



Republic of the Philippines  
**Supreme Court**  
 Manila

CERTIFIED TRUE COPY  
*Wilverdo V. Lapitan*  
**WILVERDO V. LAPITAN**  
 Division Clerk of Court  
 Third Division  
 JUL 27 2016

**THIRD DIVISION**

**BENJIE B. GEORG** represented by  
**BENJAMIN C. BELARMINO, JR.**,  
 Petitioner,

**G.R. No. 190408**

Present:

*-versus-*

**CARPIO,\* J.**,  
**VELASCO, JR.**,  
*Chairperson,*  
**PERALTA,**  
**PEREZ, and**  
**JARDELEZA, JJ.**

**HOLY TRINITY COLLEGE, INC.**,  
 Respondent.

Promulgated:

**July 20, 2016**

x-----

*Wilverdo V. Lapitan*

**DECISION**

**PEREZ, J.:**

This petition for review seeks to reverse the 17 November 2009 Decision<sup>1</sup> of the Court of Appeals in CA-G.R. CV No. 89990 and reinstate the 29 November 2006 Decision<sup>2</sup> of the Regional Trial Court (RTC), Branch 15, Tabaco City in Civil Case No. T-2161.

The Holy Trinity College Grand Chorale and Dance Company (the Group) was organized in 1987 by Sister Teresita Medalle (Sr. Medalle), the President of respondent Holy Trinity College in Puerto Princesa City. The Grand Chorale and Dance Company were two separate groups but for the purpose of performing locally or abroad, they were usually introduced as one entity. The Group was composed of students from Holy Trinity College.

\* Additional Member per Raffle dated 22 June 2016.

<sup>1</sup> *Rollo*, pp. 16-69; Penned by Associate Justice Rebecca De Guia-Salvador with Associate Justices Apolinario D. Bruselas, Jr. and Mario V. Lopez concurring.

<sup>2</sup> *Id.* at 243-325; Presided by Judge Alben C. Rabe.

*R*

In 2001, the Group was slated to perform in Greece, Italy, Spain and Germany. Edward Enriquez (Enriquez), who allegedly represented Sr. Medalle, contacted petitioner Benjie B. Georg to seek assistance for payment of the Group's international airplane tickets. Petitioner is the Filipino wife of a German national Heinz Georg. She owns a German travel agency named D'Travellers Reiseburo Georg. Petitioner, in turn, requested her brother, Atty. Benjamin Belarmino, Jr. (Atty. Belarmino), to represent her in the negotiation with Enriquez. Enriquez was referred to petitioner by Leonora Dietz (Dietz), another Filipino-German who has helped Philippine cultural groups obtain European engagements, including financial assistance.

On 24 April 2001, a Memorandum of Agreement with Deed of Assignment<sup>3</sup> (MOA) was executed between petitioner, represented by Atty. Belarmino, as first party-assignee; the Group, represented by Sr. Medalle, O.P. and/or its Attorney-in-Fact Enriquez, as second-party assignor and S.C. Roque Group of Companies Holding Limited Corporation and S.C. Roque Foundation Incorporated, represented by Violeta P. Buenaventura, as foundation-grantor. Under the said Agreement, petitioner, through her travel agency, will advance the payment of international airplane tickets amounting to ₱4,624,705.00 in favor of the Group on the assurance of the Group represented by Sr. Medalle through Enriquez that there is a confirmed financial allocation of ₱4,624,705.00 from the foundation-grantor, S.C. Roque Foundation (the Foundation). The second-party assignor assigned said amount in favor of petitioner. Petitioner paid for the Group's domestic and international airplane tickets.

In an Amended Complaint<sup>4</sup> dated 15 August 2001 for a Sum of Money with Damages filed before the RTC, Branch 18, Tabaco City, petitioner claimed that the second-party assignor/respondent and the foundation-grantor have not paid and refused to pay their obligation under the MOA. Petitioner prayed that they be ordered to solidarily pay the amount of ₱4,624,705.00 representing the principal amount mentioned in the Agreement, moral, exemplary, and actual damages, legal fees, and cost of suit.<sup>5</sup> The corresponding summonses were served.

On 14 September 2001, respondent filed a motion to dismiss on the ground that petitioner had no cause of action against it. On 6 November 2001, petitioner filed a Petition for Issuance of a Writ of Attachment.

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<sup>3</sup> Id. at 160-165.

<sup>4</sup> Id. at 151-154.

<sup>5</sup> Id. at 154.

On 21 April 2003, the trial court issued an Order denying the motion to dismiss, as well as the petition for issuance of a writ of attachment against respondent. A Preliminary Attachment against the foundation-grantor has previously been issued.

An Order of Default has been pronounced by the trial court against the foundation-grantor and its responsible officers for the latter's failure to file its answer despite service of summons.

During the pre-trial, the following facts were stipulated:

1. Sr. Teresita Medalle, OP, [placed her thumbmark] in the subject MOA at the University of Sto. Tomas on 24 April 2001 in Espana, Manila.
2. At the time Sr. Teresita Medalle, O.P. [placed her thumbmark] in the subject MOA, she was still suffering from stroke.
3. The subject MOA was notarized in Makati City.<sup>6</sup>

and the following issues were submitted for resolution:

1. Whether or not when Sr. Teresita Medalle affixed her thumbmark in the MOA, she is affixing her thumbmark as President of the Holy Trinity College.
2. Whether or not Holy Trinity College is in estoppel?
3. Whether or not the Holy Trinity College may be bound by the acts of Sr. Teresita Medalle.
4. Whether or not the principle piercing the veil of corporate fiction may be applied in this case.
5. Whether or not Holy Trinity College may be considered a party in the MOA.
6. Whether or not defendant may be held liable to pay the sum due in the MOA plus damages and litigation expenses.
7. Whether or not [respondent] is entitled to the relief sought for the Complaint.
8. Whether or not the school is entitled to its counterclaim.<sup>7</sup>

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<sup>6</sup> Id. at 171.

<sup>7</sup> Id. at 170.

On 4 August 2005, the trial court reconsidered its Order of 21 April 2003 and issued a Writ of Attachment against respondent.

