

## SECOND DIVISION

[ G.R. No. 177086, December 05, 2012 ]

**ALBERT M. CHING AND ROMEO J. BAUTISTA, PETITIONERS, VS.  
FELIX M. BANTOLO, ANTONIO O. ADRIANO AND EULOGIO STA.  
CRUZ, JR., SUBSTITUTED BY HIS CHILDREN, REPRESENTED BY  
RAUL STA. CRUZ, JR., RESPONDENTS.**

### DECISION

**DEL CASTILLO, J.:**

"It is essential that for damages to be awarded, a claimant must satisfactorily prove during the trial that they have a factual basis, and that the defendant's acts have a causal connection to them."<sup>[1]</sup>

This Petition for Review on *Certiorari*<sup>[2]</sup> under Rule 45 of the Rules of Court assails the Decision<sup>[3]</sup> dated July 31, 2006 and the Resolution<sup>[4]</sup> dated March 12, 2007 of the Court of Appeals (CA) in CA-G.R. CV No. 79886.

#### ***Factual Antecedents***

Respondents Felix M. Bantolo (Bantolo), Antonio O. Adriano and Eulogio Sta. Cruz,<sup>[5]</sup> Jr. are owners of several parcels of land situated in Tagaytay City, to wit:

#### Registered owner:

Felix M. Bantolo - Original Certificates of Title (OCT) Nos. 787, 788, 789 & 799

Antonio O. Adriano - OCT Nos. 793, 805, 806 & 807

Eulogio Sta. Cruz, Jr. - OCT Nos. 790, 791, 800 & 801.<sup>[6]</sup>

On April 3, 2000, respondents executed in favor of petitioners Albert Ching (Ching) and Romeo J. Bautista a Special Power of Attorney (SPA)<sup>[7]</sup> authorizing petitioners to obtain a loan using respondents' properties as collateral. Pertinent portions of the SPA are reproduced below:

1. To borrow money and apply for and secure a loan on their account with any bank or financial institution in such sum or sums which the herein Attorney-in-fact shall [deem] fit and advisable and the maximum extent of which shall be the loanable value of our real properties based on the attached appraisal report of Asian Appraisal Co., Inc. dated March 24, 1995 on the "Fair Market Value Appraisal" of said realties and/or

parcels of land registered in our names respectively in the Registry of Deeds of Tagaytay City and located thereat, to wit:

	<u>Registrant</u>
1. OCT NO. OP-790	Eulogio Sta. Cruz, Jr.
2. OCT NO. OP-791	-do-
3. OCT NO. OP-800	-do-
4. OCT NO. OP-801	-do-
5. OCT NO. OP-793	Antonio O. Adriano
6. OCT NO. OP-805	-do-
7. OCT NO. OP-806	-do-
8. OCT NO. OP-807	-do-
9. OCT NO. OP-787	Felix M. Bantolo
10. OCT NO. OP-788	-do-
11. OCT NO. OP-789	-do-
12. OCT NO. OP-799	-do-

the photocopies of which certificates of title are hereto attached and made integral parts hereof, and we hereby authorize and/or vest authority unto the herein attorney-in-fact to deed, convey, and transfer by way of first mortgage all our rights of ownership and interest over the said parcels as technically described in and covered by the aforementioned original certificates of title in favor of any bank or financial institution of their choice, judgment and discretion subject to the usual conditions or such other terms which may be imposed by said bank or financial institutions, in order to secure and ensure the repayment of any loan indebtedness or obligation which our herein attorneys-in-fact may obtain by virtue of this power and authority with the further authority to receive the proceeds of such loan whether in cash, check or other bills of exchange with the corresponding obligation on the part of the attorney-in-fact to account for or render an accounting of the loan proceeds to us or in our favor;

2. To sign, execute, and deliver any deed or deeds of real estate mortgage over the aforestated parcels of land and the certificates of title covering the same in favor of the lending bank or financial institution or to secure any surety agreement, bond or undertaking with any Surety Company who may issue a surety or performance bond to ensure the repayment of any loan taken or obtained by our herein Attorneys-in-fact pursuant to the herein special power of attorney;

3. To do and perform any or all acts which may be necessary to carry out and/or implement the foregoing powers and authority vested by us unto aforenamed attorney-in-fact.

