

ERLINDA BILDNER, COMPLAINANT, VS. ATTY. SIKINI C. LABASTILLA AND ATTY. ALMA KRISTINA ALOBBA, RESPONDENTS.*A.C. No. 12843. March 18, 2021*

Ponente: CARANDANG, J.

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Before this Court is a Complaint[1] dated July 5, 2006 filed by complainant Erlinda I. Bildner (Bildner) against respondents Atty. Sikini C. Labastilla (Atty. Labastilla) and Atty. Alma Kristina O. Alobba (Atty. Alobba; collectively, respondents) before the Commission on Bar Discipline of the Integrated Bar of the Philippines (IBP-CBD). In the Complaint, Bildner prayed for respondents' disbarment and the removal of their names from the roll of attorneys.

The instant complaint forms part of a myriad of cases originating from an intra-corporate dispute between two groups vying for seats in the Board of Directors (Board) of Philippine Overseas Telecommunications Corporation (POTC) and Philippine Communications Satellite Corporation (PHILCOMSAT). PHILCOMSAT is a domestic corporation organized for the purpose of providing telecommunication services throughout the Philippines. POTC is organized for the purpose of constructing, installing, maintaining, and operating communications satellite systems, satellite terminal stations, and associated equipment and facilities in the Philippines. Since PHILCOMSAT is a wholly-owned subsidiary of POTC, whoever had control of POTC held 100% of PHILCOMSAT. On the other hand, whoever had control of PHILCOMSAT exercised 81% control of POTC.[2]

Prior to 1986, POTC was owned by six families through their individual members and/or their corporations, i.e., the Africas, Benedictos, Ponce-Enriles, Ilusorios, Nietos, and Pobladors. When former President Ferdinand E. Marcos (Marcos) fled the country after the EDSA Revolution, Jose O. Campos, the representative of POTC's largest shareholders (Independent Realty Corporation (IRC) and Mid-Pasig Land Development Corporation (MLDC)) surrendered IRC and MLDC's 5,400 shares to the Presidential Commission on Good Governance (PCGG) - stating that these were part of Marcos' ill-gotten wealth.[3]

In a complaint filed by the Republic seeking to recover Marcos' ill-gotten wealth, Potenciano Ilusorio (Ilusorio) claimed that he legally owned 5,400 shares in POTC but was threatened and intimidated to transfer 3,644 shares to IRC, 1,755 shares to MLDC, and one share to Ferdinand Marcos, Jr. because he (Ilusorio) got the ire of former First Lady Imelda Marcos. On June 28, 1996, the Republic, IRC, and MLDC entered into a Compromise Agreement with Ilusorio where 4,727 of the contested 5,400 POTC shares stayed with IRC and MLDC while Ilusorio received 673 shares. Upon the Sandiganbayan's (SB) approval of the Compromise Agreement, the SB ordered POTC's Board, President, and Corporate Secretary to issue the corresponding stock certificates to IRC, MLDC, and Ilusorio. Manuel H. Nieto, Jr.'s (Nieto) falling out with the other stockholders of POTC and PHILCOMSAT resulted in a struggle for control between the Nieto-PCGG group and Africa-Bildner group.[4]

The Africa-Bildner group was able to take control of the management and operations of POTC and PHILCOMSAT by virtue of POTC's Special Stockholders' meeting held on September 22, 2000.[5] Still, the

Nieto-PCGG continued to hold their own stockholders' meetings. The Securities and Exchange Commission (SEC), thus, issued two Orders dated July 8, 2004 and July 26, 2004, respectively, stating the requirements for the conduct of POTC's and PHILCOMSAT's separate stockholders' meetings.[6] On August 9, 2005, the SEC recognized the POTC and PHILCOMSAT stockholders' meetings conducted by the Nieto-PCGG group because the same found to be in compliance with the Order dated July 8, 2004. The Africa-Bildner group was able to secure a Temporary Restraining Order (TRO) dated August 31, 2004 from the CA, enjoining the Nieto-PCGG group from implementing the three SEC Orders.[7] The CA TRO was eventually replaced with a Writ of Preliminary Injunction (WPI) dated October 25, 2004.[8]

Atty. Labastilla, as counsel for the Nieto-PCGG group, filed on September 21, 2005 a complaint for injunction before the SB upon discovering that the Africa-Bildner group was holding POTC's and PHILCOMSAT's stockholders' meetings on the next day (SB complaint). During those meetings, Bildner was elected Chair of the Board for POTC and PHILCOMSAT. However, because of the SB complaint, the Nieto-PCGG group was able to secure a TRO from the SB dated September 23, 2005 enjoining the Africa-Bildner group from acting as POTC's and PHILCOMSAT's respective BOD.[9]

