ANGELITO P. PANALIGAN, PLAINTIFF-APPELLANT, V. UNIFIED SAVINGS &LOANS ASSOCIATION, INC., BANGKO SENTRAL NG PILIPINAS, THE HEIRS OF AVELINO L. ATIENZA AND TUSCANY RESOURCES, INC....

Ponente: DE GUIA-SALVADOR, R., J.

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DE GUIA-SALVADOR, R., J.:

At bench is an appeal from the Order dated February 7, 2013[1] of the Regional Trial Court (RTC) of Quezon City, Branch 220, in Civil Case No. Q-10-66893, which dismissed the Complaint for Annulment of Contracts/Foreclosure and Damages on the ground of plaintiff-appellant's failure to establish his cause of action against defendants-appellees.

The Facts

On April 8, 2010, plaintiff-appellant Angelito P. Panaligan (“appellant” / “Panaligan”) filed a Complaint for Annulment of Contracts/Foreclosure and Damages against defendants-appellees Unified Savings & Loans Association, Inc. (“Unisave”), Bangko Sentral ng Pilipinas (“Bangko Sentral”), the Heirs of Avelino L. Atienza (“Heirs of Atienza”) and Tuscany Resources, Inc., (“Tuscany”) (collectively, “appellees”).[2] Appellant alleged that he was the owner of an 875-square-meter (sq.-m.) residential property covered by Transfer Certificate of Title (TCT) No. RT-18155 (294269) issued by the Register of Deeds of Quezon City (“subject property”).[3] The property is located at No. 33 Swallow Drive, Green Meadows Subdivision, Libis, Quezon City.[4]

Appellant averred that he had once designated appellee Tuscany to be his attorney-in-fact to “borrow for and in his behalf and to mortgage the said property as security for a loan.”[5] Appellant added that such property was indeed mortgaged to secure a loan worth P11,520,231.00, but such transactions “appeared to have been consummated solely by and under the signature of Avelino L. Atienza, who was identified in the loan documents as the debtor and mortgagor.”[6] Appellant accused the mortgagee-lender in the said transactions, Unisave, as well as Tuscany and Atienza, of not informing him of such transactions as well as the release and disposition of the proceeds.[7] Appellant claimed being ignorant of the transactions, and maintained that he found out about it only sometime in June 2006.[8] Meanwhile, the mortgagee Unisave had been put through receivership and liquidation by the Bangko Sentral which, in turn, sold the mortgaged real estate on January 11, 2005 at public auction.[9] TCT N-296304 was later issued in the name of Bangko Sentral after it consolidated its ownership over the real estate as the winning bidder.[10]

Appellant further contended that he was unable to confront Atienza as the latter was then seriously ill.[11] Atienza died on March 1, 2005.[12]

Appellant alleged that the loan secured by the mortgaged “was not binding upon him” and that he continues to be in possession and exercises rights of ownership and “strict dominion” on the subject property, even leasing the same and making improvements thereon.[13] Also, to protect his rights, he had executed and annotated an Affidavit of Adverse Claim on March 25, 2008 on TCT N-296304, the title of the subject property in the name of

Bangko Sentral.[14]

Appellant further argued that prior to the foreclosure proceedings and public auction sale, no notice was sent to Atienza nor to Tuscany and appellant himself regarding the foreclosure.[15] Appellant claimed that the loan, mortgage, foreclosure and public auction are all null and void ab initio since Atienza was not authorized nor empowered to encumber or mortgage the property.[16] Also, Tuscany and appellant were not “apprised as to the extent of the mortgaged indebtedness” including its interest and other charges.[17]

In its Answer, Bangko Sentral denied most of the allegations of the complaint.[18] By way of affirmative defenses, it averred that contrary to what appellant had alleged, the loan of P12 million from Unisave and the mortgage of the subject property was made pursuant to a Special Power of Attorney (SPA) dated March 26, 1996 executed by appellant and his wife Luz Panaligan in favor of Tuscany, through Avelino Atienza.[19] In turn, such loan was one of those assigned by Unisave to Bangko Sentral, to partially secure the former's emergency loans from the latter.[20] With the loan due and unpaid, Bangko Sentral demanded appellant for its payment and warned him of possible foreclosure of the mortgaged property, should he fail to pay.[21]

