PACIFIC REHOUSE CORPORATION, PACIFIC CONCORDE CORPORATION, MIZPAH HOLDINGS, INC., FORUM HOLDINGS CORPORATION, AND EAST ASIA OIL COMPANY,INC., PETITIONERS, VS. EIB SECURITIES, IN...

G.R. No. 184036. October 13, 2010

Ponente: VELASCO JR., J.

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VELASCO JR., J.:

The Case

Via this Petition for Review on Certiorari under Rule 45, petitioners seek reversal of the Decision[1] dated April 11, 2008 of the Court of Appeals (CA) in CA-G.R. CV No. 87713 which revoked the October 18, 2005 Resolution,[2] a judgment on the pleadings, of the Regional Trial Court (RTC), Branch 66 in Makati City, in Civil Case No. 05-178 entitled Pacific Rehouse Corporation, Pacific Concorde Corporation, Mizpah Holdings, Inc., et al. v. EIB Securities, Inc., and remanded the case for further proceedings. Also assailed is the CA Resolution[3] dated August 5, 2008 denying petitioners' motion for reconsideration.

Petitioners' initiatory pleading in Civil Case No. 05-178 reveals the following averments:

> COMMON ALLEGATIONS FOR ALL CAUSES OF ACTION
>
> 1. On various dates during the period June 2003 to March 2004, plaintiffs bought 60,790,000 Kuok Properties, Inc. ("KPP") shares of stock through the Philippine Stock Exchange ("PSE"). The KPP shares were acquired by plaintiffs through their broker, defendant EIB.
>
> 2. The KPP shares of stock were bought by plaintiffs at an average price of P0.22 per share.
>
> 3. Also on various dates in July and August 2003, plaintiffs bought/acquired 32,180,000 DMCI shares of stock through the PSE. Of these shares, 16,180,000 were likewise acquired by the plaintiffs through their broker, defendant EIB, while the remaining 16,000,000 DMCI shares were transferred from Westlink Global Equities, Inc.
>
> 4. The DMCI shares of stock were bought by plaintiffs at an average price of P0.38 per share.
>
> 5. On 01 April 2004, plaintiffs and defendant EIB agreed to sell the 60,790,000 KPP shares of plaintiffs to any party for the price of P0.14 per share. Attached as Annexes "A" to "A-6" are copies of the notices of sales sent by defendant EIB to the plaintiffs, which bear the conformity of plaintiffs' representative.
>
> 6. As agreed by plaintiffs and defendant, the sale of the KPP shares of plaintiffs was made with an option on the part of the plaintiffs to buy back or reacquire the said KPP shares within a period of thirty (30) days from the transaction date, at the buy-back price of P0.18 per share (See Annexes "A" to "A-6").
>
> 7. When the last day of the 30-day buy back period for the KPP shares came, plaintiff were undecided on whether or not to exercise their option to reacquire said shares. Thus, plaintiffs and defendant EIB agreed that

> plaintiffs would have an extended period of until 03 June 2004 to exercise their option to buy back/reacquire the KKP shares that had been sold.
>
> 8. Eventually, plaintiffs decided not to exercise their option to buy back the KPP shares and did not give any buy-back instruction/s to their broker, defendant EIB.
>
> 9. On various dates in June 2004, without plaintiffs' prior knowledge and consent, defendant EIB sold plaintiffs 32,180,000 DMCI shares of stock for an average price of P0.24 per share. Defendant EIB sold the DMCI shares of plaintiffs for an average price of only P0.24 per share despite full knowledge by defendant EIB that the sale would result in a substantial loss to the plaintiffs of around P4.5 Million since plaintiffs acquired the DMCI shares at P0.38 per share. (cf. Article 1888, Civil Code). Attached Annexes "B" to "B-7" are the Sell Confirmation slips issued by defendant EIB showing the unauthorized sale of plaintiffs' 32,180,000 DMCI shares.
>
> 9.1 The proceeds of said DMCI shares sold by defendant EIB without plaintiffs' knowledge and consent were used by defendant EIB to buy back 61,100,000 KPP shares earlier sold by plaintiffs on 01 April 2004. Attached as Annexes "C" to "C-5" are the Buy Confirmation slips issued by defendant showing the unauthorized "buy back" of KPP shares.
>
> 9.2 Defendant EIB sold without authority plaintiffs' 32,180,000 DMCI shares and used the proceeds thereof to buy back 61,000,000 KPP shares because defendant EIB made an unauthorized promise and commitment to the buyer/s of plantiffs' KPP shares in April 2004 that plaintiffs would buy back the KPP shares.
>
> 9.3 Plaintiffs learned of the unauthorized sale of their 32,180,000 DMCI shares and the unauthorized "buy back" of 61,000,000 KPP shares only much later. Upon further inquiry, plaintiffs also learned that all throughout their business dealings, defendant EIB had surreptitiously charged and collected from plaintiffs exorbitant interest amounting to thirty percent (30%) of all amounts owing from the plaintiffs.

10. On 05 January 2005, plaintiffs wrote to defendant EIB to demand that their 32,180,000 DMCI shares be transferred to Westlink Global Equities Inc. ("Westlink"). Copies of the demand letters, all dated 05 January 2005, are attached as Annex "D" to "D-4" respectively.

11. Since the 32,180,000 DMCI shares belonging to plaintiffs had already been sold by defendant EIB without plaintiffs' prior knowledge and consent as early as June 2004, defendant EIB could not comply with the demand of plaintiffs as stated in their demand letters dated 05 January 2005.

12. In his letters to the plaintiffs dated 12 January 2005, defendant EIB admitted having sold the 32,180,000 DMCI shares of stock of plaintiffs without the latter's prior knowledge and consent. Copies of defendant EIB's letters to plaintiffs, all dated 12 January 2005, are attached as Annexes "E" to "E-4", respectively.

> 12.1 Defendant EIB states in its aforesaid letters that it sent statements of account to plaintiffs in July 2004. Defendant EIB claims, albeit erroneously, that since plaintiffs made no exceptions to the statements of account, the sale of plaintiffs' DMCI shares in June 2004 [was] supposedly "validly executed".