In their Answer with Counterclaim, respondent argued that the MOA on which petitioner based its cause of action does not state that respondent is a party. Neither was respondent obligated to pay the amount of ₱4,624,705.00 for the European Tour of the Group nor did it consent to complying with the terms of the MOA. Respondent asserted that the thumbmark of Sr. Medalle was secured without her consent. Respondent maintained that since it was not a party to the MOA, it is not bound by the provisions stated therein. Respondent counterclaimed for damages.<sup>8</sup>

On 29 November 2006, the RTC ruled in favor of petitioner. The dispositive portion of the Decision reads:

**WHEREFORE, PREMISES CONSIDERED,** Judgment is hereby rendered:

1. Ordering the defendants (1) S.C. Group of Companies Holding Limited Corporation, (2) S.C. Roque Foundation, Inc., (3) Holy Trinity College, Inc., (4) Holy Trinity College Grand Chorale, (5) Holy Trinity Dance Company and (5) Sister Teresita M. Medalle, O.P., to jointly and severally pay the Plaintiff Benjie B. Georg the following:
  - 1.a. The amount equivalent to Euro Currency of One Hundred Eight-Five Thousand Five Hundred Seventy-Six and Thirty-Seven Deutschmark (DM 185,576.37) with the legal interest thereon from May 21, 2001 until fully paid, by depositing the same at the designated account as provided in the Memorandum of Agreement as follows:
 

Account Name	Heinz Georg GmbH
Name of Bank	Volksbank Sud Siegerland eG
In	Neunkirchen, Germany
Account Number	210507600
  - 1.b. The amount equivalent to eighteen percent (18%) of the principal amount due in the amount of One Hundred Eight-Five Thousand Five Hundred Seventy-Six and Thirty-Seven Deutschmark (DM 186,576.37) plus the accrued interest thereon until fully paid;
  - 1.c. The amount equivalent to ten percent (10%) of the total amount above-mentioned under paragraph 1.b. as attorney's fees;

<sup>8</sup> Id. at 196-197.

- 1.d The amount of One Million Pesos (P1,000,000.00) by way of Moral Damages;
- 1.e. The amount of One Million Pesos (P1,000,000.00) as Exemplary Damages;
- 1.f. Litigation expenses incurred by the Plaintiff which includes Exhibits S,T,U,V,W,AA-2-d, AA-2-e, AA-2-f, AA-2-G, AA-2-I, AA-2-J, AA-2-k, AA-2-l to AA-2-l-5, AA-2-m to AA-2-m-7, AA-2-N to AA-2-N-3, BB, CC, DD, EE, FF, GG, HH, II, JJ, KK, LL, MM, NN, OO, PP, QQ, RR, SS, TT, UU, VV, WW, XX, YY, AAA, BBB, CCC.

Cost against the defendants.<sup>9</sup>

Summed up, the findings of the trial court are:

1. The thumbmark appearing in the MOA is that of Sr. Medalle.
2. The Group was formed and organized by Sr. Medalle, in her capacity as the President of the Holy Trinity College, Inc. Said group is subject to the full control and supervision of the school administration, including selection and hiring of trainers, as well as their termination.
3. Sr. Medalle initiated the European Tour of the group in 2001. She even contacted one Dietz in Germany for the arrangement of the tour schedule and accomodation. She also was directly responsible for the procurement of the visa of the Group.
4. Even prior to and at the time of the departure of the Group, Sr. Lina Tuyac (Sr. Tuyac) and Sr. Estrella Tangan (Sr. Tangan), officers of Holy Trinity College, were already aware of the MOA.
5. During the pre-trial, the lawyer of respondent denied that Sr. Medalle's act of affixing her thumbmark was *ultra vires*. The trial court construed this denial as admission that Sr. Medalle acted within the scope of her authority.
6. When Sr. Medalle affixed her thumbmark in the MOA, it was in her capacity as President of Holy Trinity College and not of the Group.

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<sup>9</sup> Id. at 324-325.

7. Respondent is deemed to have admitted the genuineness and due execution of the MOA when it failed to specifically make any denial under oath.

8. The doctrine of Corporation by Estoppel operates against respondent. The school administration had itself allowed the existence of the Group and much more allowed its President, Sr. Medalle to operate the same under that calling before the general public and petitioner had truly acted in good faith in dealing with it.

9. The personality of the Holy Trinity College Grand Chorale, the Holy Trinity College Dance Company, Holy Trinity College, Inc. and Sr. Medalle may be disregarded and may well be considered as identical.

10. There was a clear breach of and delay in the performance of the contractual obligation of respondent under the MOA.

On 5 January 2007, petitioner filed a motion for execution pending appeal. Said motion was granted and a corresponding writ was issued by the trial court. This decision was sustained by the Court of Appeals, and later on affirmed by this Court in G.R. No. 180787.

On 9 January 2007, respondent filed a notice of appeal.<sup>10</sup>

In a Decision dated 17 November 2009, the Court of Appeals relieved respondent of any liability for petitioner's monetary claims. The Court of Appeals synthesized the issues into three, thus:

1. Respondent's privity to the loan extended by petitioner and the MOA sued upon;
2. Sr. Medalle's capacity and/or authority to act for and in behalf of appellant in respect to the subject MOA; and
3. The applicability of the doctrines of apparent authority and/or corporation by estoppel to the factual and legal milieu of the case.<sup>11</sup>

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<sup>10</sup> Id. at 350.

<sup>11</sup> Id. at 42.



The Court of Appeals held that the record is bereft of any showing that Sr. Medalle participated in the negotiation, perfection and partial consummation of the contract whereby petitioner advanced the payment of international and domestic tickets required for the Group's European tour. The Court of Appeals found that petitioner had agreed to advance the payment based on the following considerations: 1) the representation made by Enriquez that he was respondent's employee/representative and that the funds were available for said tickets; 2) the supposed confirmation from Dietz that Enriquez was an employee/representative of respondent and that she had been in contact with Sr. Medalle regarding the Group's European tour; and 3) the assurance given by Fr. Vincent Brizuela that Sr. Medalle was, indeed, respondent's President. Petitioner relied on the confirmation of Dietz and did not even contact Sr. Medalle. The Court of Appeals held that petitioner failed to exercise reasonable diligence in ascertaining the existence and extent of Enriquez's authority to act for and in behalf of the Group or for that matter, respondent. The Court of Appeals noted the absence of respondent's name in the MOA, thus it concluded that respondent was clearly not a party to the MOA. The Court of Appeals took exception to the trial court's ruling that respondent admitted the genuineness and due execution of the MOA when it failed to deny the same under oath. The Court of Appeals, citing Section 8, Rule 8 of the Rules of Court, ruled that the requirement of an oath does not apply when the adverse party does not appear to be a party to the instrument upon which an action or defense is founded. The Court of Appeals also pointed out that Sr. Medalle affixed her thumbmark on the MOA under the mistaken belief that said agreement would facilitate the release of the donation from the foundation-grantor. The Court of Appeals added that the trial court should have considered that Sr. Medalle was confined at the hospital at that time. In addition, the Court of Appeals ruled that there was no showing that Sr. Medalle was duly authorized by respondent to enter into the subject MOA. According to the Court of Appeals, the Group's general affiliation with respondent cannot be used by petitioner to justify her failure to exercise reasonable diligence in the conduct of her own travel agency business. The doctrine of corporation by estoppel cannot apply to respondent in absence of any showing that it was complicit to or had benefited from said misrepresentations.

Aggrieved, petitioner elevated the case to this Court via a petition for review.

First, petitioner questions the admission of the alleged deposition conducted upon Sr. Medalle when the same was not presented in evidence by respondent's counsel. Petitioner adds that there was no order from the trial court allowing such deposition. Petitioner also claims that the requisite certification that should accompany the deposition is defective.

