



Republic of the Philippines
Supreme Court
 Baguio City

SECOND DIVISION

**HEIRS OF FELINO M. TIMBOL, JR.,
 namely, MICHAEL JOHN JORGE
 TIMBOL, FELINO JAMES JORGE
 TIMBOL, and MARILOU TIMBOL,**
 Petitioners,

G.R. No. 207408

Present:

CARPIO, *J.*, Chairperson,
 BRION,
 DEL CASTILLO,
 MENDOZA, and
 LEONEN, *JJ.*

- versus -

PHILIPPINE NATIONAL BANK,
 Respondent.

Promulgated:
 APR 18 2016

x ----- x

DECISION

CARPIO, *J.*:

The Case

Before this Court is a petition for review¹ on *certiorari* under Rule 45 of the Rules of Court assailing the Decision² dated 26 September 2012 and Resolution³ dated 31 May 2013 of the Court of Appeals in CA-G.R. CV No. 84649. The Court of Appeals reversed and set aside the 5 January 2005 Decision⁴ of the Regional Trial Court (RTC) of Makati City, Branch 150, in Civil Case No. 00-946.

The Facts

Civil Case No. 00-946 stems from a Complaint⁵ for annulment of real estate mortgage, foreclosure of mortgage, and auction sale; accounting and

¹ *Rollo*, pp. 3-16.

² *Id.* at 18-30. Penned by Associate Justice Ramon A. Cruz, with Associate Justices Romeo F. Barza and Stephen C. Cruz concurring.

³ *Id.* at 32-33.

⁴ *Id.* at 34-46. Penned by Judge Reinato G. Quilala.

⁵ Records (Vol. I), pp. 1-15.

damages, with prayer for temporary restraining order and/or injunction filed by Felino M. Timbol, Jr. and his wife Emmanuela R. Laguardia (Spouses Timbol) against the Philippine National Bank (PNB), Atty. Ricardo M. Espina, in his capacity as notary public of Makati, and the Register of Deeds of Makati.

The facts of the case are as follows:

Sometime in December 1996, Karrich Holdings Ltd. [“KHL”], based in Hong Kong and owned by Felino M. Timbol, Jr. [“Timbol”] applied with Philippine National Bank [“PNB”]’s wholly-owned Hong Kong-based subsidiary, PNB International Finance Limited [“PNB-IFL”] for credit facilities. Karrich Auto Exchange [“KAE”], then named Superkinis Auto Sales, a sole proprietorship based in the Philippines and also owned by Timbol, acted as co-borrower. The credit facilities were granted in the total amount of USD 850,000.00, or PhP 22,796,200.00.

As security, Timbol executed real estate mortgages on his behalf and on behalf of Emmanuela Laguardia [“Laguardia”], over nine (9) different parcels of real estate registered in the name of Mr. and Mrs. Felino M. Timbol, Jr. Timbol was supposedly made to sign the real estate mortgage forms and Promissory Note forms in blank, among other documents, and thereafter returned the same to PNB. Timbol was allegedly never furnished with copies of the finished forms, a statement PNB would later categorically deny.

The first Real Estate Mortgage was in consideration of credit accommodations in the amount of Thirteen Million Fifty Three Thousand Six Hundred Pesos (Php 13,053,600.00, Philippine currency) and further read pertinently as follows:

WITNESSETH: That for and in consideration of credit accommodations obtained from the Mortgagee and to secure the payment of the same x x x the Mortgagors hereby transfer and convey by way of mortgage unto the Mortgagee its successors or assigns, the following:

Seven (7) real estate properties covered by TCT Nos. 196111, 196112, 196113, 196114, 196115, 196116 and 196117 with their technical descriptions detailed in the attached Annex A.

x x x

The consideration for the second Real Estate Mortgage amounted to Seven Million Five Hundred Ninety-Eight Thousand Eight Hundred Fifty Pesos and 0/100 (PhP 7,598,850.00, Philippine currency). The mortgage was constituted over a 293-sq.m. parcel of land covered by TCT No. 177564. The third Real Estate Mortgage secured an obligation amounting to Two Million One Hundred Forty-Three Thousand Seven Hundred Fifty Pesos and 0/100 (PhP 2,143,750.00, Philippine currency) and covered an 87.5 sq.m. parcel of land under TCT No. 207636.

