

Title:

First Optima Realty Corporation vs. Securitron Security Services, Inc., G.R. No. 201407, January 28, 2015

Facts:

Petitioner: First Optima Realty Corporation (FORC)

Respondent: Securitron Security Services, Inc. (SSSI)

Timeline & Key Events:

1. **December 9, 2004:** SSSI sent a letter to FORC offering to purchase a 256-square meter property for PHP 6,000.00 per square meter.
2. **Subsequent Period:** Eleazar, SSSI's General Manager, held several telephone calls and personal negotiations with Maria Remoso, an employee of FORC, and attempted to personally negotiate with Carolina Young, FORC's Executive Vice President.
3. **Personal Visit:** Eleazar personally visited FORC's office with cash, which was not accepted by Young, who stated she needed her sister's advice and board approval.
4. **February 4, 2005:** SSSI sent another letter with a PHP 100,000.00 check as earnest money. This was handed to FORC's receiving clerk who issued a provisional receipt.
5. **After February 4, 2005:** SSSI demanded the completion of the sale, which was countered by FORC stating that no such decision had been made and the Board had not agreed to the sale.
6. **March 3, 2006:** FORC replied to SSSI's demand letter, stating there was no contractual agreement and offered to refund the PHP 100,000.00.

Procedural Posture:

- **April 18, 2006:** SSSI filed a complaint for specific performance with damages before the Regional Trial Court (RTC) of Pasay City.
- **February 16, 2009:** RTC ruled in favor of SSSI, mandating FORC to complete the sale transaction.
- **Appeal:** FORC appealed to the Court of Appeals (CA), which affirmed the RTC's decision on September 30, 2011, and denied the motion for reconsideration on December 9, 2011.
- **Petition for Review on Certiorari:** FORC filed before the Supreme Court arguing against these rulings.

Issues:

1. **Was the PHP 100,000.00 sent by SSSI to FORC recognized as earnest money indicating a perfected contract of sale?**
2. **Does the delayed response and actions of FORC establish acceptance of earnest money?**
3. **Does the provisional receipt provided by FORC legally signify a completed transaction leading to a sale?**

Court's Decision:

Issue 1:

- **Ruling:** No, the PHP 100,000.00 was not earnest money indicating a perfected contract.
- **Analysis:** The Supreme Court concluded that negotiations between the parties did not result in a definitive agreement; thus, no contract of sale was perfected. The acceptance of the PHP 100,000.00 check and lack of direct communication between Young and SSSI meant no binding consent was provided.

Issue 2:

- **Ruling:** No, a delay in returning the money does not signify acceptance of earnest money.
- **Analysis:** The Court emphasized that the lack of response to the February 4, 2005, letter and the delayed return of the check do not imply contractual acceptance. The payment was manipulated through dubious means to create an illusion of agreement.

Issue 3:

- **Ruling:** No, the provisional receipt does not signify a completed transaction.
- **Analysis:** The Court noted that the provisional nature of the receipt explicitly stated that it did not clear the transaction. The specific note on the receipt indicated that acceptance was subject to further approval, which never occurred.

Court's Final Order:

- The Supreme Court granted the petition by FORC, reversing the decisions of the CA and RTC. Civil Case No. 06-0492 CFM was dismissed, and FORC was ordered to refund the PHP 100,000.00 to SSSI without interest.

Doctrine:

- **Earnest Money (Art. 1482, Civil Code):** Earnest money takes effect only after a perfected contract of sale. Acceptance of an offer must be explicit and not inferred solely

from silence or inaction.

- **Negotiation vs. Perfection:** A perfected contract of sale requires explicit consent, object (subject matter), and consideration (price) and must surpass the mere negotiation stage.
- **Corporate Authority:** Actions of corporate officers must be authorized via proper channels, such as board resolutions, especially for actions beyond ordinary business transactions.

Class Notes:

- **Contract of Sale Elements:** Consent, Object Subject Matter, Consideration.
- **Earnest Money:** Requires a perfected sale, acts as a partial payment and proof of contractual agreement (Art. 1482, Civil Code).
- **Authority of Corporate Officers:** Must be explicit and sufficiently empowered through board resolutions, especially in substantial asset transactions.

Historical Background:

- **Corporate Governance & Sales:** The case underscores the importance of adhering to corporate governance norms, emphasizing the need for formal resolutions to authorize significant transactions. It also highlights the Court's vigilant protection of ownership rights against unauthorized commitments and irregular business practices.