Bangko Sentral further alleged that it filed a Petition for Extrajudicial Foreclosure and that a subsequent Notice of Extrajudicial Sale was issued, setting the public auction of the mortgaged property on January 11, 2005.[22] The said notice, it alleged, was published and posted in accordance with the requirements of Act No. 3135.[23] Bangko Sentral emerged as the winning bidder in the sale.[24] After the one-year redemption period had lapsed, without appellant redeeming the property, ownership was consolidated in Bangko Sentral's name, with the issuance of TCT No. N-296304.[25] Bangko Sentral claimed that it executed a Contract to Sell on the property on December 7, 2009 in favor of Hi-Pro International Ltd. Corp. as the buyer.[26]

Bangko Sentral accused appellant of laches for filing his complaint five years after the extrajudicial foreclosure sale and 14 years after he executed the SPA.[27] Lastly, Bangko Sentral argued that appellant had no cause of action against it, as it was not privy to the acts of appellant's attorney-in-fact; neither was it knowledgeable nor participated in the acts of such attorney-in-fact.[28] Bangko Sentral suggested that appellant's cause of action, if any, is against the said attorney-in-fact, Tuscany and the heirs of Avelino L. Atienza.[29]

In his Reply, appellant alleged that Bangko Sentral made no personal service of the notice of foreclosure to Tuscany and Atienza.[30] Appellant also accused Bangko Sentral of not being “aware of the scope and limit of (the) authority of (it's) attorney-in-fact Tuscany.”[31] He averred that “it was never (his) intention to authorize Tuscany or Atienza to act alone without (his) formal conformity to the loan transaction particularly in receiving the proceeds thereof; that “more (was) required of the attorney-in-fact before (he) could lawfully act pursuant to his employer's delegated authority.”[32] Appellant likewise denied that laches had set in and claimed to have “immediately acted upon receipt of full disclosure and information of the loan documents excepting the release of the proceeds thereof sometime in June 2006 prompting the annotation of an affidavit of adverse claim on Bangko Sentral's consolidating title.”[33]

In the same pleading, appellant included a Motion for the Production and Inspection of Relevant Documents, under Section 1 of Rule 27 of the Rules of Court, praying that Bangko Sentral be ordered to produce the following documents:

- The Board Resolution of Tuscany authorizing it to transact the loan with Unified Savings stating the extent of the loan;

- The Board Resolution of Tuscany authorizing Atienza to sign the loan instruments with Unified Savings for and in Tuscany's behalf;

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- The Board Resolution of Tuscany authorizing it or Atienza to receive the proceeds of the loan;

- The written conformity of plaintiff to Nos. 1, 2, and 3 above;

- The disbursement voucher of Unified Savings showing the release of the proceeds of the loan;

- The Check representing the proceeds of the loan as released and encashed by the payee thereof;

- The Unified Savings' ledger for (the) subject loan.[34]

Moreover, appellant incorporated a Request for Admission, pursuant to Rule 26 of the Rules of Court, asking Bangko Sentral to admit the following facts:

- That Unified Savings never informed appellant of the approval of the loan and the release of the proceeds thereof;

- That prior to the assignment of the loan instruments an the receivables therein to Bangko Sentral, no letter of demand much less an informative Statement of Account were served and/or delivered to Tuscany, Atienza and appellant either by Unified Savings or Bangko Sentral;

- That Bangko Sentral or Unified Savings never informed appellant of the status of the loan account at the latter's recorded address as appearing in his Certificate of Title;

- That in the encashment of a check of a substantial amount, it is sound banking practice for a bank to verify the antecedents of the transaction which gave rise to the issuance of such check.[35]

Bangko Sentral commented on the request for admission, by denying the first three items for lack of knowledge of their truth or falsity, and by denying the fourth item for being irrelevant and immaterial.[36] As for the motion for the production and inspection of documents, Bangko Sentral prayed for its denial as the said motion does not include a notice of hearing.[37] Further, Bangko Sentral alleged that most of the documents requested “have nothing to do” with Bangko Sentral and, if existing, may be in Unisave's possession.[38]

On August 20, 2010, the RTC issued an Order granting appellant's motion for the production and inspection of documents, requiring Bangko Sentral to produce the requested documents and make them available for inspection and photocopying.[39]

On September 9, 2010, Bangko Sentral filed a Motion to Set Special and Affirmative Defenses for Hearing, citing Section 6, Rule 16 of the Rules of Court.[40]

