

****Title: Villegas et al. v. Court of Appeals et al.****

****Facts:****

The consolidated cases before the Supreme Court involve a parcel of land located at Evangelista Street, Quiapo, Manila, which was initially owned by the heirs of Dr. Lorenzo C. Reyes. The Villegas family, along with Rosa N. Sanchez and Corazon Sanchez, were lessees of the property since 1959 and have constructed improvements on it. In May 1988, the heirs decided to sell the property and informed the lessees, offering them the right of first refusal.

After several exchanges, including an offer to sell the property for P5,000,000, which was not acceded to within the stipulated time, the negotiation fell through. On November 3, 1988, the heirs (owning 75% interest) informed the lessees they decided to sell their share to Lita Sy for P3,825,000, exclusive of additional payments for taxes and miscellaneous expenses, summing up to P4,237,500.

Subsequently, in February 1989, the remaining 25% portion was sold to the Villegas brothers for P1,250,000. Conflicts arose resulting in two cases filed before the Regional Trial Courts (RTCs) and later the Court of Appeals (CA), challenging the validity of the sales and claiming rights to the property, which eventually reached the Supreme Court as consolidated petitions for review (G.R. No. 111495 and G.R. No. 122404).

****Issues:****

1. Whether the sale between respondent heirs and Lita Sy violated the right of first refusal of petitioner lessees.
2. Whether Lita Sy, as a co-owner, validly exercised her right to redeem the 25% undivided interest in the property sold to the Villegas brothers.

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

1. ****Right of First Refusal:**** The court found no violation of the right of first refusal. It held that there was no perfected contract of sale between the heirs and the lessees due to a lack of agreement on the price and terms. Additionally, the court noted that the subsequent offer and sale to Lita Sy did not breach any right as the lessees had ample opportunity to purchase the property but failed to agree on the terms.
2. ****Legal Redemption:**** The court ruled that Lita Sy did not validly exercise her right of redemption because there was no valid tender or consignment of the redemption price when

she claimed her right to redeem. The mere filing of an answer to a complaint, without an accompanying tender or consignation, does not constitute a valid exercise of the right to redeem.

****Doctrine:****

- ****Right of First Refusal:**** The exercise of a right of first refusal is contingent upon the property owner's definitive intention to sell and the finalization of the sale terms, including the price.
- ****Legal Redemption:**** The formal offer to redeem, particularly through a complaint within the redemption period, must be accompanied by a valid tender or consignation of the redemption price to be effective.

****Class Notes:****

- ****Right of First Refusal:**** Essential in lease agreements where the tenant is given the priority to purchase the property if the landlord decides to sell it. Failure by the tenant to meet the terms of the offer within the specified period generally results in the waiver of this right.
- ****Legal Redemption (Art. 1620, Civil Code):**** Co-owners have the right to redeem the share sold to a third person within 30 days from notice, subject to the condition that the offer to redeem is accompanied by a bona fide tender of the redemption price.
- ****Consignation:**** The act of depositing the amount or thing owed with the court when the creditor refuses to accept it or is incapacitated, fulfilling the obligation to pay.

****Historical Background:****

This case illustrates the complex interplay between property rights, the right of first refusal, and legal redemption among co-owners and third parties. It underscores the Philippine legal framework's protection of contractual agreements and the importance of clear terms and conditions in transactions involving real property. The decisions amplify the need for due diligence, accurate understanding, and compliance with legal requirements in property sales and redemptions.