13. Hence, this Complaint.

x x x x

SECOND CAUSE OF ACTION

17. Plaintiffs replead all of the foregoing allegations.

18. The sale by defendant EIB of the 32,180,000 DMCI shares of plaintiffs was done with malice and fraudulent intent. As such, defendant should be directed to pay plaintiffs the amount of at least PhP3,000,000.00 as moral

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damages.[4]

In response, respondent EIB Securities, Inc. (EIB) submitted its Answer which contained the following averments:

> ADMISSIONS AND DENIALS:
>
> 1. Defendant admits the allegations contained in paragraphs under the heading The Parties. Likewise, defendant admits the allegations contained in paragraph 1.
>
> 2. Paragraph 2 of the Complaint is specifically denied, the truth of the matter is that the KPP shares of stock were bought by plaintiffs at an average price of only 18 centavos per share.
>
> 3. Paragraph 3 is admitted, qualified, however, that the remaining 16,000,000 DMCI shares of plaintiffs were transferred by Westlink Global Equities, Inc. and other brokerages firms to the defendant primarily to serve as a collateral in the cash account obligations of the plaintiffs to the defendant.
>
> 4. Paragraph 4 of the Complaint is specifically denied, the truth of the matter being the DMCI shares of stock were bought by the plaintiffs at an approximate average price of only 25 centavos per share.
>
> 5. Defendant admits paragraph 5 of the Complaint insofar as the allegation that plaintiffs and defendant agreed to sell the 60,790,000 KPP share of plaintiffs to any party for the price of 14 centavos per share, qualified, however, by the presence of a provision "Full Cross to Seller" meaning that the Sellers (who are the plaintiffs) have the obligation to buy back or reacquire the shares from the buyers.
>
> 6. Defendant specifically denies paragraph 6 of the Complaint, the truth of the matter and as evidenced by the same Notices of Sale (Annex"A" to "A-6" of the Complaint), plaintiffs have no option to buy back or reacquire the said KPP shares, the nature or kind of transaction agreement is Full Cross to seller which is an obligation and not merely an option on the part of the plaintiffs to buy back or reacquire the said KPP shares sold to buyers.
>
> 7. Defendant specifically and vehemently denies the allegations of paragraphs 7 and 8 of the Complaint. The truth of the matter is that there was no extension agreed upon by the parties for the plaintiffs to exercise option to buy back/reacquire the Kuok Properties, Inc. shares of stocks (KKP). The Contracts for the sale of KPP shares of stocks as already stated above and as clearly shown from the same Annexes "A" to "A-6" of the Complaint was an obligation that there was no extension period given to the plaintiffs.
>
> 8. Defendant also specifically and vehemently denies the allegations of paragraphs 9 of the Complaint and its sub-paragraphs. The truth of the matter being that under the trading rules, honoring one's obligation is a sacred commitment of stocks and market traders. Considering that in the sale of the KPP shares there is an obligation as certified by the word Full Cross to Seller, the KPP shares of stocks that were sold to buyers have to be bought back 30 days from the transaction date at the Buy Back Amount of 18 centavos per share and that plaintiffs and defendant have to honor the said buy back obligation. Considering, however, that plaintiffs were not delivering funds to the defendant in order to honor the said buy back obligation, not to mention the Cash account obligations of the plaintiffs to the defendant amounting to more or less 70 Million Pesos, defendant had no more recourse but to buy back the KPP shares from the buyers by selling the DMCI shares of the plaintiffs under the defendant's possession, and thus, enforcing the provisions of the Securities Dealing Accounts Agreements that was signed by the plaintiffs in favor of the defendant, a copy of which is hereto attached and made an integral part hereof as Annex "1". Section 7 of the aforesaid Securities Dealing Accounts Agreements states:
>
> "7. Lien
>
> The client agrees that all monies and/or securities and/or all other property of the Client (plaintiffs) in the

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> Company's (defendant) custody or control held from time to time shall be subject to a general lien in favour of Company for the discharge of all or any indebtedness of the Client to the Company. The Client shall not be entitled to withdraw any monies or securities held by the Company pending the payment in full to the Company of any indebtedness of the Client to the Company. The company shall be entitled at any time and without notice to the Client to retain, apply, sell or dispose of all or any of the [client's] property if any such obligation or liability is not discharged in full by the client when due or on demand in or towards the payment and discharge of such obligation or liability and the Company shall be under no duty to the client as to the price obtained or any losses or liabilities incurred or arising in respect of any such sale or disposal. Subject to the relevant law and regulation on the matter, the client hereby authorizes the Company, on his/its behalf, at any time and without notice to the client's property if any such obligation or liability is not discharged." [Emphasis in the original.]

[Defendant] specifically denies the allegation of the plaintiffs that defendant sold the DMCI shares of plaintiffs for an average price of only 24 centavos for the truth of the matter being the average price those DMCI shares were sold was P0.2565 centavos per share and likewise, that price was the controlling market price of DMCI share at the time of the transaction. Defendant likewise, specifically denies the allegation that defendant surreptitiously charged and collected an interest of 30% from the plaintiff for the truth of the matter is that what defendant did not charge such interest.

Moreoever, and contrary to the allegations of the Complaint, plaintiffs are fully aware and knowledgeable of the sale of their DMCI shares as early as June 2004 and that the proceeds thereof were not even enough to fully pay the buy back obligation of the plaintiffs to the buyers of KPP shares of stocks.

Plaintiffs, in order to feign ignorance of the sale of their DMCI shares had attached in the Complaint various Sales Confirmations Receipts which were marked thereto as Annexes "B" to "B-7". Wittingly or unwittingly, plaintiffs attached only the Receipts that do not bear the corresponding acknowledgement signatures of their respective officers. As averred by the defendant, plaintiffs were fully aware and knowledgeable of the sale of their DMCI shares as early June 2004, and to expose the real truth, defendant hereto attaches the identical Sales Confirmation Receipts hereto marked as Annexes "2" to "2-G".

In the same manner that in each and every Sales Confirmation Receipts (Annexes "2" to "2-G") the following IMPORTANT NOTICE is written:

> "All transaction are subject to the rules and customs of the Exchange and its Clearing House. It is agreed that all securities shall secure all my/our liabilities to e.securities and is authorized in their discretion to all or any of them without notice to we/us whenever in the opinion of e.securities my/our account is not properly secured." [Emphasis in the original.]

Likewise, after each and every transaction, defendant sent Statement of Accounts showing a detailed transaction that were entered into and that plaintiffs duly received aforesaid Statement of Accounts from the defendants as evidenced by the signatures of plaintiffs' respective officers hereto marked as Annexes "3" to "3-G".

In each and every Statements of Accounts the following Notice is clearly printed therein:

> "This statement will be considered correct unless we receive notice in writing of any exceptions within 5 days from receipt. Please address all correspondence concerning exceptions to our OPERATIONS DEPARTMENT. Kindly notify us in writing of any changes in your address."