On October 13, 2010, Bangko Sentral filed a Motion for Reconsideration of the RTC's Order dated August 20, 2010, arguing that it only has two of the documents requested in its possession: (1) the Secretary's Certificate dated March 28, 1996 authorizing Tuscany to secure a loan from Unisave in the amount of P12 million and designating Atienza as Tuscany's representative in the transaction, and (2) the SPA dated March 28, 1996 in which appellant designated Atienza as attorney-in-fact in the transfer, disposition, mortgage and/or hypothecation of the subject property.[41] Bangko Sentral reiterated that appellant's motion violated the three-day notice rule and that appellant appeared to be on a “fishing expedition” as its own evidence appeared to be insufficient to support his cause action.[42]

Meanwhile, the court sheriff made a return that the summons issued for the Heirs of Avelino L. Atienza were unserved,[43] and that summons were duly served on Unisave, through its liquidator, the Philippine Deposit and Insurance Corporation (PDIC).[44]

On December 9, 2010, the RTC issued an Order denying Bangko Sentral's motion for reconsideration of the

August 20, 2010 order.[45]

On December 21, 2010, Unisave filed its Answer[46] reiterating those alleged in Bangko Sentral's answer, including the fact that appellant Angelito P. Panaligan and his wife Luz Panaligan executed an SPA authorizing Tuscany, through Atienza, to "transfer, dispose, mortgage and/or hypothecate the subject property covered by TCT No. RT-18155 (294269);"[47] that as a result, Unisave granted an Industrial Loan Accommodation in the amount of P12 million to Tuscany, through Atienza;[48] that such was authorized by Tuscany's Board of Directors;[49] that Tuscany, through Atienza, signed the Disclosure Statement on Loan/Credit Transaction and Promissory Note;[50] and that a Real Estate Mortgage was constituted on the subject property and annotated on its title.[51]

Unisave revealed that "the proceeds of the loan (would) be used to take-out the account of defendant Tuscany with Fareast Bank and Trust Company (FEBTC)."[52] Thus, Unisave alleged that "the manner of release of the P11,388,500.00 net proceeds of the loan was through a check payable to FEBTC."[53] Then, it allegedly informed FEBTC that it (Unisave) was authorized by one Pedro Panaligan or Tuscany to release the proceeds of the loan to FEBTC in exchange for the cancellation of FEBTC's mortgage on the subject property and that upon the registration of Unisave's mortgage on the subject property, Unisave will remit to FEBTC directly or its authorized representative the amount of P14,157,130.07.[54] Such remittance of the amount of P14,157,130.07 happened on April 1, 1996 and was followed by the cancellation of FEBTC's mortgage.[55]

Further, Unisave claimed to have obtained an emergency loan from Bangko Sentral, and as the security for such loan, several loan accounts, including the loan obtained by Atienza, were assigned to Bangko Sentral.[56] Thereafter, Unisave went under receivership and liquidation under the PDIC.[57] PDIC sent two demand letters to Pedro P. Panaligan, as president of Tuscany, but only the first such letter was served on the latter.[58]

By way of affirmative defenses, Unisave alleged that appellant had no cause of action against it, as there was a valid SPA and appellant's failure to receive the proceeds did not invalidate the loan;[59] that appellant was an accommodation mortgagor who has no cause of action against Unisave, since his recourse is against Tuscany and the Heirs of Atienza;[60] and that appellant is guilty of laches as the SPA was executed on March 26, 1996 while the complaint was filed only on April 8, 2010.[61]

In Reply, appellant denied that he was an accommodation mortgagor.[62] He insisted that he did not waive his right to receive the proceeds of the loan.[63]

On March 31, 2011, appellant filed a Motion to Dismiss the Complaint against the Heirs of Atienza and Tuscany, arguing that the summonses intended for such defendants have been returned unserved, and that the latter are not indispensable parties to the case.[64]

On April 25, 2011, Bangko Sentral filed an Opposition to the motion.[65]

On August 28, 2012, the RTC issued an Order setting the case for Pre-Trial.[66]

However, on October 11, 2010, Bangko Sentral filed an Omnibus Motion reminding the court that its motion to set its affirmative defenses for hearing has not been ruled upon, and praying for such a ruling and the cancellation of the pre-trial scheduled by the trial court.[67]

On October 15, 2012, the RTC issued an Order granting Bangko Sentral's omnibus motion.[68] It set the hearing on the affirmative defenses on the date previously set for the pre-trial.[69]

