507 Phil. 312

FIRST DIVISION

[G.R. NO. 153034, September 20, 2005]

DEVELOPMENT BANK OF THE PHILIPPINES, PETITIONER, VS. HONORABLE COURT OF APPEALS AND ROSALINDA CANADALLA-GO, REPRESENTED BY HER ATTORNEY-IN-FACT BENITO A. CANADALLA, RESPONDENTS.

D E C I S I O N

DAVIDE, JR., CJ.:

Once again, we are confronted with the issue of whether matters requested to be admitted under Rule 26 of the Rules of Court – which are mere reiterations of the allegations in the complaint and are specifically denied in the answer – may be deemed impliedly admitted on the ground that the response thereto is not under oath.

The controversy stemmed in January 1977 when Irene Canadalla obtained a loan of P100,000 from petitioner Development Bank of the Philippines (DBP) for purposes of financing her piggery business. As security, Canadalla executed on 19 January 1977 a Deed of Real Estate Mortgage over two parcels of land covered by TCT No. T-7609 and OCT No. P-4226 of the Registry of Deeds of Infanta, Quezon. On 10 August 1979, Canadalla procured another loan in the amount of P150,000, which was secured by a mortgage over the same two parcels of land and a third parcel covered by OCT No. P-6679 of the Registry of Deeds of the Province of Quezon.

Since the piggery business allegedly suffered strong reverses, compounded by devastating typhoons, the prevalence of diseases, and destruction of her store by fire, Canadalla failed to comply with her obligations to the DBP. Subsequently, the DBP extrajudicially foreclosed the mortgages. On 5 September 1989, the mortgaged properties were sold at public auction to the DBP, which emerged as the only bidder. The sale was evidenced by a Certificate of Sale and registered on 17 January 1990.

Canadalla was able to redeem the foreclosed property covered by TCT No. T-7609 within the redemption period of one year from 17 January 1990. As to the properties covered by OCT Nos. P-4226 and P-6679, she had six years from 17 January 1990 to redeem the same, they being free patent titles. On 5 October 1995, she offered to redeem the properties for a redemption price of P1.5 million. But the DBP countered that the redemption price under its 1986 Revised Chapter must be based on its total claim, which was P1,927,729.50 as of 30 September 1995. Subsequently, she allegedly assigned her right to redeem her properties to her daughter, herein private respondent Rosalinda A. Canadalla-Go.

In January 1996, Go offered to redeem the properties for P526,882.40. In response, the DBP advised Go that the acceptable redemption price was

P1,814,700.58 representing its total claim as of 17 January 1996. When Go failed to redeem the properties, the DBP consolidated its titles over the subject properties and new certificates of title were issued in its name.

On 8 July 1996, Go filed with the Regional Trial Court (RTC) of Makati City a Supplemental Complaint[1] for the "Exercise of Right of Redemption and Determination of Redemption Price, Nullification of Consolidation, Annulment of Titles, with Damages, Plus Injunction and Temporary Restraining Order." The case was docketed as Civil Case No. 96-483 in Branch 148 of said court. After the DBP filed its Answer[2] but before the parties could proceed to trial, Go filed a Request for Admission by Adverse Party.[3] Thereafter, the DBP filed its Comment.[4]

During the hearing on 20 May 1997, Go objected to the Comment reasoning that it was not under oath as required by Section 2, Rule 26 of the Rules of Court, and that it failed to state the reasons for the admission or denial of matters for which an admission was requested. For its part, the DBP manifested that, first, the statements, allegations, and documents contained in the Request for Admission are substantially the same as those in the Supplemental Complaint; second, they had already been either specifically denied or admitted by the DBP in its Answer; and third, the reasons for the denial or admission had already been specifically stated therein.

On 22 May 1997, the DBP filed a manifestation[5] incorporating its response to Go's objections during the 20 May 1997 hearing, attaching therewith an affidavit[6] executed by its officer and counsel Atty. Perla Melanie Caraan.

