

**\*\*Title:\*\*** Salvador P. Malbarosa vs. Hon. Court of Appeals and S.E.A. Development Corp.

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

The petitioner, Salvador P. Malbarosa, was the president and general manager of Philtectic Corporation, under the S.E.A. Development Corporation (SEADC) group. Upon expressing his desire to retire in January 1990, discussions on his 1989 incentive compensation ensued. On March 14, 1990, SEADC offered Malbarosa a compensation package via a letter, which he did not immediately accept. Despite retaining the letter for consideration, Malbarosa did not communicate his acceptance before SEADC, through Philtectic Corporation, withdrew the offer on April 4, 1990. Malbarosa later claimed to have accepted the offer by signing the letter on March 28, 1990, but he only communicated this to SEADC on April 7, after the offer's withdrawal. Consequently, SEADC filed a complaint for recovery of personal property with replevin, which led to a trial court ruling in its favor, a decision later affirmed by both the Court of Appeals and the Supreme Court of the Philippines.

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

1. Whether Malbarosa's acceptance of the March 14, 1990, Letter-offer was valid.
2. Whether SEADC's withdrawal of the offer through Philtectic Corporation was effective.

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

The Supreme Court dismissed Malbarosa's petition, affirming the decision of the Court of Appeals. It ruled that there was no valid acceptance of the offer by Malbarosa before SEADC's withdrawal, as he failed to communicate his acceptance until after the offer was withdrawn. Furthermore, Philtectic Corporation had the authority to withdraw the offer on behalf of SEADC, making the withdrawal effective before Malbarosa's claimed acceptance.

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

The Court reiterated the requirements for the perfection of contracts under Article 1318 of the Civil Code and emphasized the importance of communication of acceptance to the offeror for the existence of consent and the perfection of a contract. It also outlined the principles relating to the revocation of offers, specifying that an offer can be revoked before acceptance is communicated to the offeror.

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

1. **\*\*Essential Requisites of a Contract:\*\*** Consent of the contracting parties, object certain, and cause of the obligation (Art. 1318, Civil Code).
2. **\*\*Perfection of Contracts:\*\*** Requires a meeting of the minds through the offer and the

acceptance upon the thing and cause (Art. 1319, Civil Code).

3. **Communication of Acceptance:** Essential for the perfection of a contract, highlighting the principle that acceptance must be made known to the offeror for a contract to be perfected.

4. **Revocation of Offer:** An offeror may revoke the offer before it is accepted by the offeree, and communication of such revocation to the offeree makes the revocation effective.

**Historical Background:**

The case illustrates the nuanced application of contract law principles in the realm of corporate compensation and benefits, reflecting the strict requirements for the perfection of contracts within the Philippine legal system. It underscores the procedural necessity for clear communication and timely acceptance within contractual negotiations, especially in corporate settings.