

Title: Philippine National Bank vs. Court of Appeals and Epifanio de la Cruz - G.R. No. 294 Phil. 153 (1991)

Facts:

1. **Mortgage of Properties (1958)**:

- Epifanio de la Cruz, with his brother Delfin and sister Maria, mortgaged two parcels of land in Bunlo, Bocaue, Bulacan, to Philippine National Bank (PNB).
- The mortgage secured several promissory notes issued by Epifanio.

2. **Default and Foreclosure Initiation (1961)**:

- Epifanio defaulted on his obligations.
- On September 6, 1961, PNB, through Atty. Ramon de los Reyes, filed a petition for extrajudicial foreclosure under Act No. 3135 with the Sheriff's Office in Malolos, Bulacan.
- On October 20, 1961, the properties were auctioned, with PNB as the highest bidder.

3. **Subsequent Sale and Litigation (1963-1970)**:

- Final Deed of Sale on March 7, 1963, and registration on March 19, 1963.
- On June 4, 1970, PNB sold the properties to Conrado and Marina de Vera.

4. **Initial Legal Complaint (Date not specified)**:

- Epifanio filed a complaint for reconveyance and damages against PNB, claiming unlawful foreclosure.
- PNB counterclaimed for damages.

5. **Trial Court Decision (January 22, 1978)**:

- The Court dismissed both the complaint and counterclaim.
- Epifanio appealed to the Court of Appeals.

6. **Court of Appeals Decision (April 17, 1991)**:

- The Court of Appeals reversed the trial court decision, declaring the auction sale void due to non-compliance with publication requirements of Act No. 3135.
- PNB petitioned the Supreme Court for certiorari.

Issues:

1. **Compliance with Notice of Sale Publication under Act No. 3135**:

- Whether the publication of notices on March 28, April 11, and April 12, 1969, satisfied the statutory requirement of publication "once a week for at least three consecutive weeks".

2. **Validity of Subsequent Transactions**:

- Whether the foreclosure and subsequent sales of the foreclosed properties were valid.

Court's Decision:

1. Compliance with Notice of Sale Publication:

- The Supreme Court concluded that PNB failed to comply with Act No. 3135's publication requirements.
- The definition of "week" was interpreted as a period of seven consecutive days.
- The March 28, 1969 publication marked the start of measuring the three-week period.
- Subsequent notices on April 11, 1969, and April 12, 1969, failed to satisfy the weekly interval requirement, leading to the conclusion that the publication did not comply with the statutory mandate, rendering the ensuing foreclosure void.

2. Validity of Foreclosure and Sales:

- The Court ruled that due to non-compliance with the required notices, the auction sale, the Certificate of Sale, the Final Deed of Sale, and the Affidavit of Consolidation executed by the Sheriff were void.
- Consequently, the sale of the property to Conrado and Marina de Vera and any subsequent transactions were likewise void due to the invalid foreclosure.

Doctrine:

1. **Strict Compliance with Statutory Requirements**:

- Statutory provisions on the publication of notices for mortgage foreclosure sales must be strictly adhered to. Deviation invalidates the notice and renders the sale void (Jalandoni vs. Ledesma, Campomanes vs. Bartolome).

2. **Definition of "Week" in Legal Context**:

- A "week" for legal purposes is defined as a period of seven consecutive days. Notice publications must reflect this interval to comply with statutory requirements (Derby Case, Article 13 of the New Civil Code).

Class Notes:

1. **Concept of Strict Compliance**:

- In foreclosure proceedings, every detail of the statutory notice requirement must be met; failure to comply leads to the invalidation of the process.

2. **Interpretation of "Week"**:

- Legal terms like "week" must follow their common definition unless the statute specifies

otherwise.

3. ****Effect of Publication Errors****:

- Publication errors lead to jurisdictional defects, rendering the sale absolutely void.

4. ****Relevant Statutory Provisions****:

- Act No. 3135 Sections 2 & 3: Governing foreclosures and the necessary publication of exercise notices.
- Article 13, New Civil Code: Provisions regarding the computation of time.

Historical Background:

- Act No. 3135, enacted in 1924, governs the extrajudicial foreclosure of real estate mortgages in the Philippines. Its strict publication requirements aim to ensure transparency and fairness, providing defaulting borrowers adequate notice and opportunity to address their obligations before the disposal of their property.