Second, petitioner insists that Sr. Medalle was in full possession of her mental faculties when she affixed her thumbmark on the MOA and that the same was read in full to Sr. Medalle. Petitioner asserts that no single witness was presented to prove that Sr. Medalle's illness had impaired her judgment.

Third, petitioner argues that the Court of Appeals merely relied on respondent's assertion that it is not a party to the MOA without considering the evidence presented by petitioner. Petitioner avers that respondent's counsel had acknowledged during pre-trial that respondent is deemed to have admitted the genuineness and due execution of the MOA. Thus, respondent cannot be allowed for the first time on appeal to claim that it is not a party to the MOA.

Fourth, petitioner contends that the Holy Trinity College Grand Chorale and Holy Trinity College Dance Company were both created by Sr. Medalle in her capacity as President of respondent. These groups were also under the dominion and control of Sr. Medalle and/or respondent. Petitioner refutes the assertion of respondent that Sr. Medalle was no longer the President of Holy Trinity College when the MOA was executed in view of the conflicting statements of respondent's witnesses.

Fifth, petitioner opposes the consideration given by the appellate court to the appointment papers of Sr. Tangan as President of the Holy Trinity College to prove that Sr. Medalle is only allowed to spend ₱30,000.00 worth of non-budgeted and extraordinary expenses, thereby proving that she was not authorized by respondent to enter into an MOA. Petitioner cites instances where Sr. Medalle acted in her capacity as President of Holy Trinity College without the imprimatur of respondent.

Sixth, petitioner claims that the appellate court cannot absolve respondent from liability while affirming the decision of the trial court with respect to the foundation-grantor because the liability of the latter is joint and solidary with respondent.

The primordial issue is whether respondent is liable under the MOA. Respondent primarily argues that it is not a party to the MOA. Petitioner claims otherwise because Sr. Medalle, in her capacity as President of Holy Trinity College, affixed her thumbmark in the MOA. Two sub-issues necessarily arise therefrom: 1) whether Sister Medalle freely gave her full consent to the MOA by affixing her thumbmark and 2) whether she is authorized by respondent to enter into the MOA.



The issues presented involve questions of fact. A question of fact exists when a doubt or difference arises as to the truth or the falsehood of alleged facts; and when there is need for a calibration of the evidence, considering mainly the credibility of witnesses and the existence and the relevancy of specific surrounding circumstances, their relation to each other and to the whole, and the probabilities of the situation.<sup>12</sup>

As a rule, the findings of fact of the Court of Appeals are final and conclusive and this Court will not review them on appeal,<sup>13</sup> subject to the following exceptions: (1) when the findings are grounded entirely on speculations, surmises or conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) when the findings are contrary to that of the trial court; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioners main and reply briefs are not disputed by the respondent; (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; or (11) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion.<sup>14</sup>

Exception No. 7 obtains in this case. The findings of the RTC are contrary to those of the Court of Appeals.

The essential requisites of a contract under Article 1318 of the New Civil Code are:

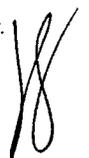
- (1) Consent of the contracting parties;
- (2) Object certain which is the subject matter of the contract;
- (3) Cause of the obligation which is established.

The validity of the MOA is being assailed for a defect in consent. Under Article 1330 of the Civil Code, consent may be vitiated by any of the

<sup>12</sup> *National Power Corporation v. Diato-Bernal*, 653 Phil. 345, 351 (2010) citing *Santos v. Committee on Claims Settlements, et al.*, 602 Phil. 84, 92 (2009).

<sup>13</sup> *Metropolitan Bank and Trust Company v. CPR Promotions*, G.R. No. 200567, 22 June 2015.

<sup>14</sup> *Sps. Alcaraz v. Arante*, 700 Phil. 614, 624-625 (2012).



following: (1) mistake, (2) violence, (3) intimidation, (4) undue influence, and (5) fraud. Under the same provision, the contract becomes voidable.

Petitioner claims that Sr. Medalle knew fully well the import of the MOA when she affixed her thumbmark therein while respondent alleges that fraud was employed to induce Sr. Medalle to affix her thumbmark.

There is fraud when one party is induced by the other to enter into a contract, through and solely because of the latter's insidious words or machinations. But not all forms of fraud can vitiate consent. Under Article 1330, fraud refers to *dolo causante* or causal fraud, in which, prior to or simultaneous with execution of a contract, one party secures the consent of the other by using deception, without which such consent would not have been given.<sup>15</sup>

Between the two parties, we are inclined to give credence to petitioner. First, the trial court did not give probative weight to the deposition of Sr. Medalle basically stating that respondent's counsel failed to conform to Section 20, Rule 23 of the Rules of Court which provides that:

Section 20. *Certification, and filing by officer.* — The officer shall certify on the deposition that the witness was duly sworn to by him and that the deposition is a true record of the testimony given by the witness. He shall then securely seal the deposition in an envelope indorsed with the title of the action and marked "Deposition of (here insert the name of witness)" and shall promptly file it with the court in which the action is pending or send it by registered mail to the clerk thereof for filing.

Indeed, there is no record of any certification from Notary Public Romeo Juayno stating that the witness, Sr. Medalle in this case, was sworn to by him and that the deposition is a true record of the testimony given by Sr. Medalle. Furthermore, petitioner correctly noted that respondent's counsel did not seek a leave of court to conduct a deposition in violation of Section 1, Rule 23 of the Rules of Court:

Section 1. *Depositions pending action, when may be taken.*—By leave of court after jurisdiction has been obtained over any defendant or over property which is the subject of the action, or without such leave after an answer has been served, the testimony of any person, whether a party or not, may be taken, at the instance of any party, by deposition upon oral examination or written interrogatories. The attendance of witnesses may be compelled by the use of a subpoena as provided in Rule

<sup>15</sup> *Archipelago Management and Marketing Corp. v. Court of Appeals*, 359 Phil. 363, 374 (1998).



21. Depositions shall be taken only in accordance with these rules. The deposition of a person confined in prison may be taken by leave of court on such terms as the court prescribes.

In *Republic of the Phils. v. Sandiganbayan*,<sup>16</sup> we held that:

Depositions pending action may be conducted by oral examination or written interrogatories, and may be taken at the instance of any party, with or without leave of court. Leave of court is not necessary to take a deposition after an answer to the complaint has been served. It is only when an answer has not yet been filed (but jurisdiction has been obtained over any defendant or over property subject of the action) that prior leave of court is required. The reason for this is that before filing of the answer, the issues are not yet joined and the disputed facts are not clear.<sup>17</sup>

In this case, respondent's counsel filed a Notice of Deposition for the Taking of Deposition on 28 October 2002. The Answer with Counterclaim was only filed on 21 February 2005. In this instance, respondent should have asked for leave of court. Considering that the trial court has the discretion to decide whether a deposition may or may not be taken, it follows that it also has the discretion to disregard a deposition for non-compliance with the rules.

