Title:
Security Bank Corporation vs. Indiana Aerospace University and Others

Facts:
Security Bank and Trust Company (hereafter "Security Bank") entered into a real estate mortgage agreement with Innovatech Development and Management Corporation ("Innovatech") on 20 September 1996, where Innovatech mortgaged fourteen condominium units located in Muntinlupa City to secure a P25,000,000 loan from Security Bank. On 1 July 1997, Innovatech informed Security Bank of its sale of these units to Indiana Aerospace University ("Indiana"), including an assumption of mortgage under the sale agreement, and a loan application by Indiana for P69,000,000 with Bank of Southeast Asia to partially settle the Security Bank loan.

Upon Innovatech's failure to repay the loan by 19 September 1997, Security Bank initiated a notarial foreclosure on the properties, acquiring them at a public auction on 29 January 1998 for P32,839,290. Innovatech filed an action for annulment of the foreclosure and related orders, and was granted a preliminary injunction by the Regional Trial Court of Muntinlupa City on 26 March 1998. Security Bank's petition against this injunction was initially dismissed by the Court of Appeals but was later overturned, allowing for the annulment of the injunction on 8 June 2000.

Subsequently, Indiana intervened with a complaint, resulting in a February 1999 Order from the trial court granting a preliminary mandatory injunction against Security Bank, leading to the cancellation of the foreclosure sale registration. Security Bank's motion for reconsideration was denied by the trial court on 3 November 1999, prompting an appeal to the Court of Appeals, which was dismissed on 22 February 2000 due to procedural non-compliance by Security Bank. A motion for reconsideration by Security Bank was likewise denied on 29 November 2000, leading to this petition for review before the Supreme Court.

Issues:
The core issue assessed was whether the Court of Appeals erred in dismissing Security Bank's petition due to technical non-compliance despite Security Bank's substantial compliance with the procedural requirements.

Court's Decision:
The Supreme Court found the petition meritorious, stating that while the Court of Appeals followed procedural rules strictly in dismissing the petition, equity jurisdiction allows for

procedural lapses to be overlooked to achieve substantial justice. The Supreme Court noted that Security Bank substantially complied with procedural requirements, particularly by demonstrating timely filing actions. The dismissal based on technicality was set aside, and the case remanded to the Court of Appeals for resolution on its merits.

Doctrine:
This case reiterates the doctrine that procedural rules are instruments designed to facilitate the attainment of justice. When strict enforcement of procedural rules would hinder rather than promote substantial justice, equity jurisdiction may allow the relaxation of the rules.

Class Notes:
– Real estate mortgage procedures and foreclosure under Philippine law.
– The importance of compliance with procedural rules, particularly regarding timelines for motions and appeals.
– The Supreme Court's equity jurisdiction allows it to overlook procedural lapses in favor of resolving cases on their merits.
– Material dates in petitions for certiorari: date of judgment or final order, date of motion for new trial or reconsideration, date of denial of such motion.

Historical Background:
This case highlights the intricate legal battles that can ensue over real estate transactions and foreclosures, showcasing the Philippine judiciary's procedural requirements and its flexibility in administering justice. It underscores the balance between adhering to procedural technicalities and the courts' discretion to ensure fair and just outcomes.