



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, First Division, issued a Resolution dated 7 September 2022, which reads as follows:

“A.C. No. 11040 [Formerly CBD Case No. 16-5107] (*Manuel L. Dy, Jr. vs. Atty. Magnificus C.V. Cañete*¹). - Before the Court is an administrative Complaint dated 8 December 2015 filed by Manuel L. Dy, Jr. (Manuel) against Atty. Magnificus C.V. Cañete for allegedly violating the rule on confidentiality and prohibition on representing conflicting interests.²

Manuel alleged that Atty. Cañete was his retained counsel for his sole proprietorship business named MDR Microware Sales from 1997 to 2001.³ On 19 April 2005, the business was incorporated as MDR Microware Sales, Inc. (MDR Inc.) with Manuel and his wife, Jean Dy (Jean), as the principal stockholders owning 50% and 49% of the outstanding shares, respectively.⁴

Allegedly, through unauthorized disbursements, Jean siphoned off money from MDR Inc. to her personal account. MDR Inc. then filed lawsuits against her. To Manuel’s surprise, Atty. Cañete represented Jean against him and the corporation in a Qualified Theft case, titled *MDR Microware Sales, Inc., represented by Nenita R. Delena*⁵ and *Manuel L. Dy, Jr. v. Jean R. Dy*, pending before the Office of the Prosecutor of Cebu City. Moreover, Atty. Cañete represented Jean in a letter addressed to the Bank of the Philippine Islands dated 12 November 2015 where Atty. Cañete made reference to the case, titled *Dy v. Dy*, docketed as SP Case No. 2835-MAN, pending before the Regional Trial Court of Mandaue City.⁶

¹ Spelled as “Cañete” per his signature in his Comment dated 18 April 2016; *rollo*, p. 81; also spelled as “Canete” in some parts of the records.

² *Id.* at 1-8.

³ *Id.* at 1-2.

⁴ *Id.* at 2.

⁵ Also spelled as “Deleña” in some parts of the records.

⁶ *Rollo*, p. 3.

Thus, Manuel filed the present complaint against Atty. Cañete before this Court on 11 January 2016. He argued that when Atty. Cañete represented Jean in several cases against him, Atty. Cañete represented conflicting interests and violated his confidence.⁷

In his Comment dated 18 April 2016,⁸ Atty. Cañete belied Manuel's allegations for being misleading and unmeritorious. He asserted that his engagement with Manuel happened 14 years ago and that the cases he handled before for Manuel are unrelated to the present cases he is handling for Jean, which are for Qualified Theft and Violence Against Women and Children under Republic Act No. 9262⁹ (VAWC case).

On 27 July 2016, the Court issued a Resolution referring the Complaint to the Integrated Bar of the Philippines (IBP) for investigation, report, and recommendation.¹⁰

After a careful review of the case, the Commission on Bar Discipline of the IBP recommended the dismissal of the complaint for lack of merit.¹¹

However, on 27 October 2017, the IBP Board of Governors passed a Resolution¹² reversing the aforementioned recommendation. Thus:

RESOLVED to REVERSE the recommendation of the Investigating Commissioner to dismiss the case, and instead APPROVE to recommend that Atty. Magnificus C.V. Cañete be SUSPENDED from the practice of law for a period of six (6) months.

The IBP Commission on Bar Discipline forwarded the Notice of Resolution and records of the case to the Court pursuant to Rule 139-B, Rules of Court.¹³

In a Resolution dated 9 March 2020,¹⁴ the Court noted the IBP Board of Governors' Notice of Resolution dated 27 October 2017.

The issue before this Court is whether Atty. Cañete is administratively liable for violating the rule on confidentiality and prohibition on representing conflicting interests.

We believe so.

⁷ Id. at 3-4.

⁸ Id. at 76-82.

⁹ An Act Defining Violence Against Women and Their Children, Providing for Protective Measures for Victims, Prescribing Penalties Therefore, and for Other Purposes.

¹⁰ *Rollo*, p. 85.

¹¹ Id., unpaginated; Report and Recommendation submitted by Commissioner Eldrid C. Antiquiera dated 23 May 2017.

¹² Id., unpaginated.

¹³ Id., unpaginated.

¹⁴ Id., unpaginated.

Rule 15.03, Canon 15, Code of Professional Responsibility (CPR) provides:

CANON 15 - A LAWYER SHALL OBSERVE CANDOR, FAIRNESS AND LOYALTY IN ALL HIS [OR HER] DEALINGS AND TRANSACTIONS WITH HIS [OR HER] CLIENTS.

x x x x

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.