Hence, plaintiffs, may have other ulterior motives in filing this baseless Complaint since they fully knew and consented almost a year ago of the nature of their transactions with the defendant.

9. Defendant admits paragraphs 10 to 12 inclusive of the subparagraphs only to the existence of the plaintiffs'

demand letters all dated January 5, 20[0]5, but qualifies that the aforesaid letters had been answered by the defendant on January 12, 2005. The rest of the allegations are being specifically denied. In defendant's reply to the said letters, defendant clearly pointed out that plaintiffs had been duly notified of the subject transactions as early as June 9, 2004. That defendant had furnished the plaintiffs as early as July 14, 2004 Statements of Accounts of all their transactions for the period of June 1-20, 2004 which included the sale of the subject shares with a clear instruction to notify the defendant in writing within five (5) days from receipt thereof of any exception therein. That if no correspondence was received by the defendant from the plaintiffs, the sale shall be considered as validly executed.[5]

On July 19, 2005, petitioners registered a Motion for Judgment on the Pleadings,[6] asserting that EIB materially admitted the allegations of their complaint by not tendering any genuine issue in its answer. This was opposed[7] by EIB, with both parties subsequently filing their respective reply and rejoinder. On October 7, 2005, petitioners moved that the trial court resolve their motion for judgment on the pleadings.

The Ruling of the RTC

On October 18, 2005, the RTC rendered its judgment on the pleadings through a Resolution, the dispositive portion of which reads:

> WHEREFORE, premises considered, judgment is hereby rendered directing the defendant [EIB] to return the plaintiffs' [petitioners] 32,180,000 DMCI shares, as of judicial demand.
>
> On the other hand, plaintiffs are directed to reimburse the defendant the amount of P10,942,200.00, representing the buy back price of the 60,790,000 KPP shares of stocks at P0.18 per share.
>
> Defendant's Motion to Discharge Writ of Preliminary Attachment, based on the submitted counter bond issued by Intra Strata Assurance Corporation is hereby GRANTED.
>
> SO ORDERED.[8]

The trial court found merit in rendering a judgment on the pleadings: first, the assailed transactions were all documented; second, the transactions were admitted by the parties; and third, the main issues can be resolved based on the parties' documentary evidence appended to the pleadings.

The RTC, interpreting the agreement agreed upon by the parties, held that the sale of the Kuok Properties, Inc. (KKP) shares was with a buy-back obligation and not an option as petitioners argued. However, it found that, as per their notices of sale agreements, the collateral for the sale transactions is the same KKP shares. Thus, it held that EIB erred in selling the DMCI shares instead of the KKP shares which served as collateral. It ruled that Section 7 of the Securities Dealings Account Agreement (SDAA) does not apply, since it provided for a general agreement executed prior to the subsequent and specific agreements entered into by the parties specifically for the sale and repurchase of the KKP shares. Thus, the trial court concluded that EIB went beyond its authority in selling petitioners' DMCI shares in order to buy back the KKP shares.

Anent petitioners' apparent lack of objection to the account statements issued by EIB and the sales confirmation receipts covering the sale of DMCI shares, the RTC viewed it as not constituting ratification by petitioners for said documents did not disclose the purpose of the sale, applying the rule that any ambiguity in a written document should be strictly construed against the party who caused its preparation. In fine, it held that since the parties' relation is fiduciary in nature, with more reason that EIB should have been more forthright in getting the prior consent of petitioners before selling the DMCI shares.

EIB timely filed its motion for partial reconsideration of the RTC Resolution dated October 18, 2005. In the

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meantime, EIB moved to inhibit Judge Rommel O. Baybay from further handling the case. Both motions of EIB were opposed by petitioners.

On April 28, 2006, RTC Judge Baybay inhibited himself.[9]

Subsequently, on July 26, 2006, the RTC, Branch 66, through its new Presiding Judge, Joselito C. Villarosa, denied EIB's motion for partial reconsideration.[10] After oral arguments on June 23, 2006, the RTC affirmed the propriety of the judgment on the pleadings rendered by Pairing Judge Baybay. Citing Savellano v. Northwest Airlines,[11] on the strict construal of any ambiguity on a written document on the party issuing it, the trial court reiterated its ruling that petitioners are not estopped from assailing the sale by EIB of their DMCI shares, for the sale confirmation receipts do not disclose the purpose of the sales made.

The Ruling of the CA

On April 11, 2008, the appellate court rendered the assailed decision, revoking the RTC's judgment on the pleadings and remanding the case back to the RTC for further proceedings. The fallo reads:

> WHEREFORE, premises considered, the instant appeal is GRANTED. Accordingly, the Court a quo's Resolution dated 18 October 2005 is REVOKED and SET ASIDE and this case is ordered remanded to the Court a quo which is directed to conduct further proceedings hereof with dispatch.
>
> SO ORDERED.[12]

While EIB raised six issues on appeal, the CA resolved---what it considered the pivotal issue----the propriety of the rendition by the trial court of a judgment on the pleadings. The CA found that while some material allegations in petitioners' complaint were admitted by EIB, the latter's answer nonetheless raised other genuine issues which it viewed can only be threshed out in a full-blown trial, like "the average price of the KPP shares of stock, the scope of the collaterals stated in the Notices of Sale and the monetary claims of the Appellant [EIB] against the Appellees [petitioners]."[13]

Petitioners filed their motion for reconsideration, while EIB filed a Manifestation with Motion for Clarification/Deletion which was opposed by petitioners. In its motion for clarification/deletion, EIB took exception to the appellate court's pronouncement that it (EIB) admitted the sale of petitioners' DMCI shares for the purpose of buying back the KKP shares, which strengthened petitioners' claim of the nullity of the sale. Both motions were denied by the assailed resolution issued on August 5, 2008.

Thus, we have this petition.

The Issues

> I
>
> CONTRARY TO THE RULING OF THE COURT OF APPEALS, THE TRIAL COURT WAS CORRECT IN RENDERING JUDGMENT ON THE PLEADINGS IN THE CASE BEFORE IT.
>
> II
>
> THE TRIAL COURT WAS CORRECT IN RULING THAT PETITIONERS' DMCI SHARES COULD NOT BE SOLD BY RESPONDENT EIB UNDER THE NOTICES OF SALE.
>
> III
>
> THE TRIAL COURT WAS CORRECT IN HOLDING THAT RESPONDENT EIB COULD NOT INVOKE SECTION 7 OF THE SECURITIES DEALINGS ACCOUNT AGREEMENT AS BASIS FOR THE SALE

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OF PETITIONERS' DMCI SHARES.

