

## THIRD DIVISION

[ G.R. NO. 152900, February 11, 2005 ]

**IRENEO UY, PETITIONER, VS. PHELA TRADING COMPANY,  
RESPONDENT.**

### DECISION

**CORONA, J.:**

Petitioner comes to us by way of petition for review on certiorari seeking the reversal of a decision<sup>[1]</sup> of the Court of Appeals in CA-G.R. CV No. 56933.

On May 10, 1994, respondent Phela Trading Company (Phela) filed with the Regional Trial Court of General Santos City, Branch 35, against petitioner Uy a civil suit<sup>[2]</sup> for a sum of money, damages (based on fraud) and attorney's fees,<sup>[3]</sup> to collect the sum of P716,490 he owed for fertilizer bought on credit and paid for with checks that were dishonored due to the account being closed.<sup>[4]</sup>

In spite of several requests for extension, petitioner never submitted a responsive pleading.<sup>[5]</sup> He did, however, execute a special power of attorney in favor of his son, Jonathan Uy, which empowered him to do the following:<sup>[6]</sup>

1. To represent and appear for [him] and in behalf [sic] in Civil Case No. 5380 entitled: PHELA TRADING, CO., VS. IRENEO UY, at any and all stages of the proceedings including pre-trial conference, with specific authority to enter into any compromise agreement or amicable settlement;
2. To sign papers or documents necessary for the above premises;
3. To do such other acts and things as maybe necessary in the premises.

Subsequently, on June 14, 1994, the parties submitted a compromise agreement under which Jonathan Uy bound himself as a surety and solidary obligor for his father for the amount of P796,679.52, including interest. Jonathan put up as collateral security his own real property in Sultan Kudarat.<sup>[7]</sup> On June 27, 1994, the court approved the compromise agreement and rendered judgment in accordance with its terms.<sup>[8]</sup>

Later, claiming breach by petitioner and his son of the compromise agreement, Phela filed, on August 29, 1994, a motion for issuance of a writ of execution which was granted by the trial court on September 2, 1994. Pursuant to this, a levy was entered on September 13, 1994 as Entry No. 101428 in TCT No. T-26274 issued to Jonathan Uy covering Lot 592-B-2-B. At the auction sale on January 27, 1995, respondent Phela was the only bidder for P972,281.06. It was consequently awarded the lot and issued a sheriff's certificate of sale dated May 18, 1995.<sup>[9]</sup>

On October 23, 1995, Phela filed its omnibus motion for consolidation, cancellation of the present title and writ of possession, alleging that no redemption had been seasonably exercised. Petitioner opposed it as did AAB Trading which alleged that it had purchased the lot in good faith on August 4, 1994, for which it was issued TCT No. 29447 on November 4, 1994. Petitioner averred that Jonathan Uy was not a party to the case and had exceeded the scope of his authority in entering into the compromise agreement, to which he had allegedly agreed only because of respondent's misrepresentations that he would merely serve as a guarantor for his father's obligation.<sup>[10]</sup>

On February 3, 1997, the court promulgated a resolution ordering the purchaser in bad faith, AAB Trading, to surrender the owner's copy of the title of the contested lot (now TCT No. 29447) to the Register of Deeds of Sultan Kudarat for cancellation in favor of then-plaintiff, the respondent, and also ordering AAB Trading to surrender possession of the said lot to respondent. The court also directed the Register of Deeds to cancel the said title in favor of respondent. The Court of Appeals affirmed the said resolution.<sup>[11]</sup>

Petitioner now claims that: (1) the compromise agreement was invalid, considering that it was entered into by Jonathan Uy merely as an agent of petitioner without his ratification; (2) the notice of levy of execution upon his son's property was improper; (3) that the trial court's resolution allowing respondent to consolidate its title over Jonathan Uy's lot was incorrect, and (4) the subject lot cannot be levied upon by respondent considering that Uy, a non-party to the case, had already sold the land to AAB Trading.

Upon receipt of the petition, the Second Division of this Court ordered respondent to comment, which it did through counsel on August 23, 2002. Later that year, on November 11, 2002, the case was transferred to the Third Division. We then required petitioner to reply to the comment. The reply was filed on March 17, 2003. Subsequently, AAB Trading (which was not a party to this case) submitted a comment to the petition, a memorandum, a reply and a comment to respondent's memorandum, all of which we merely noted, in light of AAB's dubious personality to claim relief.

We ordered the parties to submit their memoranda in a resolution dated April 4, 2004. While respondent submitted its memorandum as early as June 23, 2004, the petitioner, in the last nine months has submitted ten motions for extension of time to file memorandum, but has yet to actually file one. We received his 10<sup>th</sup> motion for extension on January 11, 2005. In what we felt was the interest of justice, we have granted petitioner roughly 250 days of extensions within which to submit his memorandum. Petitioner has blatantly abused our leniency and deserves no further accommodation. We now proceed to rule on the petition, with or without petitioner's memorandum.

The principal issues are: (1) whether or not Jonathan Uy was authorized to enter into the compromise agreement with respondent and to bind himself solidarily with petitioner, and (2) whether or not Jonathan Uy's land which he sold to AAB Trading could be made to answer for petitioner's obligation, inasmuch as Jonathan was not a party to the case. Corollary to the first issue is petitioner's contention that, by