In *Hornilla v. Atty. Salunat*,¹⁵ the Court explained that there is conflict of interest when a lawyer represents inconsistent interests of two or more opposing parties. Also, jurisprudence has provided three tests in determining whether a lawyer is guilty of representing conflicting interests:

One test is whether a lawyer is duty-bound to fight for an issue or claim in behalf of one client and, at the same time, to oppose that claim for the other client. Thus, if a lawyer's argument for one client has to be opposed by that same lawyer in arguing for the other client, there is a violation of the rule.

Another test of inconsistency of interests is **whether the acceptance of a new relation would prevent the full discharge of the lawyer's duty of undivided fidelity and loyalty to the client or invite suspicion of unfaithfulness or double-dealing in the performance of that duty.** Still another test is whether the lawyer would be called upon in the new relation to use against a former client any confidential information acquired through their connection or previous employment.¹⁶ (Emphasis in the original)

Thus, it has been held that an attorney-client relationship is one of trust and confidence of the highest degree. An attorney owes loyalty to his client, and the duty of loyalty to client subsists even after the termination of the attorney-client relationship. It is not good practice for a lawyer to defend other person in another case against his former client under the pretext that the case is distinct from, and independent of the former case.¹⁷

Furthermore, "the rule against conflict of interest also 'prohibits a lawyer from representing new clients whose interests oppose those of a former client in any manner, whether or not they are parties in the same action or on totally unrelated cases,' since the representation of opposing clients, even in unrelated cases, 'is tantamount to representing conflicting interests or, at the very least, invites suspicion of double-dealing which the Court cannot allow.'"¹⁸

¹⁵ 453 Phil. 108, 111 (2003).

¹⁶ *Dr. Lee v. Atty. Simando*, 710 Phil. 600, 607 (2013).

¹⁷ *Rosacia v. Bulalacao*, 319 Phil 1, 4 (1995).

¹⁸ *Romero v. Evangelista, Jr.*, A.C. No. 11829, 26 February 2018.

Applying the foregoing doctrines to the present case, the Court finds Atty. Cañete guilty of representing conflicting interests in violation of Rule 15.03, Canon 15, CPR.

In his Comment, Atty. Cañete admitted that he represented Jean in the Qualified Theft case and VAWC case which involve Manuel, his former client, as the opposing party.¹⁹ Defending and representing Jean against Manuel in the aforementioned cases, even unrelated with the cases he previously handled while he was the legal counsel of Manuel or MDR Microware Sales, the sole proprietorship business of Manuel, is tantamount to representing conflicting interests. Moreover, such representation presents a situation where any confidential information previously acquired by Atty. Cañete during his engagement as retained counsel might be used against Manuel.

The only exception on the prohibition of representing conflicting interests is provided under Rule 15.03 Canon 15, CPR — if there is a written consent from all the parties after full disclosure — which is not present in this case. Thus, Atty. Cañete's representation of Jean without the written consent of Manuel is a violation of Rule 15.03, Canon 15, CPR, warranting disciplinary action therefor.

Anent the appropriate penalty, jurisprudence is replete with cases where the Court suspended erring lawyers for a period of six months for violating the prohibition on representing conflicting interests.²⁰ However, considering the 14-year gap between the cases handled by Atty. Cañete for Manuel and Jean, and it appearing that Atty. Cañete was in good faith when he represented Jean, the Court deems it just to reduce the penalty recommended by the IBP Board of Governors to three months suspension from the practice of law.

WHEREFORE, in view of the foregoing, Atty. Magnificus C.V. Cañete is found administratively liable for violation of Rule 15.03, Canon 15, Code of Professional Responsibility. Accordingly, he is **SUSPENDED** from the practice of law for a period of three months, effective upon his receipt of this Resolution, with a **STERN WARNING** that a repetition of the same or similar acts will be dealt with more severely.

Let a copy of this Resolution be furnished the Office of the Bar Confidant to be entered into the records of Atty. Magnificus C.V. Cañete. Copies shall likewise be furnished the Integrated Bar of the Philippines and the Office of the Court Administrator for circulation to all courts throughout the country for their information and guidance.

¹⁹ *Rollo*, p. 78.

²⁰ See *Labadan v. Rosario*, A.C. No. 10785, 10 February 2021; *Ortiz v. Tampus*, A.C. No. 12816, 6 July 2021; *Atty. Nuique v. Atty. Sedillo*, 715 Phil. 304 (2013).

SO ORDERED.”

By authority of the Court:


LIBRADA C. BUENA
Division Clerk of Court

by:

MARIA TERESA B. SIBULO
Deputy Division Clerk of Court

66-II

SEP 29 2022

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