Second, Sr. Medalle is presumed to know the import of her thumbmark in the MOA. While she was indeed confined at the UST Hospital at that time, respondent however failed to prove that Sr. Medalle was too ill to comprehend the terms of the contract. True, Sr. Medalle suffered a stroke but respondent did not present any evidence to show that her mental faculty was impaired by her illness.

Moreover, there is nothing in the deposition that tends to prove that Sr. Medalle's consent was vitiated.

Sr. Medalle claimed that she affixed her thumbmark on the MOA on the basis of Enriquez's representation that her signature/thumbmark is necessary to facilitate the release of the loan. As intended, the affixing of her thumbmark in fact caused the immediate release of the loan. Petitioner's claim that the provisions of the MOA were read to Sr. Medalle was found credible by the Court of Appeals. The Court of Appeals discussed at length how proper care and caution was taken by Atty. Belarmino to verify what

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<sup>16</sup> 410 Phil. 536 (2001).

<sup>17</sup> Id. at 548-549.

the Groups's trip was all about and the extent of the authority of Sr. Medalle regarding the project. Thus:

It was in connection with the [Group's] 2001 European tour that, on April 21, 2001, one Edward or "Jojo" Enriquez contacted [petitioner] Benjie Georg, a Filipina, who as the wife of the German national Heinz Georg, owned and operated the travel agency D' Travellers Reiseburo Georg in Germany. Claiming to have been referred by Leonora Dietz, another Filipina-German who has gained prominence for helping various cultural groups from the Philippines in obtaining engagements, financial assistance, travel requirements and accommodations in Europe, Edward Enriquez represented himself as an employee of appellant, duly authorized by Sr. [Medalle] to arrange [the Group's] impending engagements in Greece, Italy, Spain and Germany. Given the group's fixed schedule and the 2 weeks purportedly received by the bank for clearing the money allotted therefor, Edward Enriquez sought [petitioner's] assistance in advancing the payment of the reserved airline tickets of 48 people composed of 6 [of the Group's] staff, 25 choral[e] members and 17 dancers.

After talking to Leonora Dietz who confirmed the fact that she had been communicating with Sr. [Medalle] regarding [the Group's] approaching European tour and verifying from a priest that said nun, was, indeed [respondent's] President, [petitioner] decided to help the group and, accordingly, contacted her brother, Atty. Benjamin Belarmino, Jr., (Atty. Belarmino) who happened to be in Manila in the morning of April 24, 2001, a Saturday. Apprised of the situation by his sister, it appears that Atty. Belarmino received a phone call from Edward Enriquez who requested for a meeting at a coffee shop in Century Park Hotel in Malate. Repairing to said place at around 11:00 a.m. of the same day, Atty. Belarmino was introduced by Edward Enriquez, to one Violeta Buenaventura, the Vice-President of S.C. Roque Foundation, Inc. (SRFI), an employee of said Foundation and one Gardenia Banez. Assured by Edward Enriquez that he was duly authorized to arrange [the Groups] tour by Sr. [Medalle] who was, however, confined at the University of Sto. Tomas (UST) Hospital at the time, Atty. Belarmino was further informed that the group was going to receive a donation of about P20,000,000.00 from SRFI.

Told that the reservation for the domestic and airline tickets of the group will be forfeited if not paid at 12:00 o'clock noon of the same day, Atty. Belarmino asked for the telephone number of Sr. [Medalle] but was instead given [respondent's] number in Palawan. Receiving no answer at said number, Atty. Belarmino was assured by Edward Enriquez that he was willing to accompany him to the UST Hospital after the subject tickets were paid as per deadline. For added assurance, it appears that Atty. Belarmino asked for a talk with Solminio Roque, the President of SRFI, who was supposed to be at a Makati branch of Union Bank, processing the clearing of the P20,000,000.00 donation to [the Group]. While he was able to talk to Solminio Roque who confirmed that he was indeed processing the donation at said bank, Atty. Belarmino was advised

that a meeting between them just then was not feasible in view of the aforesaid deadline. The latter's request for a talk with an employee of the bank to ascertain the veracity of the former's whereabouts was likewise thwarted on the supposed ground that the same would be violative of the "Bank Secrecy Law".

As further precaution, Atty. Belarmino asked for the verification of the reservation with the Saudia Airlines and the Philippine Airlines which confirmed the group's booking for international and domestic flights. Shown a brochure which detailed the artistic achievements and charitable vision-mission of the [Group], Atty. Belarmino was not only impressed but became concerned that the cancellation of the group's imminent European tour would – as he was made to understand – mean the end of the scholarship for the participants who were mostly graduating students. Upon the understanding that the money advanced would be paid within 15 days or even on the same day should Solminio Roque be able to cause the bank's release of the intended donation, Atty. Belarmino approved [petitioner's] accomodation of the group's domestic and international airline tickets at about 12:30 p.m. and, because of Edward Enriquez' added entreaties, even used his personal money in advancing payment of the domestic airline tickets for Palawan-Iloilo leg of the group's travel. As a final precaution, Atty. Belarmino likewise confirmed with the aforesaid airline companies that the subject tickets had, indeed, been paid already.

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Forthwith, Atty. Belarmino and Edward Enriquez proceeded to the UST Hospital where he was introduced to Sr. [Medalle] who was confined thereat following a stroke she appears to have suffered. Although unable to speak clearly, Atty. Belarmino claimed that Sr. [Medalle] had full mental capacity and was even able to acknowledge that she was, indeed, [respondent's] incumbent President and to confirm that the students named in the documents used in requesting visas from the Spanish Embassy were participants in [the Group's] European Tour. At the latter's room were 2 or 3 nuns and several students, from whose conversation regarding the tour Atty. Belarmino learned that the same was not the first of its kind authorized by Sr. [Medalle]. After perusing the MOA which was additionally read to her in full by Edward Enriquez, Sr. [Medalle] reported said "Yes" in a soft voice and nodded her head before affixing her thumbmark on the document to signify her assent thereto.<sup>18</sup>

It simply defies logic that Atty. Belarmino would employ fraud just so Sr. Medalle could affix her thumbmark to facilitate the release of the loan coming from Atty. Belarmino himself.

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<sup>18</sup> Rollo, pp. 19-24.

At this juncture, it should be emphasized that a notarized document enjoys the presumption of regularity and is conclusive as to the truthfulness of its contents absent any clear and convincing proof to the contrary.<sup>19</sup>

Third, respondent claims that Sr. Medalle was not authorized by the corporation to enter into any loan agreement thus the MOA executed was null and void for being *ultra vires*. Petitioner invokes, as refutation, the doctrine of apparent authority.

Respondent's denial of privity to the loan contract was based on the following reasons: 1) that respondent's name does not appear on the MOA; 2) that Sr. Medalle was no longer the President of Holy Trinity College when she affixed her thumbmark on the MOA; and 3) that Sr. Medalle was not authorized by respondent through a board resolution to enter into such agreement.