On 9 June 1997, the RTC issued an Order[7] granting the motion of Go to consider as impliedly admitted the matters sought to be admitted in the Request for Admission and all those denied by the DBP in its Comment.

Its motion for reconsideration[8] having been denied,[9] the DBP filed with the Court of Appeals a petition for *certiorari*,[10] docketed as CA-G.R. SP No. 62142, attributing to the court *a quo* grave abuse of discretion in granting the Request for Admission despite the fact that (1) some of the matters assigned in the Request for Admission had already been specifically denied in its Answer to the Supplemental Complaint; (2) the sworn statement of Atty. Caraan had sufficiently cured the alleged defect of the Comment; and (3) some of the matters in the Request for Admission involved questions of law, conclusions of facts, and matters of opinion which are improper subjects of such a request.

On 6 August 2001, the Court of Appeals dismissed the petition for lack of merit.[11] It held that since DBP's answer was not under oath, it could not be considered as having substantially complied with the requirements of Section 2 of Rule 26 of the Rules of Court. The affidavit of Atty. Caraan, one of the legal counsels of the DBP, failed to cure the defect because it was submitted after the motion for the declaration of implied admission had been made and the hearing of the same had been terminated. Moreover, in the hearing of 20 May 1997, the DBP only made a manifestation that the matters sought for admission had already been covered in the Answer without objecting to the propriety of some of the matters sought to be admitted. Thus, the DBP failed to timely raise its objections on the ground of

impropriety.

The DBP's Motion for Reconsideration[12] was denied by the Court of Appeals in a Resolution[13] dated 16 April 2002. Hence, the DBP is now before this Court by way of certiorari under Rule 45 of the Rules of Court challenging the Decision and Resolution of the Court of Appeals.

We find for petitioner DBP.

Indeed, as pointed out by the DBP, the matters stated in Go's Request for Admission are the same as those alleged in her Supplemental Complaint. Besides, they had already been either specifically denied or admitted in DBP's Answer to the Supplemental Complaint. To require the DBP to admit these matters under Rule 26 of the Rules of Court would be pointless and superfluous. Sections 1 and 2 of Rule 26, before their amendment took effect on 1 July 1997, read:

> SECTION 1. *Request for admission.* – At any time after issues have been joined, a party may file and serve upon any other party a written request for the admission by the latter of the genuineness of any relevant documents described in and exhibited with the request or of the truth of any relevant matter of fact set forth in the request. Copies of the documents shall be delivered with the request unless copies have already been furnished.
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> SEC. 2. *Implied admission.* – Each of the matters of which an admission is requested shall be deemed admitted unless, within a period designated in the request, which shall not be less than ten (10) days after service thereof, or within such further time as the court may allow on motion and notice, the party to whom the request is directed serves upon the party requesting the admission a sworn statement either denying specifically the matters of which an admission is requested or setting forth in detail the reasons why he cannot truthfully either admit or deny those matters.
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> Objections on the ground of irrelevancy or impropriety of the matter requested shall be promptly submitted to the court for resolution.

We have held in *Po v. Court of Appeals*[14] that "[a] party should not be compelled to admit matters of fact already admitted by his pleading and ... to make a second denial of those already denied in his answer to the complaint."

The *Po* doctrine was brought a step further in *Concrete Aggregates Co. v. Court of Appeals*,[15] where we ruled that if the factual allegations in the complaint are the very same allegations set forth in the request for admission and have already been specifically denied or otherwise dealt with in the answer, a response to the request is no longer required. It becomes, therefore, unnecessary to dwell on the issue of the propriety of an unsworn response to the request for admission. The reason is obvious. A request for admission that merely reiterates the allegations in an earlier pleading is inappropriate under Rule 26 of the Rules of Court, which, as a mode of discovery, contemplates of interrogatories that would clarify and tend to shed light on the truth or falsity of the allegations in the pleading. Rule 26 does not refer to a mere reiteration of what has already been alleged in the pleadings.[16]