On July 13, 2006, Bildner filed the instant administrative complaint against respondents. She accused Atty. Labastilla of violating Rule 1.01 and 10.01 of the Code of Professional Responsibility (CPR) and Section 27, Rule 138 of the Rules of Court when he filed the SB complaint. The SB complaint falsely stated that: (1) Bildner, et al. are not the true members of POTC's and PHILCOMSAT's Board; (2) Enrique L. Locsin (Locsin) was authorized by POTC and PHILCOMSAT to file the SB complaint despite the CA TRO and WPI, which prevented the Nieto-PCGG group from acting as POTC's and PHILCOMSAT's Board; and (3) the government owned 40% of POTC. Because of Atty. Labastilla's misrepresentations over the extent of PCGG's ownership in POTC, the Nieto-PCGG group was able to secure a TRO from the SB enjoining the Africa-Bildner group from acting as POTC and PHILCOMSAT's Board.[10]

Atty. Alobba was included in the instant administrative complaint for violating Rule 1.02 when she issued the POTC's and PHILCOMSAT's Secretary's Certificates both dated September 15, 2005 in defiance of the CA TRO and WPI.[11]

In an Answer dated September 4, 2006, Atty. Alobba denied acting improperly when she issued the Secretary's Certificates because the Secretary's Certificates merely certified the Board Resolutions passed during the POTC's and PHILCOMSAT's Board meetings. What was enjoined by the CA TRO and WPI was the implementation of the SEC's Orders in relation to POTC's and PHILCOMSAT's stockholders' meetings.[12]

For his part, Atty. Labastilla explained that Bildner previously filed contempt cases against him with this Court and the SB in relation to the intra-corporate disputes. Thus, the instant administrative case seeks to have this Court pre-emptively resolve the issues pending before the SB. Still, Atty. Labastilla maintained that he did not misrepresent any fact before the SB. There was no intention to mislead the SB because at the time the Locsin's complaint before the SB was filed, the government still had a 40% stake in POTC.[13]

The proceedings in the administrative case were suspended in an Order dated October 6, 2008 in view of pending motions to cite respondents in contempt before the SB and the CA. Upon resumption, conduct, and termination of a mandatory conference, the parties submitted their respective position papers.[14]

In its Report and Recommendation[15] dated July 23, 2011, the Investigating Commissioner found respondents guilty of breaching their duties under the CPR and recommended that respondents be censured for their acts.[16] The Investigating Commissioner explained that the CA TRO and WPI - which enjoined the Nieto-PCGG group from conducting POTC's and PHILCOMSAT's - was issued with the view of maintaining the status quo and in

order to avoid any further controversy as a result of the spat between the Africa-Bildner group and the Nieto-PCGG group. As counsel for the Nieto-PCGG group, Atty. Labastilla was furnished a copy of the CA TRO. Therefore, he had the duty to inform his clients of the CA TRO and its repercussions in relation to filing the SB complaint. Also, Atty. Labastilla knew that the government's interest in POTC was less than 40% even before he filed the SB complaint, making his allegations in the said complaint inaccurate.[17]

The Investigating Commissioner likewise found Atty. Alobba administratively liable when she issued the Secretary's Certificates because it was a recognition of a corporate act done by the Nieto-PCGG group - effectively going against the dictum of the CA TRO and WPI.[18]

In Resolution No. XX-2012-71 dated February 11, 2012, the IBP--Board of Governors (BOG) resolved to adopt the Investigating Commissioner's factual findings and recommendation but imposed on respondents the penalty of reprimand.[19]

The IBP-BOG later reversed itself and dismissed the administrative complaint on April 16, 2013 after Atty. Alobba filed a motion for reconsideration. In an Extended Resolution[20] dated February 1, 2017, the IBP-BOG agreed with Atty. Alobba that she merely performed her ministerial duty as Assistant Corporate Secretary when she issued the Secretary's Certificates. The CA TRO and WPI did not prevent her from acting in her capacity as Assistant Corporate Secretary since she has held that position in POTC and PHILCOMSAT since 2002 and has been re-elected ever since. Atty. Alobba's claim of good faith in executing the Secretary's Certificates was considered by the IBP-BOG especially since the motion to cite her in contempt was denied by the CA in a Resolution dated December 13, 2004.[21]

This prompted Bildner to file her own motion for reconsideration, which was denied in a Resolution dated June 17, 2019.[22]

Ruling of the Court

This Court adopts and agrees with the findings of the IBP-BOG insofar as the administrative complaint against Atty. Alobba is dismissed. However, this Court imposes the penalty of suspension on Atty. Labastilla.