The trial court categorically ruled that Sr. Medalle affixed her thumbmark as President of Holy Trinity College and therefore, respondent is a party to the MOA, *viz*:

From the foregoing discussion and gathering also from the circumstances that is more or less contemporaneous and subsequent to the execution of the Memorandum of Agreement, this [c]ourt holds the view that when Sr. Teresita Medalle, O.P. affixed her thumb mark in the Memorandum of Agreement, that it was in her capacity as the President of the Holy Trinity College and not that of the Holy Trinity College Grand Chorale and Dance Company.

As aptly found the adjective "ITS" in the Memorandum of Agreement which describes the Parties thereat as:

HOLY TRINITY COLLEGE GRAND CHORALE  
& DANCE COMPANY Co., with postal address at Holy  
Trinity College, Puerto Princesa City, Palawan, herein  
represented by its President Sister TERESITA M.  
MEDALLE, O.P. and/or its attorney-in-fact EDWARD V.  
ENRIQUEZ...

is descriptive that the entity being referred to is indeed the Holy Trinity College. Otherwise, if what were represented to by Sr. Teresita Medalle, O.P. was the Holy Trinity College Grand Chorale and Dance Co., it might have been written as:

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<sup>19</sup> *Spouses Palada v. Solid Bank Corporation*, 668 Phil. 172, 184 (2011).

Holy Trinity College Grand Chorale & Dance Company., represented by its President Sister Medalle, O.P., and/or its attorney-in-fact Edward V. Enriquez, with postal address at Holy Trinity College, Puerto Princesa City Palawan

The [c]ourt gives credence though to the testimony of Jearold Loyola that indeed the said Grand Chorale and Dance Company are not registered with the Securities and Exchange Commission and is therefore possessing no juridical personality and merely owe its life and existence through the school administration of the Holy Trinity College through its President, Holy Trinity College. There is no doubt indeed, that Sister Teresita Medalle was the President of the Holy Trinity College. She was never at any given time the President of the Holy Trinity Collge Grand Chorale & Dance Company, which is just similar to any science or math club in the school. We do not expect much less find it absurd that Sister Teresita Medalle, O.P. being the school President and Vice Chairman of the Board of Trustees would allow herself to go down to her level and hold a position as a President of student organization.

With the foregoing disquisitions, the import of the participation of Sister Teresita Medalle, O.P. in that Memorandum of Agreement, was in her capacity as the Holy Trinity College, Inc., Puerto Princesa City, Palawan. This Court cannot isolate the fact that right at the very commencement of conceptualization of the said European Tour 2001 sometime in 2001, it was Sister Teresita Medalle who spearheaded the whole activity. As above-mentioned, Sister Teresita Medalle personally communicated with Leonor Dietz, their coordinator in Germany and has herself made arrangement for the procurement of the visa of the group. The Grand Chorale and Dance Co., as testified to by Jearold Loyola have no hands (sic) at all in the financial aspect of the group. It was also Sister Teresita Medalle who arranges for the itinerary of the group and they have no discretion of disobeying. This makes clear to the understanding of the [c]ourt that [n]ot all contracts are drawn in perfection. Otherwise, there would have been no case at all that reached the courts of law.<sup>20</sup>

Per records, it appears that the Holy Trinity Grand Chorale and Dance Company were actually two separate entities formed and organized by Sr. Medalle in her capacity as President of Holy Trinity College. Sr. Medalle made the following admission in her deposition:

Q: Sister, do you know or are you familiar with [the] group named Holy Trinity College Dance and Grand Choral[e]?

A: Yes.

Q: Why do you know that group?

A: I was the one who organized this group.

<sup>20</sup>

*Rollo*, pp. 315-316.

- Q: When did you organize this group?  
A: In 1987 when I assumed my presidency at Holy Trinity.
- Q: How did you organize the group, sister?  
A: I selected the members from the different departments of the school.
- Q: Who gave the name Holy Trinity College Dance and Grand Choral[e] Group?  
A: I am the one.
- Q: Why did you give them this name Holy Trinity College Dance Grand and Choral[e] Group?  
A: Because the members belong to the school.<sup>21</sup>

Moreover, it was established, through the testimonies of the Group's Artistic Director, Jearold Loyola, the Musical Director, and Vocal Coach Errol Gallespen, that they were hired and given honorarium by Sr. Medalle. The costumes of the Group were financed by respondent. They also testified that all the performances of the group were directly under the supervision of the school administration. Effectively, respondent has control and supervision of the Group particularly in the selection, hiring and termination of the members. The trial court was convinced that the Group derived its existence and continuous operation from the school administration. Pertinently, the Court found:

The [c]ourt also found from the testimony of Jearold Loyola that in fact, the name Holy Trinity College Grand Chorale and Dance Company, is a joint common calling of two (2) separate performing groups, that is:

Holy Trinity College Grand Chorale, and  
Holy Trinity College Dance Company.

The Holy Trinity College Grand Chorale is being headed by Errol Gallespen as the Musical Director while the Holy Trinity College Dance Company is headed by Jearold Loyola as the Artistic Director. Because they usually perform together; that for brevity they were commonly called as Holy Trinity College Grand Chorale and Dance Company.

The nature of the said performing groups as well as their relation with the Memorandum of Agreement under consideration, is briefly described by Jearold Loyola (TSN, November 19, 2001, page 17-21) as follows:

- Q You are not aware whether the Holy Trinity College Grand Chorale and Dance Company has registration

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<sup>21</sup> Id. at 549-550.

to vest it with juridical personality. What is the status of this in the school?

A It is an organization under the Holy Trinity College. It is like a Chemistry Group, or like a Math group.

Q You mean to say that they are the official Dance Company of the Holy Trinity College?

A Yes, sir.

Q Who conducts the administration of the activities, the itineraries, how and when you are going to perform?

A It is basically under the office of Sister Tess.

Q What is basically the function or responsibility of the group? I am referring to the Grand Chorale and Dance Company?

A Both performing groups represent the school in any endeavor that is in the fields of arts, like music, and in the field of dance.

Q Does the Holy Trinity College Grand Chorale & Dance Company have, in any manner, the power to control its own activity if the administration of the Holy Trinity College, particularly the President, Sister Teresita Medalle, would say otherwise?

A The administration has full control of the group.

Q So, you cannot make any performance, except with the approval of the administration?

A Yes, precisely.

Q You made mention that the Holy Trinity College Grand Chorale and Dance Company performed abroad on April to September this year. Do you know who initiated this trip to Europe?

A Who decides for that trip?

Q Yes

A The administration.

Q Who in particular[?]

A Sister Teresita Medalle.

Q You are referring to the President, Sister Teresita Medalle

A Yes, sir.

Q How about the funding for this European Tour of this year, do you know whom the funding came from?

A I do not have any idea.

- Q Attached to the record as Annex "A" of the Complaint is a Memorandum of Agreement with Deed of Assignment, consisting of six (6) pages. Can you go over the same for a while?
- A Yes, this is the Memorandum of Agreement.
- Q When, for the first time, have you seen a copy of this Memorandum of Agreement?
- A I cannot tell the exact date, but I think it is between August and September of this year.
- Q Under what circumstances did you come to a knowledge of that Memorandum of Agreement?
- A I think the new President was sent by the Court these materials, and she photocopied it and sent it to us.
- Q You are telling us that the Holy Trinity College Grand Chorale and Dance Company does not have knowledge or participation in the execution of this Memorandum of Agreement?
- A Yes. That was the first time I saw this paper when it was sent from here.