IV

THE TRIAL COURT WAS CORRECT IN HOLDING THAT PETITIONERS WERE NOT BARRED BY RATIFICATION, LACHES OR ESTOPPEL FROM QUESTIONING THE UNAUTHORIZED SALE OF THEIR DMCI SHARES.

V

THE TRIAL COURT HAD JURISDICTION OVER THE CASE FILED BEFORE IT BY PETITIONERS WHO HAD FULLY PAID THE DOCKET FEES ASSESSED BY THE CLERK OF COURT.

VI

UNDER PREVAILING JURISPRUDENCE, THE PAIRING JUDGE DID NOT COMMIT GRAVE ABUSE OF DISCRETION. IN ANY EVENT, THE APPOINTMENT OF A PRESIDING JUDGE WHO EVENTUALLY DENIED RESPONDENT'S MOTION FOR RECONSIDERATION RENDERED THE MATTER MOOT AND ACADEMIC.[14]

The Court's Ruling

We grant the petition.

Threshold Issue: Proper Payment of Docket Fees

EIB asserts that the trial court has no jurisdiction over the complaint on account of insufficient dockets fees. Although petitioners paid a total of PhP 120,758.80[15] in legal fees with the RTC, EIB argues that what was paid is based merely on petitioners' prayer for moral damages of PhP 3 million, exemplary damages of PhP 3 million, and attorney's fees of PhP 2 million, but not including petitioners' claim for PhP 4.5 million as actual damages as averred in paragraph 9 of the complaint. Thus, EIB, relying on Manchester Development Corporation v. Court of Appeals[16] (Manchester) and Sun Insurance Office, Ltd. v. Asuncion,[17] maintains that the RTC should not have entertained the case.

It is hornbook law that courts acquire jurisdiction over a case only upon payment of the prescribed docket fee. A plain reading of the prayer does not show that petitioners asked for the payment of actual damages of PhP 4.5 million. The reliefs asked by petitioners in the prayer are:

- Upon the filing of the Complaint, a writ of preliminary attachment be issued ex parte against defendant pursuant to Section 2, Rule 57 of the 1997 Rules of Civil Procedure;

- After trial, judgment rendered in favor of plaintiffs and against defendant as follows:

On the FIRST CAUSE OF ACTION - declaring void the sale by defendant of the 32,180,000 DMCI shares of stock of plaintiffs and directing defendant to return to plaintiffs the latter's 32,180,000 DMCI shares of stock, or in the event the return thereof is not possible, holding defendant liable under Articles 1888,1889,1909 and other pertinent provisions of the Civil Code.

On the SECOND CAUSE OF ACTION - directing defendant to pay plaintiffs moral damages in the amount of at least P3,000,000.00;

On the THIRD CAUSE OF ACTION - directing defendant to pay plaintiffs exemplary damages in the amount of at least P3,000,000.00; and

On the FOURTH CAUSE OF ACTION - directing defendant to pay plaintiffs attorney's fees in the amount of P2,000,000.00 and such amounts as may be proven at the trial as litigation expenses.

> Other just and equitable relief are likewise prayed for.[18]

Since the prayer did not ask for the payment of actual damages of PhP 4.5 million, the clerk of court correctly assessed the amount of PhP 120,758.80 as docket fees based on the total amount of PhP 8 million consisting of PhP 3 million as moral damages, PhP 3 million as exemplary damages, and PhP 2 million as attorney's fees.

In disputing the fees paid by petitioners, respondent relies on our ruling in Manchester, where we said that "all complaints, petitions, answers and other similar pleadings should specify the amount of damages being prayed for not only in the body of the pleading but also in the prayer, and said damages shall be considered in the assessment of the filing fees in any case."[19]

EIB insinuates that petitioners, by alleging the substantial loss of PhP 4.5 million from the sale of the DMCI shares but not specifying the amount in their prayer, circumvented the Manchester ruling to evade the payment of the correct filing fees. This postulation is incorrect. It is clear that petitioners demanded the return of the DMCI shares in the prayer of the complaint and NOT the alleged loss in the value of the shares. If the DMCI shares are returned, then no actual damages are suffered by petitioners. A recall of the averment in par. 9 of the complaint shows that the alleged loss of PhP 4.5 million to petitioners resulted from the sale of DMCI shares at PhP 0.24 per share when they acquired it at PhP 0.38 per share. More importantly, the court was proscribed by the Manchester ruling from granting actual damages of PhP 4.5 million to petitioners, because precisely the alleged damages were never sought in the prayer. Ergo, EIB's attack on the trial court's assumption of jurisdiction must fail.

Procedural Issue: Judgment on the Pleadings

At the outset, we lay stress on the Court's policy that cases should be promptly and expeditiously resolved. The Rules of Court seeks to abbreviate court procedure in order to allow the swift disposition of cases. Specifically, special strategies like demurrer to evidence, judgment on the pleadings, and summary judgment were adopted to attain this avowed goal. Full-blown trial is dispensed with and judgment is rendered on the basis of the pleadings, supporting affidavits, depositions, and admissions of the parties.

In the instant petition, the Court is confronted with the propriety of the judgment on the pleadings rendered by the Makati City RTC. Petitioners claim such adjudication on said papers and attachments is proper.

The petitioner's position is impressed with merit.

Rule 34 of the Rules of Court provides that "where an answer fails to tender an issue or otherwise admits the material allegations of the adverse party's pleading, the court may, on motion of that party, direct judgment on such pleading." Judgment on the pleadings is, therefore, based exclusively upon the allegations appearing in the pleadings of the parties and the annexes, if any, without consideration of any evidence aliunde.[20]

When what is left are not genuinely issues requiring trial but questions concerning the proper interpretation of the provisions of some written contract attached to the pleadings, judgment on the pleadings is proper.[21]

From the pleadings, the parties admitted the following facts:

(1) EIB is the stockbroker of petitioners.