As regards the administrative complaint against Atty. Alobba, complainant failed to discharge the burden of proving, with substantial evidence, Atty. Alobba's willful disobedience of a lawful order. Substantial evidence refers to that amount of relevant evidence that a reasonable mind might accept as adequate to support a conclusion. In administrative cases, We are called to determine the propriety of a lawyer's conduct as an officer of the Court. "Public interest is its primary objective, and the real question for determination is whether or not the attorney is still a fit person to be allowed the privileges as such." [23]

The basis of the instant administrative complaint refers to the acts performed by Atty. Alobba as Assistant Corporate Secretary of POTC and PHILCOMSAT. The complainant sought Atty. Alobba's disbarment because of the latter's issuance of Secretary's Certificates certifying the authority of some members of the Nieto-PCGG group to represent POTC and PHILCOMSAT in cases involving both corporations. However, complainant failed to show how Atty. Alobba willfully defied a TRO and WPI issued by the CA when she issued the Secretary's Certificates. Not every erroneous filing of a case by a lawyer can be the subject of disciplinary proceedings. Otherwise, lawyers of losing parties are immediately open to administrative sanctions.

However, Atty. Labastilla's actions clearly fall short of the standard of professional conduct under the CPR.

Despite the myriad of cases filed before the SEC and different courts, the instant administrative case is simple - Atty. Labastilla did not inform the SB that his client (i.e., Nieto-PCGG group) was effectively enjoined from

acting as officers of POTC and PHILCOMSAT by virtue of the CA TRO and WPI. Because of this omission, the Nieto-PCGG group was able secure the SB TRO two days after or on September 23, 2005.

Atty. Labastilla insists that the CA TRO and WPI did not include Locsin - the affiant in the SB complaint. He maintains that the CA TRO and WPI only enjoined the respondents therein, i.e., Nieto, Jr., Lokin, Jr., and Atty. Alobba. Such reasoning smacks of Atty. Labastilla's attempt to use his knowledge of the law to thwart the implementation of the CA TRO and WPI. The CA TRO and WPI were obviously meant to enjoin the Nieto-PCGG group from acting as a body politic sans Locsin who, although authorized by the Nieto-PCGG group to represent POTC, was also elected as a member of the BOD by the Africa-Bildner group in a stockholders meeting dated July 28, 2004. With Locsin signing the Verification and Certification of Non-Forum Shopping, Atty. Labastilla deftly consented (if not advised) his client to file the SB TRO in order to supplant the CA TRO and WPI without defying it on its face. What's more, the CA TRO and WPI expressly enjoined the respondents in that case and "their officers, agents and other persons acting for and in their behalf."^[24] It is undisputed that Atty. Labastilla was the Nieto-PCGG group's counsel. As such, he was clearly acting on their behalf when he filed the SB complaint.

By Atty. Labastilla's admission that "control [of the corporations involved in an intra-corporate dispute] becomes very nebulous,"^[25] he knew that the authority of whoever would file the SB complaint would be questioned. Thus, Atty. Labastilla's duty to inform the SB of the CA TRO and WPI enjoining the Nieto-PCGG group becomes more apparent. In fact, by virtue of the CA TRO and WPI, Atty. Labastilla should have advised his clients against filing the SB complaint in the first place - especially since the object of the SB TRO was to enjoin the Africa-Bildner group from acting as the POTC's BOD by conducting its stockholders' meeting on September 22, 2005.

From the foregoing, Atty. Labastilla violated the following provisions of the CPR:

CANON 1 - A lawyer shall uphold the constitution, obey the laws of the land and promote respect for law and legal processes.

Rule 1.02 - A lawyer shall not counsel or abet activities aimed at defiance of the law or at lessening confidence in the legal system.

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Rule 10.01 - A lawyer shall not do any falsehood, nor consent to the doing of any in court; nor shall he mislead, or allow the Court to be misled by any artifice.

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Rule 10.03 - A lawyer shall observe the rules of procedure and shall not misuse them to defeat the ends of justice.

xxxx

Rule 19.01 - A lawyer shall employ only fair and honest means to attain the lawful objectives of his client and shall not present, participate in presenting or threaten to present unfounded criminal charges to obtain an improper advantage in any case or proceeding.

First, Atty. Labastilla's failure to allege the existence of the CA TRO and WPI effectively misled the SB into issuing the SB TRO as it had no notice or knowledge of any other injunctive order involving the same issues (i.e., who can act as the legitimate POTC Board of Directors), contrary to Rule 10.01 of the CPR. Second, Atty. Labastilla's filing of the SB complaint defied the CA TRO and WPI since he was acting as an agent of the

respondents enjoined under the said CA TRO and WPI, in violation of Rule 1.02 and Canon 1 of the CPR. Third, by securing the SB TRO, Atty. Labastilla unfairly caused an impasse between POTC and PHILCOMSAT since the two factions would have been restrained from acting as members of POTC's Board of Directors, in breach of Rule 19.01 of the CPR. Lastly, Atty. Labastilla's resort to an injunctive complaint with the SB evinces his disregard of the CA TRO and WPI constituting an abuse of the "court's [process] and improper conduct that tends to impede, obstruct and degrade the administration of justice" contrary to the dictates of Rule 10.03 of the CPR.[26]