The real estate mortgages were annotated on the aforementioned transfer certificates of title. On later perusal of the transfer certificates of title, however, Timbol supposedly discovered that the amounts annotated as mortgaged added up to One Hundred One Million One Hundred Seventeen Thousand Eight Hundred Pesos and 0/100 (PhP 101,117,800.00). Over time, Timbol signed several Promissory Notes, attesting to availments under the credit line amounting to Eight Hundred Forty-Nine Thousand Five Hundred Ninety-Five US Dollars and 7/100 (USD 849,595.07). On April 1, 1998, the credit facilities were reduced to Eight Hundred Forty-Eight Thousand Three Hundred US Dollars and 0/100 (USD 848,300.00), pursuant to the letter sent by PNB-IFL to KAE/KHL.

When Timbol, KAE, and KHL defaulted on the payment of their loan obligation, PNB, on behalf of PNB-IFL, sent a demand letter dated September 2, 1999, advising them that their total outstanding obligation stood at Thirty-Eight Million, Eighty-Eight Thousand One Hundred Seventy-Three Pesos and 59/100 (PhP 38,088,173.59), inclusive of penalties and interests. In a response apparently dated October 19, 1999, Timbol, signing in representation of KHL, manifested that he was “well aware” of the “P33 Million” outstanding obligation and that he was awaiting the outcome of a pending application for another loan. Timbol thus requested for additional time to settle the obligation with PNB-IFL and for the conversion of the same to Philippine currency.

On November 15, 1999, PNB caused the foreclosure of the mortgaged properties, claiming that Timbol/KAE/KHL had violated the terms of the real estate mortgage by defaulting on the payment of the loan obligation despite demands. As of the date of the foreclosure, the outstanding obligation already amounted to One Million Twenty-One Thousand Seven Hundred Forty-Three US Dollars and 40/100 (USD 1,021,743.40) or Forty-Two Million Three Hundred Twenty Thousand Six Hundred Eleven Pesos and 62/100 (PhP 42,320,611.62). Atty. Ricardo M. Espina [“Espina”] notarized the Notice of Extra-Judicial Sale.

PNB was allegedly the highest bidder at the public auction sale with a bid price of Thirty-Five Million Six Hundred Sixty-Nine Thousand Pesos and 0/100 (PhP 35,669,000.00). Espina issued the corresponding Certificate of Sale dated December 10, 1999.

On August 4, 2000, Timbol and Laguardia filed suit against PNB, Espina, and the Register of Deeds of Makati City for annulment of the real estate mortgage, of the foreclosure and auction sale, for accounting and damages, and for a temporary restraining order and/or injunction. They accused PNB of deliberately “bloating” the amount of the obligation. They furthermore assailed the foreclosure proceedings as highly irregular, invalid, and illegal, because the petition for the extra-judicial foreclosure had not been filed in accordance with Supreme Court Administrative Order No. 3; the Notice of Notary Public’s Sale did not specify the newspaper in which the Notice of Sale would be published, and was neither raffled for this purpose nor properly posted; and the Notary did not conduct an actual public bidding. They moreover faulted Defendant Espina for refusing to furnish Timbol with copies of documents relative to

the supposed auction sale. Meanwhile, the Makati City Register of Deeds gave plaintiff Timbol a Certification that no December 11, 1996 Deed of Mortgage in favor of PNB-IFL covering the transfer certificates of title in question was located in the records. Nor had any certificate of sale been registered on the titles. Plaintiffs thus prayed that the mortgage and Promissory Notes, and the extra-judicial foreclosure, the foreclosure sale, and any subsequent Certificate of Sale, be declared null and void; that the mortgage liens annotated on the transfer certificates of title be cancelled; that PNB be directed to render an accounting of plaintiffs' true and actual obligation; and that damages and attorney's fees be awarded. Plaintiffs also prayed for preliminary and permanent injunctive relief to restrain PNB from consolidating its title to and ownership over the real properties, and to restrain the Makati City Registry of Deeds from canceling plaintiffs' titles and issuing new ones in lieu thereof.