(2) Petitioners and EIB entered into a SDAA, Annex "1" of EIB's answer, which governed the relationship between petitioners as clients and EIB as stockbroker. Sec. 7 of the SDAA provides:

> 7. Lien
>
> The client agrees that all monies and/or securities and/or all other property of the Client (plaintiffs) in the Company's (defendant) custody or control held from time to time shall be subject to a general lien in favour of

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> Company for the discharge of all or any indebtedness of the Client to the Company. The Client shall not be entitled to withdraw any monies or securities held by the Company pending the payment in full to the Company of any indebtedness of the Client to the Company. The company shall be entitled at any time and without notice to the Client to retain, apply, sell or dispose of all or any of the [client's] property if any such obligation or liability is not discharged in full by the client when due or on demand in or towards the payment and discharge of such obligation or liability and the Company shall be under no duty to the client as to the price obtained or any losses or liabilities incurred or arising in respect of any such sale or disposal. Subject to the relevant law and regulation on the matter, the client hereby authorizes the Company, on his/its behalf, at any time and without notice to the client's property if any such obligation or liability is not discharged.[22] (Emphasis supplied.)

It is clear from the SDAA that all monies, securities, and other properties of petitioners in EIB's custody or control shall be subject to a general lien in favor of the latter solely for the discharge of all or any indebtedness to EIB.

(3) From June 2003 to March 2004, petitioners, through their broker, EIB, bought 60,790,000 KKP shares of stock at the Philippine Stock Exchange (PSE).

(4) On various dates in July and August 2003, petitioners bought 16,180,000 DMCI shares of stock through EIB likewise at the PSE, while 16,000,000 DMCI shares of petitioners were transferred to EIB by Westlink Global Equities, Inc. Thus, a total of 32,180,000 DMCI shares of stock owned by petitioners were placed in the custody or control of EIB.

(5) On April 1, 2004, petitioners ordered the sale of 60,790,000 KPP shares to any buyer at the price of PhP 0.14 per share. The KPP shares were eventually sold at PhP 0.14 per share to interested buyers.

(6) Petitioners failed to reacquire or buy back the KPP shares at PhP 0.18 per share after 30 days from date of transaction.

(7) As petitioners failed to deliver funds to EIB to honor the buy-back obligation, not to mention the cash account obligations of petitioners in the amount of PhP 70 million to EIB, EIB had no recourse but to sell the DMCI shares of petitioners to reacquire the KPP shares.

(8) Thus, on various dates in June 2004, EIB, without petitioners' knowledge and consent, sold petitioners' 32,180,000 DMCI shares at the controlling market price. EIB later sent sales confirmation receipts to petitioners regarding the sale of their DMCI shares, said receipts containing the common notice, which reads:

> All transaction[s] are subject to the rules and customs of the Exchange and its Clearing House. It is agreed that all securities shall secure all my/our liabilities to e.securities and is authorized in their discretion to sell all or any of them without notice to we/us whenever in the opinion of e.securities my/our account is not properly secured.[23] (Emphasis supplied.)

(9) EIB sent statements of accounts to petitioners showing the sale of the DMCI shares which uniformly contained the following notice:

> This statement will be considered correct unless we receive notice in writing of any exceptions within 5 days from receipt. Please address all correspondence concerning exceptions to our OPERATIONS DEPARTMENT. Kindly notify us in writing of any changes in your address.[24]

(10) On January 12, 2005, petitioners wrote EIB demanding the return of the 32,180,000 DMCI shares.

(11) On January 12, 2005, EIB rejected petitioners demand for the return of the DMCI shares, as those were already sold to cover the buy back of the KPP shares.

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(12) Petitioners' prayer is the return of the 32,180,000 DMCI shares by EIB to them.

The principal issue in petitioners' complaint is whether EIB can be compelled to return DMCI shares to petitioners based on the alleged unauthorized disposal or sale of said shares to comply with the buy back of the KKP shares. The threshold issue raised in the answer is the lack of jurisdiction over the complaint due to the alleged nonpayment of the proper docket fees. Affirmative defenses presented are that EIB disposed of the DMCI shares pursuant to Sec. 7 of the SDAA, and the notices of sale, ratification and laches.

Based on the admissions in the pleadings and documents attached, the Court finds that the issues presented by the complaint and the answer can be resolved within the four corners of said pleadings without need to conduct further hearings. As explained by the Court in Philippine National Bank v. Utility Assurance & Surety Co., Inc.,[25] when what remains to be done is the proper interpretation of the contracts or documents attached to the pleadings, then judgment on the pleadings is proper. In the case at bar, the issue of whether the sale of DMCI shares to effectuate the buy back of the KKP shares is valid can be decided by the trial court based on the SDAA, Notices of Sale, Sales Confirmation Receipts, the letters of the parties, and other appendages to the pleadings in conjunction with the allegations or admissions contained in the pleadings without need of trial. The Makati City RTC is, therefore, correct in issuing the October 18, 2005 Resolution granting the Motion for Judgment on the Pleadings.

The CA nullified the October 18, 2005 Resolution on the ground that there are other issues that must be resolved during a full-blown trial, ratiocinating this way:

> While it may be true that the Appellant has already admitted that the sale of the DMCI shares was for the purpose of buying back the KPP shares and that such admission strengthened Appellees' claim that the sale of the DMCI shares is a nullity, there were other issues raised by the Appellant that can only be threshed out during a full blown trial, viz: the average price of the KPP shares of stock, the scope of the collaterals stated in the Notices of Sale and the monetary claims of the Appellant against the Appellees.[26]

To the mind of the Court, these matters are not genuinely triable issues but actually minor issues or mere incidental questions that can be resolved by construing the statements embodied in the appendages to the pleadings. The facts that gave rise to the side issues are undisputed and were already presented to the trial court rendering trial unnecessary.

On the disparity in the average price of KPP shares of stock, petitioners claim that the average purchase price of the KPP share is PhP 0.22 per share (par. 2 of the complaint), while EIB claims it is only PhP 0.18 per share (par. 2 of the answer). The dissimilarity in the acquisition price paid by petitioners for the KPP shares is a non-issue, since the relief prayed for is the return of the DMCI shares and not the KPP shares. Petitioners did not even claim actual damages in the prayer of the complaint.

On the scope of the collaterals stated in the Notices of Sale, it is clear from the notices that the collateral is "KPP Shares/Property":

> April 01, 2004
>
> PACIFIC REHOUSE CORP.
> Makati City
> Philippine[s]
>
> RE: SALE OF KUOK PROPERTIES INC., (KPP)
>
> As agreed upon the above mentioned stock will be sold to a party with the following conditions attached:

NUMBER OF SHARES : 5,800,000/SHARES
AMOUNT @ SHARE : PHP 0.14
CHARGES : Sellers Account
BUY BACK DATE : after 30 days (used on transaction date)
BUY BACK AMOUNT : PHP 0.18
DATE OF EXECUTION : APRIL 01, 200[4]
KIND OF TRANSACTION : FULL CROSS TO SELLER
COLLATERAL : KPP SHARES/PROPERTY

For and behalf of EIB Securities.

