

Title:

Kameraworld Inc. vs. Reddot Imaging Philippines, Inc.

Facts:

- **Initial Agreement (2008)**: I-Digiworld and Kameraworld entered into a sales agreement for various imaging products. Kameraworld failed to remit sales proceeds, accruing debt of PHP 12,000,000.00.
- **Settlement Attempts (2011)**: To settle the debt, a Deed of Sale for a condominium unit was signed. However, I-Digiworld proposed to buy Kameraworld's España properties instead.
- **Transfer of Debt to Reddot**: I-Digiworld transferred the right to collect Kameraworld's debt to Reddot. Both companies shared directors.
- **Financing and Improvements**: Reddot secured a Chinabank loan, entered the properties, and started improvements. The Bank of the Philippine Islands (BPI) held a mortgage on the properties.
- **Discovery of Tax Lien**: Payments were made, but Chinabank's loan was suspended upon discovering a tax lien. An agreement was later reached, and payments resumed.
- **Memorandum of Agreement (MOA) Execution (July 10, 2013)**: The España properties were offered as settlement for the outstanding obligations to I-Digiworld and Reddot. The MOA set PHP 32,500,00.00 as the purchase price minus obligations.
- **E-mails and Draft Deed of Sale**: Post-MOA, discussions continued, with a focus on the tax lien and mortgage settlement. Alba (Kameraworld) later claimed the MOA was only a proposal.
- **Dispute and Court Proceedings**: Reddot sued Kameraworld for specific performance. The RTC ruled in favor of Reddot, confirmed by the CA, leading to the Supreme Court petition.

Issues:

1. Validity of the MOA as a binding contract.
2. Whether the MOA constituted a perfected sale, considering the continued negotiations and documents exchanged post-MOA.
3. The role of the term sheet and subsequent communications in affecting the MOA's status as a binding agreement.
4. Authorization of signatories to bind their respective companies in the MOA.

Court's Decision:

1. **MOA Validity**: The Supreme Court upheld the CA and RTC decisions, validating the

MOA as a binding contract fulfilling all requirements for a legal contract: consent, object certainty, and consideration.

2. **Perfected Sale**: The Court concluded the MOA represented a perfected sale, dismissing claims of ongoing negotiations as altering the MOA's binding nature.
3. **Term Sheet and Communications**: The Court ruled these did not constitute a counter-offer but were seen as potential addendums or clarifications, not affecting the MOA's validity.
4. **Authorization**: The Supreme Court deemed questions regarding the authorization of signatories as matters of fact suitable for lower courts' determination, not under Rule 45 petitions focusing on legal questions.

Doctrine:

- **Dacion en Pago**: Under dacion en pago, properties offered and accepted in satisfaction of a debt constitute a valid form of payment, governed by the law on sales. A valid contract must have consent, definite objects, and consideration.

Class Notes:

- **Essential Elements of a Contract**: Consent, object, and consideration.
- **Contract of Sale vs. Dacion en Pago**: The considerations in dacion en pago, involving transfer of property to extinguish a debt, are treated as the purchase price in a sale.
- **Authority to Bind a Corporation**: Corporate acts must be authorized via board resolution or similar corporate governance instruments.
- **Rule 45 Petitions**: Focus on legal questions, not factual determinations.

Historical Background:

This case illustrates the legal principles surrounding contracts of sale, dacion en pago, and the authority within corporate entities to enter into binding agreements. It underscores the judiciary's role in interpreting agreements and resolving disputes based on established legal doctrines and the facts presented in each case.