On November 6, 2012, the scheduled hearing on the affirmative defenses of Bangko Sentral, the RTC issued an Order dispensing with the said hearing on the joint understanding between the parties that Bangko Sentral's

position would be reduced in a Position Paper and the appellant's Comment or Opposition thereon/thereto would follow.[70] Thereafter, the affirmative defenses would be up for resolution.[71]

Bangko Sentral's Position Paper was submitted on November 16, 2012.[72] Appellant's Opposition was filed on December 3, 2012.[73] Bangko Sentral filed a Reply on December 11, 2012.[74]

The RTC's Ruling

On February 7, 2013, the RTC issued the Order now on appeal.[75] The court dismissed the complaint of appellant, noting that appellant never denied executing an SPA in favor of Tuscany, and only complained that he did not receive any proceeds from the loan and that he did not consent to the assignment of the loan to Bangko Sentral.[76] It expressed disbelief that appellant would not be so vigilant at obtaining his proceeds of the loan, considering its value; further, the court found appellant to have been guilty of laches for failure to assert his rights for 14 years.[77] It also upheld the legality of the loan's assignment to Bangko Sentral as well as the regularity of the foreclosure proceedings.[78] The dismissal of the complaint was premised on the plaintiff-appellant not having “established his cause of action” in filing the case.[79]

Hence, this appeal.

Appellant contends that “there is nothing in the SPA that would indicate that (he and his wife) authorized Tuscany to mortgage the (subject) property as security for Tuscany's own loan with Unisave.”[80] His theory is that the SPA was for the obtention of a loan by the attorney-in-fact “on behalf of the Spouses Panaligan, and to mortgage the property subject of this case as security for the same.”[81] Appellant mentions of a Board Resolution from Tuscany where the company's board of directors authorized Atienza to secure for Tuscany a loan of P12 million from Unisave, to be secured by its corporate guaranty, not a mortgage of the subject property.[82] The loan was allegedly not for appellant.[83]

Appellant argues that the mortgage is void, and therefore, all subsequent proceedings regarding the mortgage property, including the foreclosure, the public auction sale, the certificate of sale and the consolidation of title in Bangko Sentral's name, were allegedly also void.[84] Appellant posits that the phrase “thru Avelino L. Atienza” in the SPA meant that his authorized attorney-in-fact is only Tuscany, with the SPA only being “coursed thru or given thru Atienza.”[85] Otherwise, he contends that the conjunction “and” and the plural form “attorneys-in-fact” instead of the singular “attorney-in-fact” would have been used.[86]

Appellant denies that he is guilty of laches, attributing his belated legal action to the fact that he was frequently in the United States and that “loan processing can take some time.”[87] He claims that only two notices were sent to him, i.e., the demand letter dated July 30, 2003 from Bangko Sentral, and the Ex-Officio Sheriff's Notice of Extrajudicial Sale, both of which were not even sent to his residence and postal address in Bo. Concepcion, Batangas City.[88]

The Issue

Did the trial court validly dismiss the complaint for plaintiff-appellant's failure to “establish his cause of action?”

The Court's Ruling

We deny the appeal.

It is important to stress that, as the trial court has similarly found, appellant does not deny nor assail the execution, validity and existence of the SPA dated March 26, 1996 (notarized March 28, 1996), under which the appellees contend the mortgage of the subject property was constituted.

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Thus, it is crucial to determine the proper interpretation of the provisions of the SPA that was duly executed by plaintiff-appellant Angelito P. Panaligan and his wife Luz A. Panaligan, and its binding effect on the said spouses. The SPA reads:

> KNOW ALL MEN BY THESE PRESENTS:
>
> We, sps. ANGELITO and LUZ PANALIGAN, Filipinos, of legal age, and with residence and postal address at Bo. Concepcion, Batangas City, do hereby NAME, CONSTITUTE, and APPOINT, TUSCANY RESOURCES, INC., thru AVELINO L. ATIENZA, to be our attorney-in-fact, for us and our stead (sic), do the following acts; (sic)
>
> To Transfer, dispose, mortgage and/or hypothecate a piece of residential land consisting of 875 sqm., more or less, located at No. 33 Swallow Drive, Greenmeadows Subdivision, Quezon City, Metro Manila, covered by TCT No. RT-18155(294269) registered in our name, including the structures and improvements found thereat, to secure a loan of TWELVE MILLION PESOS (P12.0M), Philippine currency with UNIFIED SAVINGS AND LOAN ASSOCIATION, INC., and pursuant thereto, to execute, sign, and deliver the mortgage documents, papers and things necessary and pertenent (sic) therefore (sic), and to do other acts required of us to do, if personally present.
>
> HEREBY, APPROVING AND RATIFYING all acts and things done under this authority.[89]