[Signed]
PAULINE TAN[27]

April 01, 2004

FORUM HOLDINGS CORP.
Makati City
Philippine[s]

RE: SALE OF KUOK PROPERTIES INC., (KPP)

As agreed upon the above mentioned stock will be sold to a party with the following conditions attached:

NUMBER OF SHARES : 15,560,000/SHARES
AMOUNT @ SHARE : PHP 0.14
CHARGES : Sellers Account
BUY BACK DATE : after 30 days (used on transaction date)
BUY BACK AMOUNT : PHP 0.18
DATE OF EXECUTION : APRIL 01, 200[4]
KIND OF TRANSACTION : FULL CROSS TO SELLER
COLLATERAL : KPP SHARES/PROPERTY

For and behalf of EIB Securities.

[Signed]
PAULINE TAN[28]

April 01, 2004

MIZPAH HOLDINGS INC.
Makati City
Philippine[s]

RE: SALE OF KUOK PROPERTIES INC., (KPP)

As agreed upon the above mentioned stock will be sold to a party with the following conditions attached:

NUMBER OF SHARES : 8,430,000/SHARES
AMOUNT @ SHARE : PHP 0.14
CHARGES : Sellers Account
BUY BACK DATE : after 30 days (used on transaction date)
BUY BACK AMOUNT : PHP 0.18
DATE OF EXECUTION : APRIL 01, 200[4]
KIND OF TRANSACTION : FULL CROSS TO SELLER

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COLLATERAL : KPP SHARES/PROPERTY

For and behalf of EIB Securities.

[Signed]
PAULINE TAN[29]

April 01, 2004

REXLON REALTY GROUP INC.
Makati City
Philippine[s]

RE: SALE OF KUOK PROPERTIES INC., (KPP)

As agreed upon the above mentioned stock will be sold to a party with the following conditions attached:

NUMBER OF SHARES : 5,000,000/SHARES
AMOUNT @ SHARE : PHP 0.14
CHARGES : Sellers Account
BUY BACK DATE : after 30 days (used on transaction date)
BUY BACK AMOUNT : PHP 0.18
DATE OF EXECUTION : APRIL 01, 200[4]
KIND OF TRANSACTION : FULL CROSS TO SELLER
COLLATERAL : KPP SHARES/PROPERTY

For and behalf of EIB Securities.

[Signed]
PAULINE TAN[30]

April 01, 2004

RECOVERY DEVELOPMENT CORP.
Makati City
Philippine[s]

RE: SALE OF KUOK PROPERTIES INC., (KPP)

As agreed upon the above mentioned stock will be sold to a party with the following conditions attached:

NUMBER OF SHARES : 12,350,000/SHARES
AMOUNT @ SHARE : PHP 0.14
CHARGES : Sellers Account
BUY BACK DATE : after 30 days (used on transaction date)
BUY BACK AMOUNT : PHP 0.18
DATE OF EXECUTION : APRIL 01, 200[4]
KIND OF TRANSACTION : FULL CROSS TO SELLER
COLLATERAL : KPP SHARES/PROPERTY

For and behalf of EIB Securities.

[Signed]
PAULINE TAN[31]

April 01, 2004

PACIFIC WIDE REALTY DEVELOPMENT CORP.

Makati City

Philippine[s]

RE: SALE OF KUOK PROPERTIES INC., (KPP)

As agreed upon the above mentioned stock will be sold to a party with the following conditions attached:

NUMBER OF SHARES : 9,000,000/SHARES
AMOUNT @ SHARE : PHP 0.14
CHARGES : Sellers Account
BUY BACK DATE : after 30 days (used on transaction date)
BUY BACK AMOUNT : PHP 0.18
DATE OF EXECUTION : APRIL 01, 200[4]
KIND OF TRANSACTION : FULL CROSS TO SELLER
COLLATERAL : KPP SHARES/PROPERTY

For and behalf of EIB Securities

[Signed]
PAULINE TAN[32]

The determination of the collateral in said notices can easily be made from the notices itself and Sec. 7 of the SDAA. The KPP shares stated in the notices refer to the KPP shares owned by the "Petitioners" and sold to third parties by EIB. The word "Property" in the notices is elucidated in the aforementioned Sec. 7 as "all monies and/or securities and/or all other property of the Client in the company's custody or control held from time to time (Client's Property) x x x." These properties shall be subject to "a general lien in favour of the Company for the discharge of all or any indebtedness and other obligations of the client to [EIB]."[33] Thus, the DMCI shares owned by petitioners are covered by the word "Property" in the Notices of Sale.

On the monetary claims by petitioners against EIB, said claims are not a bar to a judgment on the pleadings. While it was averred by petitioners under par. 9 of the complaint that they suffered a loss of PhP 4.5 million from the sale of the DMCI shares, the claim for actual damages was not set up as a relief in the prayer and, therefore, the Manchester doctrine precludes such award to petitioners. Anent the claim for moral damages of PhP 3 million, exemplary damages of PhP 3 million, and attorney's fees of PhP 2 million, the claim is not proper in a judgment on the pleadings in the absence of proof.[34] Sans such proof extent on record, the claim for damages is a non-issue.

In sum, there are no genuine issues that cannot be determined based on the pleadings. Ergo, the assailed October 18, 2005 Resolution of the Makati City RTC granting judgment on the pleadings is in accord with Rule 34 of the Rules of Court and settled jurisprudence.

Authority of EIB to Sell DMCI Shares of Petitioners

Petitioners assert the inapplicability of Sec. 7 of the SDAA to their liability to reacquire the KKP shares, as the DMCI shares were not sold to pay for their PhP 70 million obligation to EIB but to settle their obligation to the buyers of their KKP shares.

Petitioners' position is impressed with merit. We rule that EIB has no legal authority to sell the DMCI shares for the purpose or reacquiring the KKP shares.

Sec. 7 of the SDAA pertains to outstanding obligations or indebtedness of petitioners to EIB but does not cover any obligation of petitioners to third-party purchasers to reacquire its KKP shares under the "full cross to seller" buy-back obligation subject of the various notices of sale.