Not only that the said Holy Trinity College Grand Chorale and Dance Company were formed and organized by Sr. Teresita Medalle, O.P. during her incumbency and capacity as the President of the Holy Trinity College, but the said performing groups were likewise subject to the full control and supervision of the school administration as well as payment of Honorarium of Jearold Loyola, Errol Gallespen and John Pamintuan. Thusly, the testimony of Jearold Loyola is quite revealing, as follows (TSN, November 19, 2001, pages 7 to 11):

- Q Mister witness, you said that you are the Artistic Director of the Holy Trinity College Grand Chorale. Since when have you been connected with this group as the Artistic Director?
- A Early 1997, I usually come and visit the school, but I worked there full time since 1998.
- Q In your capacity as the Artistic Director of the Holy Trinity College Dance Company, what compensation if any, do you have from the school?
- A They only gave me honorarium. I was not teaching there, [s]o I was given only honorarium.
- Q When you say you were receiving Honorarium, how much did you receive?



A In the beginning, I received P20,000.00 a month, but it was raised to P40,000.00 when we went abroad.

Q Since when were you given honorarium?

A Based on my recollection, around August-September of 1999.

Q You said you are the Artistic Director of the Holy Trinity College Dance Company. Can you inform the court of the activity and your responsibility in such a group?

A Basically, I handled the rehearsals and the concept of the production. After making the concept, we do the rehearsals and then the performance. I also handle the lights and other things needed for the production.

Q Where do you get the fundings for these activities?

A I just got it from the school.

Q When you say from the school, who in particular gave you funding?

A Directly from the Secretary of Sister Tess.

Q How about the expenses for the rehearsals?

A I do not have any idea where they get it, but if we require some things to buy, they usually give us the things but I do not have the money for that.

Q You mean to say these are from the school administration?

A Yes, sir,

Q How about the performances, can you tell the Honorable Court when and where you have been performing?

A We performed locally upon invitations of the Mayor and Governor in Puerto Princesa. We also performed at the Cultural Center of the Philippines, and also in Manila and abroad.

Q In these performances, who gave the finances for these performances in Palawan, Manila and abroad?

A I do not know who usually give the fundings, but they subsidize the trip. They only give P20,000.00 for the performance and I do not know where they get the other money.

Q When you performed in Palawan or Manila or even abroad, what are you representing?



A Holy Trinity College Grand Chorale and Dance Company.

Q When you say this, you are in effect representing the Holy Trinity College?

A Yes, sir.

x x x x

The Musical Director of the Holy Trinity College Grand Chorale on the other hand testified as follows (TSN, January 16, 2002, pp. 80-83):

Q Mr. Gallespen, you said that you are from Puerto Princesa City Palawan. Do you know a person by the name of Sister Teresita Medalle?

A I am not from Puerto Princesa, Palawan, I am from Quezon City, sir.

Q Yes, I got confused, your Honor. Do you know a person by the name of Sister Teresita Medalle in Puerto Princesa Medalle in Puerto Princesa City, Palawan.

A Yes, sir.

Q Can you tell us why and how you came to know her?

A She was the one who got me where I was working before.

Q As what?

A As Musical Director of the school's chorale group of Puerto Princesa City.

Q Can you tell the Court the name of that particular group wherein you were engaged by Sister Teresita Medalle as Musical Director?

A The Holy Trinity College Grand Chorale and Dance Company, Sir.

Q Can you inform this Honorable Court if this Holy Trinity College Grand Chorale & Dance Co. was registered with the Securities and Exchange Commission (SEC)?

A I am not sure, Sir. I don't think it was registered. But I know of a foundation which registered the same.

Q Since when have you been engaged as the Musical Director of the Holy Trinity College?

A Since 1993, sir.

Q And since 1993, what compensation if any, did you receive from the Holy Trinity College?

A When I started, I was receiving a thousand pesos a day. And that time, I was then already receiving P50,000.00 a month.

Q Who paid you that P50,000.00 a month[?]

A The school[,] sir.

Q Who directly pays you?

A Sister Tess, sir. And she has a secretary.

In the same manner that the Vocal Coach John Pamintuan was also being employed and was paid compensation for his services by the school administration, as testified to by Leonor Dietz, as follows (TSN, Leonor Dietz, June 3, 2002, page 3):

ATTY. BELARMINO: What is the position if you know, of John Pamintuan in reference to Holy Trinity College in Puerto Princesa City, Palawan, Philippines?

MRS. DIETZ: He was a Vocal Coach for the Choir and I think he was under the payroll of the University

ATTY. BELARMINO: I see. When you say that he is under the payroll of the school, he is receiving a regular compensation as a vocal coach.

MRS. DIETZ: Yes.

ATTY. BELARMINO: I see.

MRS. DIETZ: According to him.

In fine, the school administration of the Holy Trinity College has control and supervision of the Grand Chorale and Dance Company particularly in the selection and hiring of its trainers but as to their termination as well. A fortiori, Jearold Loyola and Errol Gallespen were formally severed per April 30, 2001 Letter of Sr. Estrella Tangan. This clearly shows that indeed, the Holy Trinity College Grand Chorale and Dance Company were both under the power of the school administration. Moreover, it is also clear that the costumes were likewise financed by the school administration (Exhibit 1; TSN, January 16, 2002, page 22):

1. The list of members of the Chorale & Dance Troupe
2. Inventory of the costumes which are financed by the school & turn-over of the same to the Office of the Acting President, Sr. Lina Tuyac, O.P.

X X X X

Q Mr. Witness, you have mentioned during the last hearing that the manner of the operation of the Holy Trinity College Grand Chorale & Dance Co. is

under the control and administration of the Holy Trinity College. And in that letter of April 13, 2001, it mentions that you were required to submit an inventory of costumes which were financed by the school. Will you tell us whether those costumes used by the Holy Trinity College Grand Chorale & Dance Co., are owned by the Holy Trinity College?

A Yes, sir.

Q It is mentioned in this letter that the said group is being financed by the Holy Trinity College Administration, will you tell us whether all the expenses were really shouldered or financed by the Holy Trinity College?

A Yes, sir, they were, because we got the money from them. If we wanted to buy our costumes or anything else, we ask it from Sister Tess.

Q And this Sister Tess you are referring to is Sister Teresita Medalle?

A Yes, sir.

Q And she was giving that to you in her capacity as President of the Holy Trinity College?

A Yes, sir.

Q Mr. witness, in those instances when you had performances, etc., and wherein it was being financed by the school, you also derived income. Who t[h]en took custody or possession of the income, if any?

A All the financial matters were handled by Sister Tess because we did not question, or talk about financial matters of the group. Whenever we receive donation or something, it was given directly to Sister Tess.