Appellant contends that the principals in the SPA did not authorize the mortgage of their property as security for a loan that Tuscany would obtain from Unisave; rather, their intention was for a loan to be obtained on their behalf and the mortgage of their property would stand as security for it.

We disagree. From the wording of the above SPA, We note that just as it contains no specific provision stating that the loan to be obtained was for Tuscany, there is equally nothing therein indicating that a loan was to be obtained for and in behalf of the Panaligan spouses. Instead, what is clear only is that the document is an SPA to mortgage, "to secure a loan of TWELVE MILLION PESOS (P12.0M), Philippine currency with UNIFIED SAVINGS AND LOAN ASSOCIATION, INC." However, as to whether the agent was being authorized to secure a loan or as to whose benefit or behalf it was to be secured, the document is, at best, ambiguous. The document is clear only in its emphasis that the mortgage was being authorized, but is ambiguous in the identification of the loan it is supposed to secure, as though such identification was being left to the discretion of the attorney-in-fact.

The ambiguity could only work against appellant who, as principal in the SPA, is presumed to be the one who prepared the document. By law and jurisprudence, the interpretation of obscure words or stipulations in a contract shall not favor the party who caused the obscurity.[90] We make such interpretation because it is legally permissible for a mortgage to be constituted to secure a principal obligation in which the owner of the mortgaged property is not a party. Stated differently, third persons who are not parties to the principal obligation may secure the latter by pledging or mortgaging their own property.[91] This is called a Third Party Mortgage and is allowed under the law. The Supreme Court has held that:

> "xxx so long as valid consent was given, the fact that the loans were solely for the benefit of (the debtor) would not invalidate the mortgage with respect to petitioner's property. In consenting thereto even granting that petitioner may not be assuming personal liability for the debt, her property shall nevertheless secure and respond for the performance of the principal obligation.
>
> Clearly, the law recognizes instances when persons not directly parties to a loan agreement may give as security their own properties for the principal transaction. In this case, the spouses should not be allowed to disclaim the validity of a transaction they voluntarily and knowingly entered into for the simple reason that

such transaction turned out prejudicial to them later on."[92]

In the instant case, appellant does not deny the execution, validity and existence of the SPA empowering the attorney-in-fact to mortgage his property. He willingly signed the SPA with his wife. His complaint also does not allege fraud in its execution. There is therefore no question that appellant and his wife had fully clothed their attorney-in-fact Tuscany, "thru Avelino Atienza" with the authority to mortgage their property. Thus, the mortgage constituted on the subject property by Tuscany, "thru Atienza," with full authority of appellant and his wife, is valid and enforceable against appellant. In fact, a reading of the mortgage itself clearly states that the "mortgagors" are the "Sps. Angelito P. Panaligan and Luz A. Panaligan," with the spaces for the "mortgagors" signatures filled with the names "By: Tuscany Resources, Inc. (Sgd.) Avelino L. Atienza."[93]

Appellant's only lament in his complaint, as similarly found by the trial court, is that he never got the proceeds from the principal obligation, the loan worth P12 million pesos that was obtained from Unisave. In Our view, however, such complaint is best addressed to appellant's agent(s), Tuscany and/or the Heirs of Avelino L. Atienza. Bangko Sentral and Unisave correctly argue that they are not privy to whatever understanding appellant has with his agent(s), especially with respect to the loan obtained as well as the distribution or delivery of the proceeds therefrom. Incidentally, Tuscany and the Heirs of Atienza are the defendants that have yet to be served summons in the case. Yet, instead of actively trying to bring them to court, appellant himself appears not to be too keen on going after these defendants as he had previously filed a Motion to Dismiss Complaint against them.[94]

Appellant argues that a Board Resolution from Tuscany authorized Atienza to secure for Tuscany only a loan of P12 million from Unisave and that the loan was not for him.[95] The loan was also to be secured allegedly by Tuscany's corporate guaranty, not a mortgage of the subject property.[96] As appellant himself had alleged, however, this board resolution was dated March 4, 1996, while the SPA is dated several days later, March 26, 1996.[97] Hence, the board resolution could not have taken into account appellant's SPA, which could have arisen as an additional option for security after Tuscany had realized that it did not have enough assets to offer as an acceptable guarantee or security to the creditor.

