

Title: Philippine Trust Company v. Redentor Gabinete et al.

Facts:

- Initial Loan Agreement:** On May 28, 1997, Shangrila Realty Corporation secured a renewal of its bills discounting line from Philtrust Bank totaling P20,000,000.00, executed through promissory notes (PN) and a Continuing Suretyship Agreement involving Elisa Tan and Redentor Gabinete.
- Details of the Loan:**
 - **PN No. 7626:** P7,200,000.00, secured by a Real Estate Mortgage with 23% interest.
 - **PN No. 7627:** P6,540,000.00, unsecured, with 25% interest.
 - **PN No. 7628:** P1,200,000.00, unsecured, with 25% interest.
 - **PN No. 7581:** P5,000,000.00, unsecured, with 21% interest.
- Default and Foreclosure:** Shangrila failed to pay the loan upon maturity. Philtrust initiated extrajudicial foreclosure on the mortgaged properties, resulting in a P6,000,000.00 bid by Philtrust, which was insufficient to cover the outstanding debt of P61,357,447.49 as of the foreclosure date.
- Subsequent Legal Actions:** Philtrust filed a complaint for collection of the remaining amount of P50,425,059.20 on March 8, 2006, including attorney's fees.
- RTC Default Proceedings:** On May 29, 2007, Philtrust moved to declare Gabinete and other defendants in default for non-response. RTC granted the motion but later set aside the default and allowed Gabinete to answer and participate.
- Forged Signature Claim:** Gabinete claimed that his signatures on the loan documents and Continuing Suretyship Agreement were forged. The RTC referred the matter for NBI examination, which corroborated Gabinete's forgery claim.
- RTC Decision:** On April 20, 2010, despite compelling evidence of forgery, the RTC ruled in favor of Philtrust, ordering joint and several liabilities against Gabinete and others.
- Appeal to CA:** Gabinete appealed. On March 25, 2014, the CA reversed the RTC decision, removing Gabinete from liability, accepting the NBI's forgery findings.
- Petition for Review:** Philtrust filed for certiorari under Rule 45 with the Supreme Court, challenging the CA's decision.

****Issues:****

1. The credibility and compliance of the NBI Document Examiner's analysis.
2. The determination of whether Gabinete's signature on the Continuing Suretyship Agreement was forged.
3. The presumption of regularity of a notarized document.
4. The RTC and CA's conflicting findings regarding liability and the authenticity of Gabinete's signature.

****Court's Decision:****

1. ****NBI Document Examiner's Compliance****: SC found that although not disregarding expert opinions, they aren't entirely conclusive. The RTC's independent assessment holds merit over NBI's findings due to variations and insufficient sample signatures on Gabinete's part.
2. ****Forgery Determination****: The SC accentuated the RTC's appropriate independent examination. The varying signatures presented did not definitively prove forgery.
3. ****Notarized Document Presumption****: Notarized documents carry a presumption of regularity that requires strong contrary evidence. The existence of the Continuing Suretyship Agreement notarized and confirmed by a notary public strengthens Philtrust's position.
4. ****RTC vs. CA Findings****: Given the conflicting determinations, SC upheld RTC's findings, emphasizing Gabinete's failure to provide convincing proof of forgery.

The SC reversed CA's decision, reinstating RTC's ruling of joint and several liabilities for the outstanding loan.

****Doctrine:****

The SC reinforced the principle that notarized documents maintain a presumption of regularity. This presumption is robust but rebuttable only through clear, convincing, and overwhelming evidence of irregularities. Additionally, the courts, not solely experts, have the authority to authenticate signatures.

****Class Notes:****

- ****Forged Signature****: Burden of proof lies with the alleging party; clear, convincing evidence needed.
- ****Notarized Document Presumption****: High evidentiary threshold to challenge notarized

documents.

- **Independent Examination**: Courts exercise discretionary judgment outside expert testimony.

Cited Statutes:

- **Rules of Court, Rule 45**: On certiorari requirements, addressing questions of law.

- **SC Precedents**: Provide grounds for exceptions in factual review.

Historical Background:

This case aligns with the post-1997 economic turbulence in the Philippines, which saw financial institutions grappling with recoveries from defaulted loans. The Supreme Court's decision underscores the stringent scrutiny required to invalidate notarized financial commitments, marking a safeguard against spurious forgery claims amidst economic volatility.