During the hearings on his prayer for a temporary restraining order or writ of preliminary injunction, Timbol affirmed the Affidavit he executed for that purpose.

By Order dated September 8, 2000, the RTC granted the issuance of a writ of preliminary injunction prayed for. The RTC denied PNB's Motion for Reconsideration and Supplemental Motion for Reconsideration, while granting the plaintiffs' Motion to Reduce Bond. PNB elevated the RTC's Order all the way to the Supreme Court which would ultimately nullify and set aside the same in its February 11, 2005 Decision in G.R. No. 157535.

Meanwhile, in his Answer, Espina defended the validity of the foreclosure sale proceedings and explained that it was PNB's Atty. Geromo who rejected Plaintiff Timbol's request for copies of the mortgage documents and promissory notes. Espina pointed out that the alleged Special Power of Attorney supposedly authorizing plaintiff Timbol to represent Laguardia had already been revoked by a July 20, 1998 Order of the Regional Trial Court of Parañaque City, where a petition for legal separation was already pending. Espina further accused Plaintiff Timbol of coming to court with unclean hands, having also breached his obligations to PNB-IFL. Espina made crossclaims for indemnification as well as counterclaims for moral and exemplary damages, attorney's fees, and litigation expenses.

For its part, PNB insisted that the Real Estate Mortgage contracts had been "already in printed form" at the time Timbol signed the same, and that it was not PNB-IFL's practice that these be signed in blank. PNB also argued that the total amount of Timbol/KAE/KHL's obligation already included interest at agreed-upon rates and that the foreclosure proceedings had been proper and valid. Thus PNB asserted that any damage that might result to plaintiffs were merely *damnum absque injuria*. PNB added that the proceedings were governed by Act No. 3135, not Administrative Order No. 3, as stipulated in the mortgage contracts themselves. PNB moreover explained that the mortgage over seven (7) properties covered by TCT Nos. 196111 thru 196117, all of the Register of Deeds of Makati, altogether secured an obligation of only Thirteen Million Fifty-Three Thousand Six Hundred Pesos and 0/100 (PhP

13,053,600.00), with each of the other mortgages over two (2) properties securing obligations of only Two Million One Hundred Forty-Three Thousand Seven Hundred Fifty Pesos and 0/100 (PhP 2,143,750.00) and Seven Million Five Hundred Ninety-Eight Thousand Eight Hundred Fifty Pesos and 0/100 (PhP 7,598,850.00), rendering plaintiffs' computation erroneous. PNB advanced counterclaims for actual, moral, and exemplary damages as well as litigation expenses and attorney's fees.⁶

The Ruling of the RTC

On 5 January 2005, the RTC issued its assailed decision, the dispositive portion of which reads:

WHEREFORE, the foreclosure of mortgage made by the defendant bank on November 15, 1999 is hereby declared null and void over the properties covered by TCTs Nos. 196111, 196112, 196113, 196114, 196115, 196116, 196117, 207636 and 177564 of the Registry of Deeds of Makati City.

SO ORDERED.⁷

The RTC found that “[t]he mortgage loan annotated at the back of the titles did not reflect the actual amount of the loan obtained by the plaintiffs.” This, the RTC held, “vitiates the subsequent foreclosure of the mortgage initiated by the defendant bank.”⁸

The RTC also held that there was an “obviously deliberate act of the defendant bank in refusing to furnish the plaintiff copies of the loan documents” which, the RTC stated strengthens “the claim of the [Spouses Timbol] that they were virtually led by the defendant bank to sign blank loan documents by merely affixing their signatures thereto.”⁹ Further, the RTC interpreted PNB's actions as an attempt “to hide the correct amount of the obligation,” confirming the Spouses Timbol's claim that PNB bloated the amount of their obligation.¹⁰

The RTC further held that PNB failed “to show proof that when it filed the petition for foreclosure with defendant notary public, [it] was duly empowered by a board resolution, as evidenced by a secretary's certificate x x x to foreclose the mortgage constituted over the subject properties.”¹¹ There was no evidence, the RTC said, “that this subsidiary, obviously a partnership entity, was duly authorized by a resolution that empowered it to

⁶ *Rollo*, pp. 19-22.

