

Title: Limketkai Sons Milling, Inc. vs. Court of Appeals, Bank of the Philippine Islands and National Book Store

Facts:

The case revolves around a dispute concerning the sale of a 33,056-square meter lot located in Barrio Bagong Ilog, Pasig City, Metro Manila. Philippine Remnants Co., Inc. appointed the Bank of the Philippine Islands (BPI) as its trustee to manage, administer, and sell its property, including the disputed lot. On June 23, 1988, BPI granted Pedro Revilla, Jr., a real estate broker, formal authority to sell the lot for PHP 1,000.00 per square meter. Revilla secured Limketkai Sons Milling, Inc. as a buyer. Following negotiations, BPI officials and Limketkai's representatives agreed on a cash sale price of PHP 1,000.00 per square meter on July 11, 1988. However, subsequent discussions on payment terms and Limketkai's later attempt to fulfill payment in cash were thwarted by BPI's claim of withdrawal of the property's sale authority from their unit. Limketkai filed an action for specific performance with damages against BPI, which was later amended to include National Book Store (NBS) following information of a sale to them. The trial court ruled in favor of Limketkai, but this decision was reversed by the Court of Appeals, prompting the instant petition.

Issues:

1. Whether there was a perfected contract of sale between Limketkai and BPI.
2. Whether BPI officials involved had the authority to enter into the contract.
3. The admissibility and competence of evidence supporting the alleged contract.
4. The good faith of NBS in purchasing the property pending litigation.

Court's Decision:

The Supreme Court reversed the Court of Appeals' decision, reinstating the trial court's judgment. It held that:

1. A perfected contract existed between Limketkai and BPI, established through a concurrence of offer and acceptance.
2. BPI officials had full authority to engage in the sale on the bank's behalf.
3. Evidence proving the existence of the contract was admissible and competent.
4. NBS's purchase was made in bad faith, given their knowledge of the ongoing litigation and the peculiar terms of their purchase that favored them despite potential title defects.

Doctrine:

A contract of sale is perfected at the moment there is a meeting of minds on the object and price. The authority of corporate officers or agents to bind their principals is recognized

when such authority is derived from their position, actions, or written instruments. Evidence of a contract that would otherwise be subject to the Statute of Frauds becomes admissible through waiver, typically by failure to timely object or by eliciting evidence about the contract through cross-examination.

Class Notes:

- A contract of sale requires a meeting of the minds on the object and the price.
- The authority of agents can be explicit, derived from position, or implied by actions.
- The Statute of Frauds requires certain contracts to be in writing but can be superseded by a waiver or by a series of written communications that collectively establish the contract's terms.
- Bad faith can be inferred from actions that disregard pending litigation and peculiar contractual stipulations that unduly favor one party.

Historical Background:

The case underscores the legal intricacies involved in real estate transactions and the importance of authority and consent in the perfection of contracts. It highlights issues surrounding the Statute of Frauds, evidence admissibility, and the duties of corporate agents, providing a snapshot of the legal landscape in the Philippines regarding property sales and corporate authority during the late 20th century.