Let us scrutinize anew Sec. 7 of the SDAA:

> 7. Lien
>
> The client agrees that all monies and/or securities and/or all other property of the Client (plaintiffs) in the Company's (defendant) custody or control held from time to time shall be subject to a general lien in favour of Company for the discharge of all or any indebtedness of the Client to the Company. The Client shall not be entitled to withdraw any monies or securities held by the Company pending the payment in full to the Company of any indebtedness of the Client to the Company. The company shall be entitled at any time and without notice to the Client to retain, apply, sell or dispose of all or any of the [client's] property if any such obligation or liability is not discharged in full by the client when due or on demand in or towards the payment and discharge of such obligation or liability and the Company shall be under no duty to the client as to the price obtained or any losses or liabilities incurred or arising in respect of any such sale or disposal. Subject to the relevant law and regulation on the matter, the client hereby authorizes the Company, on his/its behalf, at any time and without notice to the client's property if any such obligation or liability is not discharged. (Emphasis supplied.)

As couched, the lien in favor of EIB attaches to any money, securities, or properties of petitioners which are in EIB's possession for the discharge of all or any indebtedness and obligations of petitioners to EIB. For this, petitioners are also barred from withdrawing its assets that are in the possession of EIB pending full payment by petitioners of their indebtedness to EIB. The above proviso also gives EIB the authority to sell or dispose of petitioners' securities or properties in its possession to pay for petitioners' indebtedness to EIB. It is, thus, evident from the above SDAA provision that said lien and authority granted to EIB to dispose of petitioners' securities or properties in the former's possession apply only to discharge and pay off petitioners' indebtedness to EIB and nothing more.

Sec. 7 of the SDAA does not apply to petitioners' obligations to third-party purchasers of their KKP shares under the "full cross to seller" obligation, and certainly EIB could not use said provision for the repurchase of the KKP shares. Indubitably, the sale of the DMCI shares made by EIB is null and void for lack of authority to do so, for petitioners never gave their consent or permission to the sale.

Moreover, Article 1881 of the Civil Code provides that "the agent must act within the scope of his authority." Pursuant to the authority given by the principal, the agent is granted the right "to affect the legal relations of his principal by the performance of acts effectuated in accordance with the principal's manifestation of consent."[35] In the case at bar, the scope of authority of EIB as agent of petitioners is "to retain, apply, sell or dispose of all or any of the client's [petitioners'] property," if all or any indebtedness or other obligations of petitioners to EIB are not discharged in full by petitioners "when due or on demand in or towards the payment and discharge of such obligation or liability." The right to sell or dispose of the properties of petitioners by EIB is unequivocally confined to payment of the obligations and liabilities of petitioners to EIB and none other. Thus, when EIB sold the DMCI shares to buy back the KKP shares, it paid the proceeds to the vendees of said shares, the act of which is clearly an obligation to a third party and, hence, is beyond the ambit of its authority as agent. Such act is surely illegal and does not bind petitioners as principals of EIB.

As a last-ditch effort, EIB seeks refuge from the notices of sales it issued to petitioners:

Let us scrutinize a typical notice of sale issued to petitioners, thus:

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> RE: SALE OF KUOK PROPERTIES INC. (KPP)
>
> As agreed upon the above mentioned stock will be sold to a party with the following conditions attached:
>
> NUMBER OF SHARES : x x x/SHARES
> AMOUNT @ SHARE : PHP 0.14
> CHARGES : Sellers Account
> BUY BACK DATE : After 30 days [based on transaction Date]
> BUY BACK AMOUNT : PHP 0.18
> DATE OF EXECUTION : APRIL 1, 200[4]
> KIND OF TRANSACTION : FULL CROSS TO SELLER
> COLLATERAL : KPP SHARES/PROPERTY
>
> For and behalf of EIB Securities.
>
> [Signed]
> PAULINE TAN

The above notice states that the collateral is KPP Shares/Property.

EIB asserts that the word "Property" refers to all the "monies and/or securities and/or all other property" of petitioners in EIB's custody or control pursuant to Sec. 7 of the SDAA. This postulation is correct. The DMCI shares are included in the word "Property" under Sec. 7 of the SDAA. However, EIB's theory stops there. As earlier explained, the SDAA, more particularly its Sec. 7, cannot be made the legal basis for EIB to sell petitioners' properties in its possession or custody to pay petitioners' obligations to third parties. The SDAA is confined only to obligations of petitioners to EIB and not to third parties like the purchases of the KKP shares. Thus, the sale of the DMCI shares to buy back the KPP shares is illegal and ineffective, since it is only answerable for the liabilities of petitioners to EIB and no one else.

The notices of sale issued by EIB covering the sale of the KKP shares of petitioners clearly show that the very same KKP shares sold to third parties albeit under a buy-back arrangement and the "Property" of petitioners were made the collaterals to secure the payment of the reacquisition. Since the possession of the KKP shares and the "Property" were placed in EIB, a third party by common agreement, then the accessory contract in the case at bar is a contract of pledge governed by Arts. 2085 to 2092 of the Civil Code, which are provisions common to pledge and mortgage, and Arts. 2093 to 2139 on pledge.

The query is whether or not the pledge on "KKP Shares/Property" is valid. The answer is no.

> Art. 2085 of the Civil Code provides:
>
> Art. 2085. The following requisites are essential to the contracts of pledge and mortgage:
>
> (1) That they be constituted to secure the fulfillment of a principal obligation;
>
> (2) That the pledgor or mortgator be the absolute owner of the thing pledged or mortgaged;
>
> (3) That the persons constituting the pledge or mortgage have the free disposal of their property, and in the absence thereof, that they be legally authorized for the purpose.
>
> Third persons who are not parties to the principal obligation may secure the latter by pledging or mortgaging their own property.

It is indispensable that the pledgor is the absolute owner of the thing pledged (second element). In the case at bar, the KKP shares were sold to third parties by EIB at PhP 0.14 and, as a result, petitioners lost their right of

ownership over the KKP shares. Hence, from the time of the sale, petitioners were no longer the absolute owners of said shares, making the pledge constituted over said KKP shares null and void.[36]

Also, it is necessary under Art. 2085 that the person constituting the pledge has the free disposal of his or her property, and in the absence of that free disposal, that he or she be legally authorized for the purpose (third element). This element is absent in the case at bar. Petitioners no longer have the free disposal of the KKP shares when EIB sold said shares at the stock exchange as they are no longer the owners of the shares. Thus, there was no valid pledge constituted on the KKP shares.