⁷ *Id.* at 46.

⁸ *Id.* at 44.

⁹ *Id.*

¹⁰ *Id.* at 45.

¹¹ *Id.*

assign all its rights and interest in the mortgage in favor of defendant bank.”¹²

Lastly, the RTC found no basis to grant the claim for damages and attorney’s fees.¹³

The Ruling of the Court of Appeals

Without filing a motion for reconsideration of the RTC decision, PNB elevated the case to the Court of Appeals. While the case was pending, Timbol died¹⁴ and was substituted by his heirs, herein petitioners.¹⁵

In its 26 September 2012 decision, the Court of Appeals reversed the RTC’s decision, to wit:

WHEREFORE, the appeal is PARTIALLY GRANTED. The January 5, 2005 Decision of Branch 150 of the Makati City RTC is hereby REVERSED and SET ASIDE. However, Defendant-Appellant’s plea for moral and exemplary damages, together with attorney’s fees and costs, is DENIED. A new judgment is hereby entered DISMISSING the complaint.

SO ORDERED.¹⁶

The Court of Appeals held that factual issues raised by PNB have been “definitively laid to rest” by this Court’s decision in *PNB v. Timbol*¹⁷ where it was found that “respondents never denied that they defaulted in the payment of the obligation.”¹⁸ In the same decision, this Court upheld PNB’s argument that “Supreme Court Administrative Order No. 3 does not apply, the extrajudicial foreclosure having been conducted by a notary public to which mode of foreclosure respondents agreed in the REMs, hence, proper.”

As to the allegation that PNB bloated the amount of the obligation, the same decision found as follows:

x x x the 7 titles collectively secured the amount of ₱13,053,600.00. Such claim despite respondent Timbol’s admission in his October 27, 1999 letter to petitioner’s counsel that he and his company’s outstanding obligation was ₱33,000,000.00 is grossly misleading and is a gross [mis]representation.¹⁹

¹² Id.

¹³ Id.

¹⁴ *CA rollo*, pp. 122-124.

¹⁵ Id. at 130-131.

¹⁶ *Rollo*, p. 28.

¹⁷ 491 Phil. 352 (2005).

¹⁸ Id. at 367.

¹⁹ *Rollo*, p. 26.

The Court of Appeals noted that the Court's pronouncements in *PNB v. Timbol* settle the question on PNB's "attempt to hide something" and the alleged bloating of the amounts in the mortgage documents.²⁰ On the other hand, the Court of Appeals held that "PNB sufficiently demonstrated plaintiffs-appellees' satisfaction with the loan transaction, proving that Timbol never questioned his obligation and even repeatedly made partial payments on his principal obligations and the interests accruing thereon."²¹

The Court of Appeals also found "that the Real Estate Mortgage contracts themselves amply provide for x x x PNB's authority to foreclose the mortgage as PNB-IFL's agent and attorney-in-fact."²² Moreover, the Court of Appeals said that Spouses Timbol never "disputed the authority of x x x PNB in instituting foreclosure proceedings. This implicit admission binds them."²³

Finally, as to the claim for moral and exemplary damages, the Court of Appeals denied the same for lack of basis.²⁴

Petitioners filed a motion for reconsideration, which was denied in the assailed Resolution dated 31 May 2013.

Petitioners' Arguments

Petitioners are now before this Court on a petition for review on *certiorari* praying for the reversal of the Court of Appeals' decision.

Petitioners argue that the Court of Appeals committed the following errors:

A.

The court *a quo* erred in not dismissing the appeal outright because PNB did not even bother filing a motion for reconsideration of the RTC Decision.

B.

The court *a quo* erred in applying the Decision of the Honorable [Court] in G.R. No. 157535 as the issue on that case is on the injunction only.

²⁰ Id.

²¹ Id.

²² Id. at 26-27.

²³ Id. at 27.

²⁴ Id. at 28.

C.