4. GIVING and GRANTING, as well as ratifying and confirming all acts and things which our said Attorney-in-fact will do and perform or has done and performed in or about the premises which acts and things done or performed or still to be done or performed are, for all legal intents and purpose are our own as if we ourselves were personally present.<sup>[8]</sup>

Without notice to petitioners, respondents executed a Revocation of Power of Attorney<sup>[9]</sup> effective at the end of business hours of July 17, 2000.<sup>[10]</sup>

On July 18, 2000, the Philippine Veterans Bank (PVB) approved the loan application of petitioner Ching in the amount of P25 million for a term of five years subject to certain conditions, to wit:

- 1) Third party mortgages acceptable. Within one (1) year, however, all mortgaged properties should be in the name of American Boulevard or Albert Ching;
- 2) Submission of new tax declarations free from claimants;
- 3) Submission of certification/clearance from DENR that said properties are not subject to forest reserve;
- 4) To require right of way of at least 6 meters wide which can be used as an actual access road.<sup>[11]</sup>

On July 31, 2000, petitioner Ching thru a letter<sup>[12]</sup> informed respondents of the approval of the loan.<sup>[13]</sup>

Sometime in the first week of August 2000, petitioners learned about the revocation of the SPA.<sup>[14]</sup> Consequently, petitioners sent a letter<sup>[15]</sup> to respondents demanding that the latter comply with the agreement by annulling the revocation of the SPA.<sup>[16]</sup>

On September 8, 2000, petitioners filed before the Regional Trial Court (RTC) of Quezon City a Complaint<sup>[17]</sup> for Annulment of Revocation of SPA, Enforcement of SPA and/or interest in the properties covered by said SPA and Damages against respondents. Petitioners later amended<sup>[18]</sup> the Complaint, docketed as Q00-41851, to include an alternative prayer to have them declared as the owners of one-half of the properties covered by the SPA.<sup>[19]</sup>

Petitioners alleged that the SPA is irrevocable because it is a contract of agency coupled with interest.<sup>[20]</sup> According to them, they agreed to defray the costs or expenses involved in processing the loan because respondents promised that they would have an equal share in the proceeds of the loan or the subject properties.<sup>[21]</sup>

In their Answer,<sup>[22]</sup> respondents contended that petitioners have no cause of action.<sup>[23]</sup> Respondents alleged that they executed the SPA in favor of petitioners because of their assurance that they would be able to get a loan in the amount of P50 million and that P30 million would be given to respondents within a month's time.<sup>[24]</sup> When the one-month period expired, respondents complained to petitioner Ching and asked him to advance the amount of P500,000.00.<sup>[25]</sup> Petitioner Ching acceded to their request on the condition that they hand over to him the original titles for

safekeeping.<sup>[26]</sup> Respondents, in turn, asked petitioner Ching to give them P1 million in exchange for the titles.<sup>[27]</sup> Petitioner Ching agreed and so they gave him the titles.<sup>[28]</sup> However, he never gave them the money.<sup>[29]</sup> They asked him to return the titles, but he refused.<sup>[30]</sup> Later, they were informed that the loan was approved in the amount of P25 million and that their share would be P6 million.<sup>[31]</sup> Since it was not the amount agreed upon, respondents revoked the SPA and demanded the return of the titles.<sup>[32]</sup>