The notice of sale, assuming it incorporates the accessory contract of pledge, merely stated "Property" as collateral in addition to KKP shares. This is a blatant violation of Art. 2096, which provides that "a pledge shall not take effect against third persons if description of the thing pledged and the date of the pledge do not appear in a public instrument." The thing pledged must be amply and clearly described and specifically identified. Evidently, the word "Property" is vague, broad, and confusing as to the ownership. Hence, it does not satisfy the prescription under Art. 2096 of the Code. Worse, the notice of sale is not in a public instrument as required by said legal provision; therefore, the pledge on "property" is void and without legal effect.

Moreover, the notices of sale must be construed against EIB. Any ambiguity in a contract whose terms are susceptible of different interpretations must be read against the party who drafted it.[37]

The DMCI shares which EIB construed to be included within the ambit of the word "property" cannot be considered the thing pledged to secure the buy back of the KKP shares in view of the vagueness of the word "Property" and the non-applicability of the SDAA to the sale of the KKP shares.

Lastly, the appellate court ruled that the affirmative defense of estoppel was raised by EIB due to the alleged failure of petitioners to object to the sale of the DMCI shares.

The principle of estoppel rests on the rule that:

> [W]here a party, by his or her deed or conduct, has induced another to act in particular manner, estoppel effectively bars the former from adopting an inconsistent position, attitude or course of conduct that causes loss or injury to the latter. The doctrine of estoppel is based upon the grounds of public policy, fair dealing, good faith and justice, and its purpose is to forbid one to speak against his own act, representations, or commitments to the injury of one whom they were directed and who reasonably relied thereon.[38]

The essential elements of estoppel as related to the party estopped are: (1) conduct which amounts to a false representation or concealment of material facts, or, at least, which calculated to convey the impression that the facts are otherwise than, and inconsistent with, those which the party subsequently attempts to assert; (2) intention, or at least expectation, that such conduct shall be acted upon by the other party; and (3) knowledge, actual or constructive, of the actual facts.[39]

Reliance by respondent EIB on estoppel is misplaced. The first element does not obtain from the factual setting presented by the pleadings, attachments, and admissions. There is no allegation that petitioners performed an act which can be considered as false representation that EIB can sell their DMCI shares to reacquire the KKP shares, or concealed a material fact. Sec. 7 of the SDAA is unequivocal that EIB can only sell the shares of petitioners for payment of any indebtedness to EIB. There was no act or concealment on the part of petitioners that made known or conveyed the impression to EIB that it can sell the DMCI shares of petitioners for the latter's indebtedness or obligation to a third party in contravention of EIB's authority under Sec. 7 of the SDAA. Moreover, the second element is also absent. There was no showing that petitioners authorized EIB to pay a third party from the proceeds of the sale of their DMCI shares. Lastly, on the third element, petitioners had no knowledge of the fact

that the proceeds of the sale of DMCI shares were paid to buy back the KPP shares. Reliance of EIB on the sales confirmation receipts[40] issued to petitioners does not help any. The condition printed on said receipts explicitly states that the "securities shall secure [petitioners'] liabilities to e.securities." Even the account statements[41] issued by EIB do not reflect the payment of the proceeds of the sale of DMCI shares owned by petitioners to buy back the KKP shares previously owned by petitioners. All that these accounts show is the crediting of the proceeds of the sale of DMCI shares to petitioners and nothing more. There was no disclosure of the purpose of the sale of the DMCI shares. Clearly, there is no estoppel.

WHEREFORE, the petition is GRANTED. The CA Decision dated April 11, 2008 in CA-G.R. CV No. 87713 is REVERSED and SET ASIDE. The RTC Resolution dated October 18, 2005 in Civil Case No. 05-178 is hereby REINSTATED.

No costs.

SO ORDERED.

Corona, C.J., (Chairperson), Velasco, Jr., Leonardo-De Castro, Del Castillo, and Perez, JJ.

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[1] Rollo, pp. 50-59. Penned by Associate Justice Myrna Dimaranan Vidal and concurred in by Associate Justices Bienvenido L. Reyes and Vicente Q. Roxas.

[2] Id. at 186-190. Penned by Judge Rommel O. Baybay.

[3] Id. at 61-63.

[4] Id. at 65-69.

[5] Id. at 114-118.

[6] Id. at 157-166.

[7] Id. at 167-171.

[8] Id. at 190.

[9] Id. at 207.

[10] Id. at 208-209.

[11] G.R. No. 151783, July 8, 2003, 405 SCRA 416.

[12] Rollo, pp. 58-59.

[13] Id. at 58.

[14] Id. at 16-18.

[15] Broken down as follows:

Special Allowances for Judiciary - PhP 55,162.00
Judiciary Development Fund - 63,274.00
Legal Research Fund - 1,173.80
Summons Fee - 144.00
Victim's Compensation - 5.00

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Sheriff's Trust Fund - 1,000.00
Total Payment - PhP 120,758.80

[16] No. L-75919, May 7, 1987, 149 SCRA 562.

[17] G.R. Nos. 79937-38, February 13, 1989, 170 SCRA 274.

[18] Rollo, pp. 72-73.

[19] Supra note 16, at 569.

[20] 1 F.D. Regalado, Remedial Law Compendium 393 (9[th] revised ed., 2005).

[21] Philippine National Bank v. Utility Assurance & Surety Co., Inc., G.R. No. 32915, September 1, 1989, 177 SCRA 208, 215-216.

[22] Rollo, p. 116.

[23] Id. at 117.

[24] Id. at 118.

[25] Supra note 21.

[26] Rollo, p. 58.

[27] Id. at 88. Annex "A-1" of the Complaint.

[28] Id. at 89. Annex "A-2" of the Complaint.

[29] Id. at 90. Annex "A-3" of the Complaint.

[30] Id. at 91. Annex "A-4" of the Complaint.

[31] Id. at 92. Annex "A-5" of the Complaint.

[32] Id. at 93. Annex "A-6" of the Complaint.

[33] Id. at 130.

[34] Lichauco v. Guash, 76 Phil. 5 (1946).

[35] Paras, Civil Code of the Philippines Annotated 762 (1[st] ed., 1995).

[36] National Bank v. Palma Gil, 55 Phil. 639 (1931).

[37] Prudential Bank v. Alviar, G.R. No. 150197, July 28, 2005, 464 SCRA 353, 368-369; citing Garcia v. Court of Appeals, G.R. No. 119845, July 5, 1996, 258 SCRA 446, 457.

[38] Genato v. Viola, G.R. No. 169706, February 5, 2010, 611 SCRA 677, 688.

[39] Board of Directors v. Alanday, 109 Phil. 1058 (1960).

[40] Rollo, pp. 136-143.

[41] Id. at 144-148.

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