The court *a quo* erred in not holding that PNB deliberately did not provide Felino M. Timbol, Jr. with copies of the loan and mortgage documents.

D.

The court *a quo* erred in not sustaining the factual findings of the RTC that PNB deliberately failed to provide Timbol with the documents.

E.

The court *a quo* erred in not holding that there was an absence of a proper authority coming from PNB-IFL as to the assignment of its rights and interest in favor of PNB.²⁵

Petitioners contend that “[PNB] should have first filed a motion for reconsideration of the RTC Decision before interposing its appeal.”²⁶

Likewise, petitioners argue that the Court of Appeals’ application of the ruling in *PNB v. Timbol*²⁷ is misplaced. They emphasize that the earlier case dealt only with the application for the issuance of a writ of preliminary injunction, and not the validity of the mortgage.²⁸

Petitioners also insist that the RTC’s findings on PNB’s alleged refusal to furnish the Spouses Timbol with copies of the mortgage documents and the lack of evidence to show PNB-IFL’s authority to assign its rights and interests to PNB should have been upheld by the Court of Appeals.²⁹

Respondent’s Arguments

PNB, in its Comment, counters that the petition for review must be dismissed for “failing to show special and important reasons warranting the exercise of this Honorable Court’s discretionary reviewing power.”³⁰ PNB points out that petitioners are raising factual issues that have already been “exhaustively discussed and resolved” by this Court in *PNB v. Timbol*.³¹

PNB also argues that the Court of Appeals correctly cited the Court’s decision in *PNB v. Timbol*.³²

²⁵ Id. at 6.

²⁶ Id. at 7.

²⁷ Supra note 17.

²⁸ *Rollo*, p. 8.

²⁹ Id. at 9-11.

³⁰ Id. at 68.

³¹ Id. at 69.

³² Id. at 70.

Moreover, PNB argues that the Court of Appeals did not commit reversible error when it found that the PNB “did not bloat the loan obligations of petitioners” and as such, had “no reason to refuse petitioners’ request that they be furnished copies of the loan documents.”³³ As further proof, PNB notes that petitioners, in the proceedings at the RTC, “expressly admitted” the “genuineness and due execution of the [real estate mortgage] and the subject Promissory Notes.”³⁴

Next, PNB asserts that it did not err in filing a Notice of Appeal without first filing a motion for reconsideration of the RTC’s decision. PNB argues that “[t]here is absolutely nothing in the 1997 Rules of Civil Procedure that requires a party-litigant to first file a motion for reconsideration of an adverse decision before it can file a Notice of Appeal.” PNB claims that the provisions in the Rules of Civil Procedure on motions for reconsideration are “merely directory, and not mandatory.”³⁵

As to the alleged absence of a proper authority from PNB-IFL to give PNB the right to foreclose on the real estate mortgage, PNB agrees with the Court of Appeals’ ruling and underscores the terms of the mortgage contract as the basis for such authority.³⁶ Specifically, PNB points to Paragraph 21, which states:

21. APPOINTMENT OF AGENT; ASSIGNMENT. - The Mortgagee hereby appoints the Philippine National Bank (Head Office, Pasay City) as its attorney-in-fact with full power and authority to exercise all its rights and obligations under this Agreement, such as but not limited to foreclosure of the Mortgaged Properties, taking possession and selling of the mortgaged/foreclosed properties, and execution of covering documents. x x x.³⁷

Thus, PNB concludes that the petition must be dismissed for failure of petitioners to “present a valid and legitimate question of law x x x that would warrant the exercise of [the Court’s] discretionary power of review.”³⁸

The Court’s Ruling

The petition is denied for lack of merit.

³³ Id. at 72.

³⁴ Id. at 72-73.

³⁵ Id. at 73.

³⁶ Id. at 74.

³⁷ Id. at 75.

³⁸ Id.

Non-filing of a Motion for Reconsideration

Petitioners assail the Court of Appeals' ruling for failing to dismiss the appeal outright because PNB did not file a motion for reconsideration of the RTC's decision.

