

**\*\*Title:\*\*** Philippine Realty Corporation vs. Ursula Maglente, et al.

**\*\*Facts:\*\***

This dispute revolves around a parcel of land owned by Philippine Realty Corporation (PRC) at 400 Solana Street, Intramuros, Manila. PRC entered into a lease agreement with Ursula Maglente on January 15, 1986, for a period of three years. The contract provided Maglente the right of first refusal should PRC decide to sell the property. Without PRC's prior written consent, Maglente subleased portions of the property to various individuals (the petitioners), who constructed their homes there.

As the lease neared its expiration, PRC offered to sell the property to Maglente, adhering to the right of first refusal clause. Maglente accepted the offer, stipulating co-buyers for specified portions of the land. However, the petitioners also expressed interest in purchasing the lands they were occupying directly to PRC.

Unable to determine the rightful buyers, PRC initiated a Complaint in Interpleader, resulting in RTC ruling in favor of Maglente and her co-buyers. The petitioners' appeal to the Court of Appeals (CA) was unsuccessful, prompting the filing of this Petition for Review under Rule 45 to the Supreme Court.

**\*\*Issues:\*\***

1. Whether the petitioners, as actual occupants and sublessees, possess a preferential right to purchase the property over Maglente and her group.
2. Whether the contract of sale between PRC and Maglente's group was perfected despite the absence of formal signed documentation.

**\*\*Court's Decision:\*\***

The Supreme Court denied the petition, affirming the CA's decision, basing its ruling on the following grounds:

1. **\*\*Preferential Right to Purchase:\*\*** The Court held there was no legal basis for the petitioners to claim a preferential right to purchase the property purely based on their status as occupants or sublessees. The right of first refusal in the original lease agreement was between PRC and Maglente. Given that PRC had only contracted with Maglente, and that the subleases were unauthorized (lacking PRC's prior written consent), petitioners had no standing right to purchase over Maglente.
2. **\*\*Perfection of the Contract:\*\*** The Court found that the contract of sale was perfected

upon PRC's offer and Maglente's group's acceptance. Perfection of a contract does not necessitate the parties' signatures on a document but arises from the meeting of the minds on the object of the contract and the price. Since Maglente's group met the offer's terms and completed the required downpayment, a binding contract was in place.

**\*\*Doctrine:\*\***

- A contract of sale is perfected by the meeting of the minds upon the object and the price, even in the absence of signatures on a formal document.
- The right of first refusal embedded in a lease contract is specific to the parties involved and does not extend to sublessees, especially when subleases are entered into without the lessor's prior consent.

**\*\*Class Notes:\*\***

- **\*\*Contract of Sale:\*\*** A sale is considered perfected when there is a concurrence of offer and acceptance regarding the object and price. External manifestation of agreement (e.g., signatures) is not necessary for perfection.
- **\*\*Right of First Refusal:\*\*** This right is strictly construed and is applicable only to the parties as expressly stated in the contract. Unauthorized sublessees do not automatically inherit such rights.
- **\*\*Subleases Without Consent:\*\*** Subleasing without the lessor's prior written consent can invalidate preferential rights purportedly accorded to sublessees and can lead to eviction or loss of right to purchase.

**\*\*Historical Background:\*\***

The case underscores the complexity of real estate transactions involving subleased property, the critical importance of documented consents in lease agreements, and the legal framework governing the rights of sublessees in the Philippines. It serves as a significant point of reference for property law, particularly concerning lease agreements, the right of first refusal, and the principles pertaining to the perfection of contracts.