In *Festin v. Atty. Zubiri*,^[27] this Court imposed a three-month suspension against the lawyer who misused court processes by filing five manifestations directly to the RTC's Clerk of Court in order to secure a writ of execution without the knowledge of the other party involved.^[28] In *Villanueva v. Atty. Alentajan*,^[29] We likewise imposed a three-month suspension against respondent for abusing court processes by filing multiple cases concerning the same subject matter.^[30] Here, Atty. Labastilla's filing of the SB complaint also constituted an abuse of court process by seeking an injunction from the SB despite the CA's prohibition against the Nieto-PCGG group and its agents to act on behalf of POTC. Thus, We similarly impose a suspension of three months.

The circumstances surrounding the filing of the SB Complaint have been the subject of a scandal which tarnished the reputation of the courts. In *PHILCOMSAT Holdings Corporation v. Atty. Lokin*,^[31] We suspended Atty. Labastilla for a period of one year due to his participation in the anomalous entry in PHILCOMSAT's checkbook stub which read "Cash for Sandiganbayan, tro, potc-philcomsat case - P2,000,000.00."^[32] Albeit Atty. Labastilla was already administratively sanctioned by this Court for his participation therein, the instant administrative case covers another act involving the same SB complaint. Atty. Labastilla seems to have forgotten that he is, first and foremost, an officer of the court. While lawyers owe their entire devotion to the interest and causes of their clients, lawyers must - at all times - uphold the integrity of the courts and show respect to its processes.^[33]

As what We have said in *Festin v. Atty. Zubiri*:^[34]

Respondent is reminded that a lawyer is ethically bound not only to serve his client but also the court, his colleagues, and society. His obligation to represent his client is not without limits, but must be "within the bounds of the law" pursuant to Canon 19 of the CPR. Accordingly, he is ethically bound to employ only fair and honest means to attain [his] client['s] objectives.^[35]

WHEREFORE, the complaint for disbarment against respondent Atty. Alma Kristina O. Alobba is DISMISSED.

On the other hand, Atty. Sikini C. Labastilla is found GUILTY of violating Canons 1, 10, 12, and 19 of the Code of Professional Responsibility. He is hereby SUSPENDED from the practice of law for a period of THREE (3) MONTHS effective upon receipt of this Decision. Further, he is STERNLY WARNED that a repetition of a similar offense shall be dealt with more severely.

Let a copy of this Decision be furnished to the Office of the Bar Confidant to be entered into Atty. Sikini C. Labastilla's records. Copies shall likewise be furnished the Integrated Bar of the Philippines and the Office of the Court Administrator for circulation to all courts concerned.

Atty. Sikini C. Labastilla is DIRECTED to immediately file a Manifestation to the Court that his suspension has started, furnished all courts and quasi-judicial bodies where he has entered his appearance as counsel.

SO ORDERED.

Peralta, C. J., Caguioa, Zalameda, and Gaerlan, JJ., concur.

- [1] Rollo (Vol. I), pp. 1-12.
- [2] Id. at 220; rollo (Vol. V), pp. 42-43.
- [3] Rollo (Vol. I), pp. 220-221, 241.
- [4] Id. at 242.
- [5] Rollo (Vol. V), p. 51.
- [6] Rollo (Vol. III), pp. 186-192.
- [7] Id. at 80-81.
- [8] Id. at 82-85.
- [9] Rollo (Vol. I), pp. 313-326.
- [10] Id. at 2-5, 6-16.
- [11] Id. at 5-6, 17-18.
- [12] Id. at 133-144.
- [13] Id. at 211-217.
- [14] Rollo (Vol. II), pp. 120-121.
- [15] Additional rollo, pp. 13-18.
- [16] Id. at 15-18.
- [17] Id. at 15-16.
- [18] Id. at 16-18.
- [19] Id. at 7.
- [20] Rollo (Vol. V), pp. 2-7.
- [21] Id.
- [22] Additional rollo, p. 2.
- [23] *Aguinaldo v. Asuncion, Jr.*, A.C. No. 12086, October 7, 2020.
- [24] Rollo (Vol. I), p. 40.
- [25] Rollo (Vol. III), p. 247.
- [26] *Villanueva v. Ally. Alentajan*, A.C. No. 12161, June 8, 2020.
- [27] 811 Phil. 1 (2017).
- [28] Id.
- [29] A.C. No. 12161, June 8, 2020.
- [30] Id.
- [31] 785 Phil. 1 (2016).

[32] Id. at 4.

[33] Bantolo v. Atty. Castillon, Jr., 514 Phil. 628, 633 (2005); Lukang v. Atty. Llamas, A.C. No. 4178, July 8, 2019.

[34] Supra note 27.

[35] Supra note 27 at 10-11.

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