Section 1, Rule 37 of the Rules on Civil Procedure states:

SECTION 1. *Grounds of and period for filing motion for new trial or reconsideration.*—Within the period for taking an appeal, the aggrieved party may move the trial court to set aside the judgment or final order and grant a new trial for one or more of the following causes materially affecting the substantial rights of said party:

- (a) Fraud, accident, mistake or excusable negligence which ordinary prudence could not have guarded against and by reason of which such aggrieved party has probably been impaired in his rights; or
- (b) Newly discovered evidence, which he could not, with reasonable diligence, have discovered and produced at the trial, and which if presented would probably alter the result.

Within the same period, **the aggrieved party may also move for reconsideration** upon the grounds that the damages awarded are excessive, that the evidence is insufficient to justify the decision or final order, or that the decision or final order is contrary to law. (Emphasis supplied)

The use of the term *may* in the provision means that the same is permissive and not mandatory. As such, a party aggrieved by the trial court's decision may either move for reconsideration or appeal to the Court of Appeals.

On the other hand, Rule 41, Section 3 provides as follows:

SEC. 3. *Period of ordinary appeal, appeal in habeas corpus cases.*—The appeal shall be taken within fifteen (15) days from notice of the judgment or final order appealed from. Where a record on appeal is required, the appellant shall file a notice of appeal and a record on appeal within thirty (30) days from notice of the judgment or final order. However, an appeal in *habeas corpus* cases shall be taken within forty-eight (48) hours from notice of the judgment or final order appealed from.

The period of appeal shall be interrupted by a timely motion for new trial or reconsideration. No motion for extension of time to file a motion for new trial or reconsideration shall be allowed. (Emphasis supplied)

This means that, within 15 days from notice of judgment, a party may file either an appeal or a motion for reconsideration.

Moreover, appeal is a matter of discretion. The Court has the “prerogative under the law to determine whether or not it shall consent to exercise its appellate jurisdiction in any given case.”³⁹ In this case, the Court of Appeals exercised its prerogative and accepted the appeal.

Petitioners had the chance to question the Court of Appeals’ exercise of jurisdiction. However, they lost such opportunity because they failed to file their Appellees’ Brief⁴⁰ without any explanation for such failure, despite acknowledging that they received a copy of the Appellant’s Brief,⁴¹ and despite filing their counsels’ formal entry of appearance,⁴² and filing a manifestation informing the court of their father’s death.⁴³ In other words, petitioners had the opportunity to raise their opposition to PNB’s appeal, but they did not.

Even in their motion for reconsideration⁴⁴ of the Court of Appeals’ decision, the only issues that petitioners raised were on the RTC’s findings on the “deliberate failure on the part of the PNB to furnish Timbol with the loan documents” and on the lack of evidence of PNB-IFL’s resolution assigning its rights on the mortgage to PNB.⁴⁵ It is now too late to delve into this issue considering petitioners’ participation in the proceedings.

Application of the Law of the Case Doctrine

The Court of Appeals correctly applied the *law of the case* doctrine.

In *PNB v. Timbol*,⁴⁶ PNB brought a petition for *certiorari* to set aside the order of Judge Zeus L. Abrogar that issued a writ of preliminary injunction in Civil Case No. 00-946. The Court struck down this order, holding that the order “was attended with grave abuse of discretion.”⁴⁷

The Court found that the Spouses Timbol “never denied that they defaulted in the payment of the obligation.”⁴⁸ In fact, they even acknowledged that they had an outstanding obligation with PNB, and simply requested for more time to pay.

The Court also held that the extrajudicial foreclosure of the mortgage was proper, since it was done in accordance with the terms of the Real Estate

³⁹ *Chua Giok Ong v. Court of Appeals*, 233 Phil. 110, 116 (1987).

⁴⁰ CA rollo, pp. 106, 110.

⁴¹ Id. at 104.

⁴² Id. at 111.

⁴³ Id. at 117.

⁴⁴ Id. at 157-160.

⁴⁵ Id. at 159.

⁴⁶ Supra note 17.

⁴⁷ Supra note 17, at 369.

⁴⁸ Supra note 17, at 367.