Moreover, the board resolution is additional evidence that Tuscany is indeed the borrower in the planned loan, and never the appellant. This board resolution disposes of appellant's argument that he executed the SPA in order to mortgage his property to secure a loan that he himself would obtain from Unisave. Evidently, the intention was just for appellant to be a third party mortgagor, not a direct mortgagor in the transaction. This is bolstered by the fact that he had to execute the SPA in favor of a juridical person, Tuscany, as attorney-in-fact, when he could have had a much easier time by just authorizing a natural person, like Avelino, who could act without having to obtain the consent of a board of directors. Further, the board resolution does not in any way invalidate nor annul the SPA; it is in fact irrelevant and immaterial to the issue of whether or not the SPA was valid and conferred authority on the agent(s) to mortgage the subject property. The SPA, as it is worded and as admitted by appellant himself, still stands as a valid authority issued to Tuscany "thru Atienza" to mortgage the subject property as a security for the subject loan.

As for appellant's contention that the mortgage "appeared to have been consummated solely by and under the signature of Avelino L. Atienza, who was identified in the loan documents as the debtor and mortgagor," such has no merit because the promissory note names Tuscany as borrower, which was signed for and on its behalf by its officer Avelino L. Atienza, while the mortgage itself lists the "Sps. Angelito P. Panaligan and Luz A. Panaligan," as the "mortgagors" who were signed for by their agents "By: Tuscany Resources, Inc. (Sgd.) Avelino L. Atienza."[98]

On the theory that the phrase "thru Avelino L. Atienza" in the SPA meant that appellant's authorized

attorney-in-fact allegedly is only Tuscany, not both Tuscany and Atienza, with the SPA only being “coursed thru or given thru Atienza,” such utterly lacks merit since the loan documents, as mentioned in the previous paragraph, indeed have Tuscany indicated either as party or agent, albeit it was able to express consent only through its authorized signatory, its officer Atienza. Tuscany, being a juridical person, naturally cannot sign on its own. It can act and express its consent to a contract only through its authorized officers. On the other hand, Atienza appeared not to have signed in his personal capacity as party or agent, but in his capacity as officer and authorized signatory of his company, Tuscany.

As to the matter of laches, We agree with the trial court that appellant is guilty of the same. From the time of the execution of the SPA on March 26, 1996 to the filing of the complaint on April 8, 2010, 14 years had lapsed. The same time had lapsed from the time of the mortgage on April 1, 1996. During this period, appellant had plenty of time to inquire from Tuscany and Atienza as to what happened to the mortgage of his property. He also could have demanded from the latter the return of the owner's duplicate copy of the subject property's certificate of title, when they were making themselves rare and hard to find. A revocation of the SPA would also have been a prudent action in such a situation. Appellant did none of these, however, which could only lead Us to conclude that he was knowledgeable and consented to the transactions all throughout, or that he was unmindful of and slept on his rights, which can be interpreted as laches.

Laches is defined as the failure to assert a right for an unreasonable and unexplained length of time, warranting a presumption that the party entitled to assert it has either abandoned or declined to assert it.[99] This equitable defense is based upon grounds of public policy, which requires the discouragement of stale claims for the peace of society.[100] Verily, laches serves to deprive a party guilty of recourse to any judicial remedies.[101] Its elements are: (1) conduct on the part of the defendant, or of one under whom he claims, giving rise to the situation of which complaint is made and for which the complainant seeks a remedy; (2) delay in asserting the complainant's rights, the complainant having had knowledge or notice of the defendant's conduct and having been afforded an opportunity to institute a suit; (3) lack of knowledge or notice on the part of the defendant that the complainant would assert the right on which he bases his suit; and (4) injury or prejudice to the defendant in the event relief is accorded to the complainant, or the suit is not held barred.[102]

In the instant case, appellant was very much aware of the SPA and its consequences; he could have known or ought to have known that such would be used to mortgage his property. Yet, for 14 years, appellant had done nothing to revoke the SPA. Having been armed by appellant with the SPA, appellees Tuscany and Atienza had no knowledge nor notice that appellant would disown their acts and claim them as void. Lastly, since the property is now titled to a third person, Bangko Sentral, and had been the subject of a contract to sell to another person, needless to say, injury or prejudice would be caused to the appellees and such third persons if appellant's claims would be sustained.

