

Title: Rockland Construction Company, Inc. vs. Mid-Pasig Land Development Corporation, G.R. No. 76370

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Facts:

1. **March 1, 2000**: Rockland Construction Company, Inc. (Rockland) offered to lease a 3.1-hectare property in Pasig City from Mid-Pasig Land Development Corporation (Mid-Pasig). The property was under the control of the Presidential Commission on Good Government (PCGG).
2. **April 15, 2000**: Upon Mid-Pasig's instruction, Rockland addressed its offer to PCGG Chairman Magdangal Elma, including proposed terms and conditions. This letter was also received by Mid-Pasig on April 18, 2000.
3. **June 8, 2000**: Rockland sent a check for P1 million with a letter to Mid-Pasig's Chairman, Ronaldo Salonga, demonstrating good faith and readiness to enter into a lease agreement. Mid-Pasig received this on July 28, 2000.
4. **December 5, 2000**: The P1 million check Rockland issued was credited to Mid-Pasig's account.
5. **February 2, 2001**: Rockland, in a follow-up letter, presumed Mid-Pasig had accepted its offer due to the deposit.
6. **February 6, 2001**: Mid-Pasig responded that it had no knowledge of the check's source or purpose upon initial deposit and categorically rejected Rockland's lease application.
7. **February 13, 2001**: Mid-Pasig reiterated its rejection of Rockland's offer.
8. **Legal Proceedings Commenced**: Rockland filed an action for specific performance, seeking to compel Mid-Pasig to execute a lease contract.
9. **Trial Court Decision (September 2, 2002)**: RTC declared a valid and enforceable lease agreement, ordered Mid-Pasig to execute the lease, and dismissed Mid-Pasig's counterclaim.
10. **Appeal**: Mid-Pasig appealed, and the Court of Appeals reversed the trial court's

decision, holding that no perfected contract of lease existed and dismissing Rockland's complaint.

11. **Supreme Court Review**: Rockland petitioned for review, arguing that Mid-Pasig's acceptance and estoppel in pais had occurred due to the deposit of the check.

Issues:

1. **Existence of Perfected Contract**: Whether there was a perfected contract of lease between Rockland and Mid-Pasig.
2. **Estoppel in Pais**: Whether Mid-Pasig is estopped from denying the acceptance of Rockland's offer due to the deposit of the P1 million check.

Court's Decision:

1. Perfected Contract of Lease:

- **Court's Analysis**: A contract requires consent through a meeting of the minds on an offer and acceptance. Rockland's offer was not explicitly accepted by Mid-Pasig. Mid-Pasig was unaware of the check's provenance upon deposit and rejected the offer once it understood its source.
- **Conclusion**: No perfected lease contract existed as there was no mutual agreement or consent between Rockland and Mid-Pasig.

2. Estoppel in Pais:

- **Court's Analysis**: Estoppel prevents a party from acting contrary to previous conduct if it would harm a party that relied on it. Estoppel requires intentional or misleading conduct. Mid-Pasig had consistently refused Rockland's offers and did not mislead Rockland into assuming an acceptance of the lease offer.
- **Conclusion**: Estoppel in pais did not apply since Mid-Pasig's actions were consistent and did not give Rockland reasonable grounds to assume a lease agreement.

Final Decision: The Supreme Court affirmed the Court of Appeals' decision, denying the petition, and sided with Mid-Pasig.

Doctrine:

1. Essentials of Contract Formation:

- **Consent**: Agreement on offer and acceptance is mandatory. (Civil Code, Art. 1319)
- **Estoppel**: It requires intentional or misleading conduct leading another party to a

change of position to their detriment. (Swedish Match, AB v. Court of Appeals)

Class Notes:

- **Elements of a Contract** (per Art. 1318 Civil Code):

1. Consent of the contracting parties.
2. Object certain which is the subject matter.
3. Cause of the obligation.

- **Civil Code, Art. 1319**: Consent is shown through mutual assent to the offer and acceptance.

- **Doctrine of Estoppel**: Requires specific, intentional actions that another party has relied upon to their detriment.

Historical Background:

The case arises in the context of post-Marcos era asset management in the Philippines, where properties controlled by the PCGG were involved in legal disputes over their proper use and lease agreements. The case highlights the pivotal role PCGG plays in controlling and managing assets recovered from the Marcos regime, emphasizing the legal complexities in leasing such properties. This sets a precedent on handling government-seized assets and underscores the importance of precise mutual consent in contract formation.

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