Mortgage, which was also the Court's basis in finding that Supreme Court Administrative Order No. 3 does not apply in that case.⁴⁹

The Court also found that the Spouses Timbol's claim that PNB bloated the amount of their obligation was "grossly misleading and a gross misinterpretation" by the Spouses Timbol. The Court noted the Spouses Timbol's letter to PNB⁵⁰ that acknowledged they had an outstanding obligation to PNB, as well as affirmed that they received the demand letter directing them to pay, contrary to their claim. Thus, the Court in *PNB v. Timbol* concluded that the RTC committed grave abuse of discretion when it issued a writ of preliminary injunction.

No doubt, this Court is bound by its earlier pronouncements in *PNB v. Timbol*.

The term *law of the case* has been held to mean that "whatever is once irrevocably established as the controlling legal rule or decision between the same parties in the same case continues to be the law of the case, *whether correct on general principles or not*, so long as the facts on which such decision was predicated continue to be the facts of the case before the court. As a general rule, a decision on a prior appeal of the same case is held to be the law of the *case whether that question is right or wrong*, the remedy of the party deeming himself aggrieved being to seek a rehearing."⁵¹

The doctrine applies when "(1) a question is passed upon by an appellate court, and (2) the appellate court remands the case to the lower court for further proceedings; the lower court and even the appellate courts on subsequent appeal of the case are, thus, bound by how such question had been previously settled."⁵²

This must be so for reasons of practicality and the orderly adjudication of cases. The doctrine of the *law of the case* is "necessary to enable an appellate court to perform its duties satisfactorily and efficiently, which would be impossible if a question, once considered and decided by it, were to be litigated anew in the same case upon any and every subsequent appeal."⁵³ It is "founded on the policy of ending litigation."⁵⁴ The need for "judicial orderliness and economy require such stability in the final judgments of courts or tribunals of competent jurisdiction."⁵⁵

⁴⁹ Supra note 17, at 368-369.

⁵⁰ Supra note 17, at 369.

⁵¹ *Radio Communications of the Philippines, Inc. v. Court of Appeals*, 522 Phil. 267, 273 (2006), citing *Padillo v. Court of Appeals*, 422 Phil. 334 (2001). (Emphasis in the original)

⁵² *Lopez v. Esquivel, Jr.*, 604 Phil. 437, 456 (2009).

⁵³ *Radio Communications of the Philippines, Inc. v. Court of Appeals*, supra note 51, citing *Padillo v. Court of Appeals*, 422 Phil. 334, 351 (2001).

⁵⁴ *Banco de Oro-EPCI, Inc. v. Tansipek*, 611 Phil. 90, 99 (2009), citing *People v. Pinuila*, 103 Phil. 992, 1000 (1958).

⁵⁵ *Escobar v. Luna*, 547 Phil. 661, 669 (2007), citing *Kabankalan Catholic College v. Kabankalan*

The Court is bound by its earlier ruling in *PNB v. Timbol* finding the extrajudicial foreclosure to be proper. The Court therein thoroughly and thoughtfully examined the validity of the extrajudicial foreclosure in order to determine whether the writ of preliminary injunction was proper. To allow a reexamination of this conclusion will disturb what has already been settled and only create confusion if the Court now makes a contrary finding.

Thus, “[q]uestions necessarily involved in the decision on a former appeal will be regarded as the law of the case on a subsequent appeal, although the questions are not expressly treated in the opinion of the court, as the presumption is that all the facts in the case bearing on the point decided have received due consideration whether all or none of them are mentioned in the opinion.”⁵⁶

The Court of Appeals was correct to abide by the Court’s ruling in *PNB v. Timbol*, for “once the appellate court has issued a pronouncement on a point that was presented to it with full opportunity to be heard having been accorded to the parties, the pronouncement should be regarded as the law of the case and should not be reopened on remand of the case to determine other issues of the case.”⁵⁷

Other Issues

Further, the Court of Appeals itself found ample reason to reverse and set aside the RTC’s decision. These findings, the Court now finds, are supported by the evidence on record.

The Court cannot sustain the claim that the Spouses Timbol were kept in the dark by PNB on the real terms of the contract the Spouses Timbol signed.