Q Can you give example to this Honorable Court wherein a certain person, entity or organization had invited you to perform?

A All the letters and invitations for us to perform were coursed thru the Office of the President.

COURT:

President of what?

WITNESS:

A Of the Holy Trinity College and addressed to Sister Tess, Your Honor.

ATTY. BELARMINO

Q This letter or invitation was addressed to the Holy Trinity College. How then did your group able to manifest its consent or disagreement to the invitation?

A Usually, they just give instructions if they had accepted the invitation. If they did not overlap with our other schedules, then they would tell us what performances they preferred. They have the options to choose what performances we have to do.

Q Are you telling us that whatever performances you would have undertaken was coursed thru the President of the Holy Trinity College?

A Yes, Sir.

Q Did you have any discretion or option in rejecting those invitations?

A We didn't have any option. But we tell them if we can do it. We can give our opinion but we have no right to refuse.

Q Was there any instance wherein an invitation was accepted by the President of the Holy Trinity College but the Holy Trinity College Grand Chorale & Dance Co. refused to perform?

A None, sir.

Q Was there also any instance wherein you performed either in Palawan, in the Philippines, or abroad wherein it was without the knowledge of the President of the Holy Trinity College?

A Never, because all of our performances were official. Since we are practicing and rehearsing in school then we could not perform without the school's knowledge.

Q You have mentioned that you were practicing and rehearsing in school?

A Yes, sir.

Q Are you trying to tell to the Court that you had a particular place given by the school were you made your practice or rehearsals?

A We rehearse at the lobby at 8:30 after the last class until 11:00 or 12:00, everyday.

Q Your place of rehearsal was then at the lobby of the school?

A [Y]es, sir.



Q Was there any instance in the course of those practices that your group was prohibited by any officer or official of the school?

A The only instance or time when we were not allowed to rehearse in the lobby was when there was a General PTA Meeting or any other activity that needed the lobby, or was being used by any department. Nevertheless, we also had to get the approval of Sister Tess.

Q Mr. Witness, prior to or sometime in April 2001, will you inform the Court as to how many performances have you conducted, both local and abroad?

A We had a lot, sir.

Q More or less, would it be 20, 30 or 50?

A Maybe, from 20 to 30 performances in a year.

Q You also mentioned that you were indeed with Holy Trinity College since 1997?

A Yes, sir.

Q From 1997 and until April 2001, but before that European Tour, could you inform the [c]ourt how many performances were done by your group.

A More than a hundred, sir.

Q More than a hundred, Mr. Witness? Of this more than a hundred performances both local and abroad, are you aware of any communication, memorandum, or order from any officer of the Holy Trinity College or congregation where you were denied recognition or permission to conduct performances?

A None, sir. They always recognized us as the official group of the Holy Trinity College.

Q Was there any instance wherein any officer of the Holy Trinity College or congregation sent you communication of whatever nature wherein they said that your prior performances were not official in the name of the Holy Trinity College after you had that performance?

A None, sir.

x x x x

Q Mr. Witness, of all those over a hundred performances with the Holy Trinity College, can you inform the [c]ourt where did you get the finances?

- A What do you mean, sir?
- Q Okay, let me elaborate. Can you inform the Court as to who financed those more than a hundred performances you had?
- A All the things were shouldered by the Holy Trinity College. That is what I know, sir.
- Q Mr. Witness, what was the general purpose why the Holy Trinity College was maintaining the performances of the Holy Trinity College Grand Chorale & Dance Co.?
- A The purpose of the Grand Chorale was to give the students some scholarships. That was basically the main purpose why we advertised. The income we got from our performances were for the maintenance of the group and also of the scholarship of the children.
- Q Can you tell us how those children became scholars?
- A We based it on their performances. They were evaluated based on their performances. When we say performances, this includes their schedules and attendance, including their attitudes. They would also undergo a series of auditions in order to be taken in as trainees, and then end up as a regular scholars.
- Q When you say scholar, are you telling us of a full scholar?
- A Not actually, sir, because they were paying P500.00 for the internet services.
- Q Can you tell the Court if you know, that by reason of this scholarship, how many students had finished college?
- A There had been so many graduates, sir. During my stint with the school, we had 3 to 6 students in year.
- Q That was around 1997?
- A Up to 2001, sir.

(TSN, Jearold Loyola, January 16, 2001, pages 26 to 41)

With the foregoing, the [c]ourt is convinced that the indeed the Holy Trinity College Grand Chorale and Dance Company do not have a life of its own and merely derive its creation, existence and continued operation or performance at the hands of the school administration.



Without the decision of the school administration, the said Chorale and Dance Company is completely inoperative.<sup>22</sup>

Sr. Aurelia Navarro (Sr. Navarro) claimed that she was appointed as Acting President on 21 March 2001. The trial court correctly observed some inconsistencies in the statements of Sr. Tangan and Sr. Navarro, to wit:

This [c]ourt also finds it confusing as well, when and if at all Sister Teresita Medalle, ceased to be the President of the Holy Trinity College. The own testimonial and documentary evidence of the [respondent] Holy Trinity College is seemingly conflicting and more so that the defense is conflicting.

It was admitted, though by both parties that the thumb mark in the Memorandum of Agreement dated April 24, 2001, was that of Sister Teresita Medalle during which period Sister Aurelia Navarro so testified that Sister Teresita Medalle was the President per appointment dated March 27, 2001 issued by Sr. Ma. Aurora R. Villanueva, Prioress General of Congregation of St. Catherine of Siena (Exhibit 1). She knows this because she was the Secretary attesting to the said appointment and considering that she was still a member of the Board of Trustees during that date and until the year 2003.

The said appointment letter states, thus:

I direct you to accept the office of President of the Holy Trinity College and to full your duties with love and diligence for the good of the congregation and for the welfare of our Holy Mother Church.

It did not appear though that Sister Estrella Tangan accepted (as required) the said appointment. No evidence was on this matter was presented.

On the other hand, the April 23, 2001 Letter of Estrella Tangan (Exhibit G) herself to Jearold Loyola and Errol Gallespen, was clear to say that, it was not Sister Estrella Tangan who succeeded as the President or acted as President but Sister Lina Tuyac, O.P. (TSN, Jearold Loyola, January 16, 2002, page 22):

2. Inventory of the costumes which are financed by the school & turn-over of the same to the Office of the Acting President, Sr. Lina Tuyac, O.P.

From the testimony of Sister Estrella Tangan (TSN, November 20, 2002, page 12), Sister Lina Tuyac was then the Acting President from March 22, 2001 until the end of May 2001, as follows:

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<sup>22</sup>

Id. at 283-293.

Q Sister, you mentioned that it was Sister Lina Tuyac who was acting president, can you tell this Honorable Court from what time she was acting president of the Holy Trinity College?

A From [M]arch 22 until I formally to assume responsibility.

Q Until what time?

A When I reported to Palawan sometime last week of May.