WHEREFORE, the foregoing premises considered, the appeal is DENIED. The appealed Order dated February 7, 2013 of the Regional Trial Court of Quezon City, Branch 220, in Civil Case No. Q-10-66893, is hereby AFFIRMED.

SO ORDERED.

Garcia and Bueser, JJ., concur.

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[1] RTC records, pp. 406-411; penned by Judge Jose G. Paneda.

[2] Id. at 1.

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[3] Id. at 2, 9.

[4] Id.

[5] Id. at 2-3, 10-14.

[6] Id. at 2.

[7] Id. at 3.

[8] Id.

[9] Id. at 2.

[10] Id. at 4.

[11] Id. at 3.

[12] Id. at 3, 15.

[13] Id. at 4.

[14] Id.

[15] Id.

[16] Id. at 5.

[17] Id.

[18] Id. at 31-33.

[19] Id. at 33, 38-39.

[20] Id. at 34.

[21] Id. at 34-35.

[22] Id. at 35.

[23] Id. at 35, 39-40.

[24] Id. at 35.

[25] Id. at 35-36.

[26] Id. at 36,

[27] Id. at 40-42.

[28] Id. at 42.

[29] Id.

[30] Id. at 95.

[31] Id.

[32] Id.

[33] Id. at 96.

[34] Id. at 96-97.

[35] Id. at 97-98.

[36] Id. at 107-108.

[37] Id. at 108-109.

[38] Id. at 109.

[39] Id. at 124-125.

[40] Id. at 130-134.

[41] Id. at 155-161.

[42] Id.

[43] Id. at 169.

[44] Id. at 196.

[45] Id. at 203.

[46] Id. at 205-217.

[47] Id. at 207, 228.

[48] Id. at 206, 220-221.

[49] Id. at 207, 222.

[50] Id. at 207, 223-227.

[51] Id. at 207, 229-234.

[52] Id. at 208, 235-245.

[53] Id. at 208, 246.

[54] Id. at 208, 247.

[55] Id. at 209, 248-249.

[56] Id. at 209, 250-254.

[57] Id. at 209, 255-257.

[58] Id. at 209-210, 258-260.

[59] Id. at 210-214.

[60] Id. at 213.

[61] Id. at 214-216.

[62] Id. at 266.

[63] Id.

[64] Id. at 269-272.

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[65] Id. at 275-280.

[66] Id. at 344.

[67] Id. at 342-345.

[68] Id. at 346-351.

[69] Id. at 351.

[70] Id. at 359.

[71] Id.

[72] Id. at 360-373.

[73] Id. at 392-399.

[74] Id. at 401-405.

[75] Id. at 406-411

[76] Id. at 408.

[77] Id. at 408-409.

[78] Id. at 410-411.

[79] Id. at 411.

[80] Rollo, p. 27.

[81] Id.

[82] Id. at 28-29.

[83] Id.

[84] Id. at 27, 29.

[85] Id. at 29.

[86] Id. at 30.

[87] Id. at 31.

[88] Id.

[89] RTC records, p. 10.

[90] CIVIL CODE, Art. 1377; Aquintey v. Tibong, G.R. No. 166704, December 20, 2006; Palmares v. Court of Appeals, G.R. No. 126490, March 31, 1998.

[91] Id. at Art. 2085;

[92] Vda. de Jayme v. Court of Appeals, G.R. No. 128669, October 4, 2002, citing Lustan v. CA, 266 SCRA 663, 675 (1997).

[93] RTC records, pp. 12-14.

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[94] Id. at 269-272.

[95] Rollo, pp. 28-29.

[96] Id.

[97] Id. at 29.

[98] RTC records, pp. 11-14.

[99] Heirs of Diaz v. Virata, G.R. No. 162037, November 29, 2006.

[100] Id., citing Vda. de Rigonan v. Derecho, G.R. No. 159571, 15 July 2005, 463 SCRA 627, 648.

[101] Department of Education v. Oñate, G.R. No. 161758, June 8, 2007.

[102] Claverias v. Quingco, G.R. No. 77744, March 6, 1992.

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