

Title: Manotok Brothers, Inc., vs. The Honorable Court of Appeals, et al.

Facts:

Petitioner Manotok Brothers, Inc. is the owner of property formerly leased to the City of Manila. On July 5, 1966, the petitioner authorized private respondent Salvador Saligumba to negotiate the sale of said property, agreeing to pay a 5% commission upon consummation and payment for the sale. The authority granted to Saligumba was extended several times, ultimately until May 14, 1968. Although an ordinance appropriating funds for the purchase was passed on April 26, 1968, the Mayor signed it three days after the expiration of Saligumba's authority. The Deed of Sale was signed on January 14, 1969, with final payment being made on April 8, 1969. Saligumba, having not received his commission, filed a complaint on June 29, 1969.

Procedurally, the trial court ruled in favor of Saligumba, a decision affirmed by the Court of Appeals. Manotok elevated the case to the Supreme Court (G.R. No. 78898), but it was dismissed for failure to locate the private respondent to serve the pertinent pleadings. An entry of judgment was made on May 3, 1989. Upon discovery of a motion to execute filed by Saligumba, Manotok filed a Petition for Relief (G.R. No. 94753), arguing Saligumba's commission entitlement and tampering with due process.

Issues:

1. Whether or not Salvador Saligumba is entitled to the 5% agent's commission despite the sale being finalized after the expiration of his authority.

Court's Decision:

The Supreme Court affirmed the decision of the Court of Appeals, ruling in favor of Saligumba, arguing that he was the procuring cause of the sale and that his efforts directly led to the consummation of the transaction. The court distinguished the case from precedent, evidencing that while Saligumba's authority had expired, his role was instrumental in initiating and moving the sale to completion. The Court, grounding its decision on principles of equity, awarded the due commission and lifted the temporary restraining order.

Doctrine:

An agent is entitled to a commission when there is a close, proximate, and causal connection between the agent's efforts and the successful culmination of the transaction by the principal, even if the transaction finalizes after the expiration of the agent's authority,

provided that the agent was the efficient procuring cause.

Class Notes:

- Agency Commission Entitlement: The agent must be the procuring cause of the transaction, and there must be a proximate connection between their efforts and the consummation of the deal.
- Authority Expiration Exception: An agent's entitlement to commission can extend beyond the formal expiration of their authority if their prior efforts were pivotal to the transaction's success.
- Equity Considerations: Compensation for services may be awarded in equity, recognizing the agent's role in bringing the parties to a final agreement.

Historical Background:

The context of the case lies in the jurisprudence surrounding the rights and compensation of agents or brokers in the sale of property. This case underscores the principle that an agent's right to compensation may be derived from their substantive contributions to a deal's success rather than the mere timing of the deal's finalization relative to the expiration of the agent's official authority.