo with Carreon is *not* in the nature of that between *an attorney and his or her client* but that between *a buyer and a seller*. Clearly, there was no representation to "*fight an issue or claim*" that occurred in the execution of the Deed of Absolute Sale.

Lastly, a careful perusal of the records shows that ownership over the subject property was already transferred in the name of Carreon in 2013, or two years before he sold it to Atty. Eduardo under the Deed of Absolute Sale dated October 17, 2015. In other words, in 2015, Fortune Star no longer held any right, claim, or interest on the subject property that could have been prejudiced as a result of the sale.²⁶ Simply put, there is simply nothing to connect Atty. Sharon and Fortune Star to the sale transaction between Atty. Eduardo and Carreon which can be used as basis for an administrative sanction against respondents.

Let it be stressed that disbarment from the practice of law is considered the most severe disciplinary sanction against members of the Bar. For this reason, the Court exercises great caution and prudence in

²³ *Sps. Niles v. Retardo, Jr.*, A.C. No. 13229, June 21, 2023.

²⁴ *Rollo*, pp. 2-3.

²⁵ *Id.* at 186.

²⁶ *Id.*

meting out such a harsh penalty.²⁷ The lawyer who is subject of the disbarment complaint enjoys the presumption of innocence, and the complainant has the burden to overcome that presumption by presenting substantial evidence.²⁸

Considering the foregoing, complainant clearly failed to discharge the burden of proving that Atty. Sharon and Atty. Eduardo had represented conflicting interests in violation of the CPRA. Hence, the disbarment complaint must necessarily fail.

Accordingly, the Court **DISMISSES** the disbarment complaint against Atty. Sharon Dablo-Daral and Atty. Eduardo Daral for lack of merit.

SO ORDERED.” (Gaerlan, J., on official leave).

By authority of the Court:

Mis D C Batt
MISAELO DOMINGO C. BATTUNG III
Division Clerk of Court *11/26/24*

Ms. Karen C. Chen
Complainant
11 Eagle St., New Marikina Subdivision
1801 San Roque, Marikina City

Attys. Sharon Dablo-Daral & Eduardo Daral
Respondents
B9 L1 Carmenville Subdivision, Casisang
8700 Malaybalay City, Bukidnon

Atty. Amor P. Entila
Officer-in-Charge
OFFICE OF THE BAR CONFIDANT
Supreme Court, 1000 Manila

Atty. Avelino V. Sales, Jr.
Director for Bar Discipline
INTEGRATED BAR OF THE PHILIPPINES
Doña Julia Vargas Avenue
Ortigas Center, 1605 Pasig City

PHILIPPINE JUDICIAL ACADEMY
Research Publications and Linkages Office
Supreme Court, Manila
[research_philja@yahoo.com]

PUBLIC INFORMATION OFFICE
Supreme Court, Manila
[For uploading pursuant to A.M.
12-7-1-SC]

LIBRARY SERVICES
Supreme Court, Manila

A.C. No. 13779

**(453)
URES**

K

FEB 02 2024

²⁷ *Nolasco v. Renta*, A.C. No. 13237 [Formerly CBD Case No. 18-5609] (Notice), April 26, 2022.

²⁸ *Palma v. Tansip*, A.C. No. 13165 [Formerly CBD Case No. 16-5166] (Notice), April 18, 2022.