

### Title:

Medrano v. Borbon, G.R. No. 149912, May 3, 2001

### Facts:

1. **Background and Initial Interaction**:

- Bienvenido R. Medrano, Vice-Chairman of Ibaan Rural Bank, requested his cousin-in-law, Estela Flor, to find a buyer for a 17-hectare mango plantation valued at P2,200,000.00 in Ibaan, Batangas.
- Mrs. Pacita G. Borbon, a licensed real estate broker with prior dealings with businessman Dominador Lee, learned of the property through Flor.
- Borbon, Flor, and their associates Josefina Antonio and Maria Yumi S. Karasig received a written authority from Medrano to negotiate the sale for a 5% broker's commission.

2. **Prospective Buyer and Attempted Inspection**:

- Borbon relayed the sale information to Lee, who showed interest in the mango plantation but noted an initial failed inspection due to various logistic issues.
- Despite not accompanying Lee, the respondents provided the property's details and instructed him to coordinate with Teresa Ganzon, an officer at the bank.

3. **Purchase and Notification**:

- Two days post-visit, Antonio confirmed with Lee, who disclosed he had inspected and intended to purchase the property.
- Lee finalized the purchase via a deed of sale on November 6, 1986, for P1,200,000.00, making a down payment and later balance contingent on SEC approval for his farm corporation.

4. **Commission Dispute**:

- Respondents sought their 5% commission post-sale, which petitioners denied, leading to respondents filing a lawsuit.
- Medrano's death before trial conclusion did not result in substitution of parties, thus heirs contended no liability on Medrano's part.

5. **Trial Court Decision**:

- The RTC ruled in favor of the respondents, establishing Medrano and the Ibaan Rural Bank were jointly and severally liable for the commission based on the valid authority letter. The respondents were deemed the sale's procuring cause.

6. **Appellate Process**:

- Ibaan Rural Bank and Medrano's heirs appealed, contesting the binding nature of the authority letter and respondents' role in the sale.
- The Court of Appeals affirmed the RTC decision, leading petitioners to elevate the matter to the Supreme Court.

### Issues:

1. **Procurement Cause**: Were the respondents the efficient cause of the sale?
2. **Validity of Authority Letter**: Was the authority letter valid and binding?
3. **Respondents' Compliance**: Did respondents fulfill their obligations under the letter?
4. **Petitioners' Bad Faith**: Did petitioners act in bad faith in dealing with the respondents?
5. **Burden of Proof**: Was the burden of proof improperly shifted to the petitioners?
6. **Evidentiary Basis**: Did the CA rely on speculation without substantiating its conclusions?
7. **Medrano's Liability**: Should the case against Medrano have been dismissed posthumously?
8. **Bank's Separate Personality**: Was the bank wrongly held liable due to Medrano's personal actions?

### Court's Decision:

The Supreme Court denied the petition, affirming the CA's decision.

1. **Procurement Cause**:

- The Court held that the respondents were instrumental and indeed the procuring cause of the sale. Their efforts directly led to the eventual sale, fulfilling their role as brokers.

2. **Validity of Authority Letter**:

- The authority letter was ruled valid and binding both on Medrano and the Ibaan Rural Bank. As Medrano issued it in his official capacity, the bank was estopped from denying liability.

3. **Respondents' Compliance**:

- The respondents met their contractual obligation by finding a buyer ready, willing, and able to purchase the property. Legal precedent establishes that brokers earn commissions by introducing buyers to sellers, regardless of their involvement in negotiations.

4. **Petitioners' Bad Faith**:

- The petitioners' stance against paying commission was seen as unfounded, especially

considering Medrano's initial promises and subsequent conduct.

5. **Burden of Proof**:

- The CA properly assessed the evidence on record, determining that the onus to disprove the efficiency of respondents' actions was on the petitioners, which they failed to do.

6. **Evidentiary Basis**:

- The Supreme Court supported the CA's reliance on the concrete evidence provided that outlined the sequence of events leading to the sale.

7. **Medrano's Liability Posthumous**:

- The claim continued against Medrano's estate, consistent with legal principles regarding liabilities surviving the death of defendants.

8. **Bank's Separate Personality**:

- The evidence demonstrated that the bank, benefiting from the sale, couldn't absolve itself from the liability due to Medrano's representative actions.

**Doctrine:**

1. **Procuring Cause**:

- A broker is entitled to a commission if their actions are the primary cause setting into motion a series of events leading to a sale.

2. **Authority and Agency**:

- Actions taken under authority bind both the agent and the principal, especially if the principal benefits, herein the bank profiting from the sale.

**Class Notes:**

- **Procuring Cause**: Proximate cause leading to the sale without break in continuity.

- **Agency**: Actions by an agent on behalf of a principal are binding on the principal.

- **Broker Earns Commission by Bringing Parties Together**: Even minimal actions, if forming a basis for the deal, entitle brokers to commission.

- **Estate Liabilities**: Claims against deceased parties continue against their estates.

**Historical Background:**

This case is emblematic of the dynamic interplay between real estate brokers and property owners in the Philippines during the mid-80s economic era where real estate was a crucial economic driver. It underscores the legal principles governing broker's commissions and authority issues in agency, reflective of the broader real estate practices and developing

jurisprudential standards in the country.