However, when Sister Aurelia Navarro was presented on February 2, 2006 she declared among others (TSN, Aurelia Navarro, February 2, 2006, page 43):

Q Until today, Sister Teresita Medalle still the President of the Holy Trinity College?

A Yes, sir.<sup>23</sup> (Emphasis omitted)

Sr. Medalle, as President of Holy Trinity, is clothed with sufficient authority to enter into a loan agreement. As held by the trial court, the Holy Trinity College's Board of Trustees never contested the standing of the Dance and Chorale Group and had in fact lent its support in the form of sponsoring uniforms or freely allowed the school premises to be used by the group for their practice sessions. In addition, petitioner was correct in citing snippets of Sr. Navarro's testimony to prove that the Board of Trustees, the administration, as well as the congregation to which they belong have consented or ratified the actions of Sr. Medalle, thus:

1. The [Group] was created and initiated by Sr. Teresita Medalle as President of the Holy Trinity College. This was her project and she was in charge.
2. The Board of Trustees of the Holy Trinity College came to know about the creation of the [Group], but they did not discuss it in the Board Meeting.
3. Sr. Teresita Medalle was never asked of the reason why she created the [Group];
4. Sr. Aurelia Navarro as well as the Board of Trustee, has not in any instance since the creation of the Holy Trinity College, objected to questioned Sr. Teresita Medalle to refrain from performing any act which refers to the activity of the [Group];

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<sup>23</sup>

Id. at 314-315

5. The Board of Trustees has not in any instance called the attention or enjoined Sr. Teresita Medalle in the furtherance of all the activities of the [Group];
6. The Board of Trustees never questioned Sr. Teresita Medalle;
7. The Dominican Order for St. Catherine of Siena is the congregation which runs the Holy Trinity College. It did not disown Sr. Teresita Medalle or the [Group].
8. The Board of Trustees of the Holy Trinity College did not release written board resolution wherein the Board is expressly not recognizing and not in any manner owning responsibility arising from the existence or performance activity of the [Group]. It was not even the subject of any agenda.
9. Not even one Member of the Board of Trustees offered or suggested at the very least the propriety or legality or the responsibility of the [Group] in any of the board meeting.
10. The members of the [Group] are being made scholars of the Holy Trinity College.
11. The practice of the [Group] are being made inside the premises of the Holy Trinity College and were made during class hours, but they were never questioned;
12. Edward Enriquez is an employee of the Holy Trinity College, a faculty member;
13. The General Lake headed by the Mother General has the authority to amend or modify, revoke any activity which was performed by its subordinates which includes Sr. Teresita Medalle in her capacity as the President as well as Sr. Estrella Tangan.
14. The General Lake knew about the Memorandum of Agreement subject of this case but this matter was never discussed in any of its meeting.
15. The Board of Trustees of the Holy Trinity College did not pass or adopt a Board Resolution wherein they are not recognizing or they repudiating the Memorandum of Agreement after they came to know about its existence.
16. The General Lake has not come out with any document wherein [they] repudiated or revoke the Memorandum of Agreement.
17. According to the witness, the manner by the Memorandum of Agreement was executed or entered into by Sr. Teresita Medalle was not in accordance with the rules and regulations of the [Group] as well as that of the Congregation of Siena and notwithstanding the fact that the General lake came to know about this



contravention of the rules, nothing was done officially to vindicate the legality or violation committed against its own rules and regulations.<sup>24</sup>

Assuming *arguendo* that Sr. Medalle was not authorized by the Holy Trinity College Board, the doctrine of apparent authority applies in this case.

The doctrine of apparent authority provides that a corporation will be estopped from denying the agent's authority if it knowingly permits one of its officers or any other agent to act within the scope of an apparent authority, and it holds him out to the public as possessing the power to do those acts.<sup>25</sup>

The existence of apparent authority may be ascertained through (1) the general manner in which the corporation holds out an officer or agent as having the power to act or, in other words, the apparent authority to act in general, with which it clothes him; or (2) the acquiescence in his acts of a particular nature, with actual or constructive knowledge thereof, whether within or beyond the scope of his ordinary powers.<sup>26</sup>

In this case, Sr. Medalle formed and organized the Group. She had been giving financial support to the Group, in her capacity as President of Holy Trinity College. Sr. Navarro admitted that the Board of Trustees never questioned the existence and activities of the Group. Thus, any agreement or contract entered into by Sr. Medalle as President of Holy Trinity College relating to the Group bears the consent and approval of respondent. It is through these dynamics that we cannot fault petitioner for relying on Sr. Medalle's authority to transact with petitioner.

Finding that Sr. Medalle possessed full mental faculty in affixing her thumbmark in the MOA and that respondent is hereby bound by her actions, we reverse the ruling of the Court of Appeals.

**WHEREFORE**, the instant petition is **GRANTED**. The Decision of the Court of Appeals dated 17 November 2009 in CA-G.R. CV No. 89990

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<sup>24</sup> Id. at 137-139.

<sup>25</sup> *Advance Paper Corp. v. Arma Traders Corp. et al.*, 723 Phil. 401, 417 (2013) citing *People's Aircargo and Warehousing Co., Inc. v. Court of Appeals*, 357 Phil. 850, 865 (1998) further citing *Francisco v. Government Service Insurance System*, 117 Phil. 586, 594 (1963); and *Maharlika Publishing Corp. v. Tagle*, 226 Phil. 456, 469 (1986).

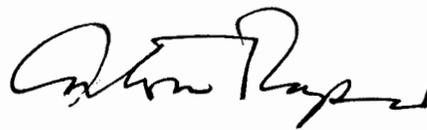
<sup>26</sup> Id. at 418 citing *Inter-Asia Investments Ind., Inc. v. Court of Appeals*, 451 Phil. 554, 560 (2003) further citing *People's Aircargo and Warehousing Co., Inc. v. Court of Appeals*, 357 Phil. 850, 864 (1998).

is **REVERSED** and **SET ASIDE**. The Decision dated 29 November 2006 of the Regional Trial Court, Branch 15, Tabaco City in Civil Case No. T-2161 is hereby **REINSTATED** *in toto*.

**SO ORDERED.**

  
**JOSE PORTUGAL PEREZ**  
Associate Justice

**WE CONCUR:**

  
**ANTONIO T. CARPIO**  
Associate Justice

  
**PRESBITERO J. VELASCO, JR.**  
Associate Justice  
Chairperson

  
**DIOSDADO M. PERALTA**  
Associate Justice

  
**FRANCIS H. JARDELEZA**  
Associate Justice

**ATTESTATION**

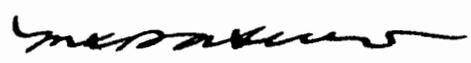
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



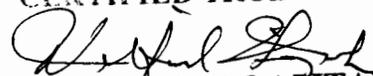
**PRESBITERO J. VELASCO, JR.**  
Associate Justice  
Chairperson, Third Division

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, it is hereby certified 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

**CERTIFIED TRUE COPY**  
  
**WILFREDO V. LAPITAN**  
Clerk of Court  
Third Division  
**AUG 09 2016**