### ***Ruling of the Regional Trial Court***

On December 18, 2002, the RTC rendered a Decision<sup>[33]</sup> in favor of petitioners. It upheld the validity of the SPA and declared its revocation illegal and unjust.<sup>[34]</sup> But although the SPA was declared valid, the RTC held that it could no longer be enforced because the circumstances present at the time of its execution have changed.<sup>[35]</sup> For this reason, the RTC found respondents liable for all the damages caused by the illegal revocation.<sup>[36]</sup> The RTC also declared petitioners owners of one-half of the subject properties.<sup>[37]</sup> As to the deficiency in the payment of the docket fees, if any, the RTC ruled that it would be considered a lien on the judgment.<sup>[38]</sup> Thus:

**WHEREFORE**, premises considered, judgment is hereby rendered declaring the [petitioners] to be the owners of 50% or one-half, pro-indiviso, of all the parcels of lands covered by OCT Nos. OP-787, OP-788, OP-789, OP-799, OP-793, OP-805, OP-806, OP-807, OP-790, OP-791, OP-800 and OP-801.

Furthermore, [respondents] are ordered to pay [petitioners] jointly and solidarily the following sums, to wit:

1. As actual damages:
  - a. The amount covered by the receipts which the [petitioners] used in procuring the loan after the SPA was executed amounting to P949,960.40; and
  - b. The amount of P500,000.00 as actual damages for the amount paid out to the [respondents] in exchange for the original certificates of title;
2. As moral damages, the amount of Php500,000.00 in favor [of] Albert M. Ching;
3. As exemplary damages, the amount of Php100,000.00; and
4. As attorney's fees, the amount of Php100,000.00.

No costs.

SO ORDERED.<sup>[39]</sup>

Aggrieved, respondents elevated the case to the CA.

Pending appeal, a Motion for Intervention with attached Petition-in-Intervention<sup>[40]</sup> was filed by First Aikka Development, Inc. and Sadamu Watanabe. They alleged that respondents individually executed Deeds of Irrevocable SPAs authorizing Tagaytay and Taal Management Corporation (TTMC), represented by its Japanese President Wataru Minagawa, to sell, lease, mortgage, or administer the subject properties;<sup>[41]</sup> and that by virtue of the said SPAs, they entered into a Memorandum of Agreement and a Supplement to Memorandum of Agreement with respondents and TTMC, whereby respondents agreed to sell the subject property to them.<sup>[42]</sup> Thus, they prayed that the Decision of the RTC be vacated and set aside, and that judgment be rendered in their favor.<sup>[43]</sup>

### ***Ruling of the Court of Appeals***

On June 15, 2004, the CA issued a Resolution<sup>[44]</sup> denying the Motion for Intervention for being filed out of time.

On July 31, 2006, the CA modified the Decision of the RTC. The CA ruled that petitioners are not entitled to one-half of the subject properties because it is contrary to human experience for a person to give one-half of his property to someone he barely knows.<sup>[45]</sup> The CA likewise ruled that petitioners are not entitled to reimbursement because they failed to show that the receipts presented in evidence were incurred in relation to the loan application.<sup>[46]</sup> As to the award of exemplary damages, the CA deleted the same because respondents did not act in a wanton, fraudulent, reckless, oppressive or malevolent manner.<sup>[47]</sup> The decretal portion of the CA Decision reads:

**WHEREFORE,** premises considered, the assailed decision is hereby **MODIFIED** as follows:

1. The Revocation of the Power of Attorney executed by the [respondents] is hereby declared null and void. The Special Power of Attorney dated April 3, 2000 is considered valid and subsisting;
2. The amount of P500,000.00 paid by the [petitioner] Ching to the [respondents] should be deducted from the amount to be loaned;
3. The expenses incurred and to be incurred in the processing of the loan application must be borne by the [petitioners] alone;
4. The [petitioners] are not entitled to the one-half of all the parcels of land covered by OCT Nos. OP-787, OP-788, OP-789, OP-799, OP-793, OP-805, OP-806, OP-807, OP-790, OP-791, OP-800 and OP-801; and
5. The award of moral damages in the amount of P500,000.00 and attorney's fees in the amount of P100,000.00 are in order. The award of exemplary damages is deleted.