It is difficult to imagine that an experienced businessman like Timbol will sign documents, especially a mortgage contract that potentially involves multi-million peso liabilities, without knowing its terms and conditions. Moreover, the records are replete with evidence that the Spouses Timbol had already partially complied with their obligation under the mortgage contract.

Replying to PNB’s demand letter dated 2 September 1999, Felino Timbol himself acknowledged that he and his wife were “well aware of our total outstanding obligation” to PNB, which he pegged at ₱33 million. The same letter bears no indication that the Spouses Timbol were impugning the

Catholic College Union-PACIWU-TUCP, 500 Phil. 254, 266 (2005).

⁵⁶ *Banco de Oro-EPCI, Inc. v. Tansipek*, supra note 54.

⁵⁷ *Development Bank of the Philippines v. Guariña Agricultural and Realty Development Corporation*, G.R. No. 160758, 15 January 2014, 713 SCRA 292, citing *Bachrach Motor Co.v. Esteva*, 67 Phil. 16 (1938).

terms of their agreement. On the contrary, they acknowledged their obligation and merely pleaded for more time to comply.⁵⁸ They further amplified their assent in another undated letter where they informed PNB that they “can deliver a partial payment of at least 10% of [their] total obligation.”⁵⁹ Likewise, in a letter dated 2 October 2000, Felino Timbol acknowledged the amount of his obligation “based on the Statement of Account prepared by PNB-IFL,” and even laid down his proposal on how the Spouses Timbol would settle the same.⁶⁰

As to the claim that there is no proper authority from PNB-IFL assigning its rights and interest in the mortgage contract to PNB, the Court finds that the same is easily controverted by the Real Estate Mortgage itself.

Paragraph 21 of the Real Estate Mortgage states:

21. APPOINTMENT OF AGENT; ASSIGNMENT. The Mortgagee hereby appoints the **Philippine National Bank (Head Office, Pasay City) as its attorney-in-fact with full power and authority to exercise all its rights and obligations under this Agreement, such as but not limited to foreclosure of the Mortgaged Properties**, taking possession and selling of the mortgaged/foreclosed properties, and execution of covering documents. The Mortgagee may also assign its rights and interest under this Agreement even without need of prior notice to, or consent of, the Mortgagors.⁶¹ (Emphasis supplied)

The terms of the contract are clear and should end any further discussion on this issue.

In addition, petitioners never raised the authority of PNB to foreclose the mortgage on behalf of PNB-IFL in their Complaint⁶² before the trial court or in the proceedings before the Court of Appeals.

It is now too late for petitioners to raise these issues before the Court. It is noteworthy that all these could have been ventilated in the proceedings before the Court of Appeals had petitioners not neglected to file their Appellees’ Brief.

Thus, the foregoing discussion puts to rest the issues raised by petitioners. Consequently, the real estate mortgage, the subsequent foreclosure and auction sale are held to be valid. No irregularity attended the execution of the mortgage contract, the foreclosure, and the auction sale, the same being within the terms agreed upon by petitioners’ predecessor-in-interest and PNB.

⁵⁸ Records (Vol. II), p. 883.

⁵⁹ Id. at 960.

⁶⁰ Id. at 965-966.

⁶¹ Id. at 840.

⁶² Records (Vol. I), pp. 1-15.

WHEREFORE, the petition is **DENIED**. The Decision of the Court of Appeals dated 26 September 2012 and Resolution dated 31 May 2013 in CA-G.R. CV No. 84649 are **AFFIRMED**.

SO ORDERED.



ANTONIO T. CARPIO
Associate Justice

WE CONCUR:



ARTURO D. BRION
Associate Justice



MARIANO C. DEL CASTILLO
Associate Justice



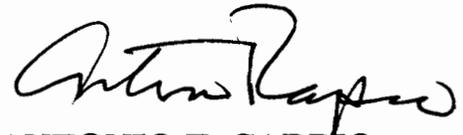
JOSE CATRAL MENDOZA
Associate Justice



MARVIC M.V.F. LEONEN
Associate Justice

ATTESTATION

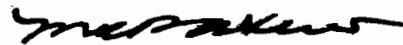
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ANTONIO T. CARPIO
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice