

**MANUEL S. GALVEZ, ET AL., PETITIONERS, VS. VALENTINA TAGLE VDA. DE KANGLEON, ET AL., RESPONDENTS.***G.R. No. L-17197. September 29, 1962*

Ponente: BAUTISTA ANGELO, J.

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In December, 1947, Ruperto K. Kangleon, then Secretary of National Defense, applied to the Rural Progress Administration for the purchase of a home lot in the La Faja Del Mar Estate as a result of which that office adjudicated to him Lot No. 7, Block No. 4, situated at Baclaran, Parañaque, Rizal, with an area of 574 sq. m. On August 13, 1950, Ricardo Gonzales Lloret, then manager of the Rural Progress Administration, sent Kangleon a letter informing him of the adjudication and enclosing therewith a sales memorandum which contains all the pertinent data regarding the lot. Kangleon did not reply to said letter nor pay the first installment of the purchase price of the lot allotted to him.

Thinking that Kangleon had abandoned his right to purchase the lot and upon receiving report that Venancio Presingular and his companions were residents of the Baclaran estate and were applicants of the same Lot No. 7, manager Lloret, without any previous notice to Kangleon, sold on December 29, 1950 to Presingular and companions the lot for P6,864.00 at the rate of P12.00 per square meter. At the time the sale was executed Executive Order No. 376, dated November 28, 1950, issued by the President of the Philippines, abolishing the Rural Progress Administration and transferring all its powers, duties and functions to the Bureau of Lands, was already in force, although the officers of the Rural Progress Administration continued to hold office until December 31, 1950.

On March 26, 1951, Venancio Presingular and his companions sold all their rights, title and interest in the lot to spouses Manuel S. Galvez and Ester R. Galvez for the sum of P20,000.00, but, probably realizing that the manager of the Rural Progress Administration had no longer power to sell the lot as aforesaid, Venancio Presingular secured another agreement to sell covering the same lot at the same rate of P12.00 per square meter from the Director of Lands on October 26, 1951, said agreement stating that it cancels and replaces the agreement to sell executed on December 29, 1950.

In 1952, Kangleon came to know that the lot allotted to him was sold to Venancio Presingular by the manager of the Rural Progress Administration. He filed a protest with the Director of Lands which at that time had already taken over the powers, duties and functions of the defunct Rural Progress Administration, and on November 4, 1953, the Director of Lands rendered his decision on the conflict ruling that the sale made by the manager of the defunct Rural Progress Administration on December 29, 1950 to Venancio Presingular was void because at the time it was executed the Rural Progress Administration was already abolished, but that the sale of October 26, 1951 made by the Director of Lands to Presingular was valid. The Director of Lands dismissed the protest of Kangleon for lack of merit. Kangleon appealed from this decision to the Secretary of Agriculture and Natural Resources who rendered his decision in the form of an order on June 1, 1954.

In his decision the Secretary of Agriculture and Natural Resources held that Lot. No 7 was really allotted by the Rural Progress Administration to Kangleon but that the latter did not pay the first installment of the purchase price of the lot; that with the exception of his letter to the general manager of the Rural Progress Administration, Kangleon did not show such degree of interest as to convince that office that he was determined to purchase the lot; and that because perhaps of that lack of interest which amounted to negligence, the manager of the Rural Progress Administration executed an agreement to sell in favor of Presingular and his companions covering the same lot on December 29, 1950.

The decision upheld the legality of the sale made by the manager of the Rural Progress Administration to Venancio Presingular on December 29, 1950 on the ground that the Secretary of Agriculture and Natural Resources has no administrative supervision over the Rural Progress Administration, aside from the fact that the action taken by said manager was that of a de facto officer and as such it is valid. The decision concluded by giving Kangleon the option to purchase the lot from Manuel Galvez by paying to him the amount of P20,000.00 the latter had paid as purchase price within 90 days on condition that if Kangleon should not pay said amount within the stated period the Secretary of Agriculture and Natural Resources will execute a deed of sale in favor of Manuel Galvez. Kangleon did not exercise the option given to him by this official and instead proceeded to contest his decision in court.

In view of Kangleon's failure to pay the amount of P20,000.00, the Secretary of Agriculture and Natural Resources executed on June 23, 1955 a deed of sale in favor of Manuel Galvez and his wife based upon the deed of sale of March 26, 1951 executed by Venancio Presingular and his companions in favor of said spouses. Galvez recorded this sale in the office of the register of deeds and a transfer certificate of title was issued to him and his wife on June 23, 1955.

On June 15, 1955, Kangleon commenced the present action before the Court of First Instance of Rizal seeking to enforce the contract of sale allegedly entered into between him and the defunct Rural Progress Administration, as well as the annulment of the sale made of the lot to Venancio Presingular and his companions and, later, to spouses Galvez, which action, however, was later converted into a petition for certiorari for a judicial review of the administrative adjudication made by the Rural Progress Administration, the Director of Land and the Secretary of Agriculture and Natural Resources. Kangleon asked for the execution in his favor of a deed of sale of the lot after he had paid the purchase price of P12.00 per square meter, or a total amount of P6,864.00.

The court a quo in its decision rendered on June 22, 1957 declared the adjudication made by the Secretary of Agriculture and Natural Resources in favor of the Galvez spouses illegal, holding that plaintiff Kangleon had a preferential right to purchase the lot. Upon payment by Kangleon to the Land Tenure Administration within 30 days after the decision has become final of the purchase price at the rate of P12.00 per sq. m., or the total sum of P6,864.00, the Land Tenure Administration should execute a deed of sale covering said lot in favor of plaintiff. The court declared null and void the previous deeds of sale executed in connection with said lot while it ordered the register of deeds to cancel the transfer certificate of title issued in favor of the Galvez spouses.

In due time, defendants appealed to the Court of Appeals. Plaintiff Kangleon died on February 27, 1958, or during the pendency of the appeal, and so he was substituted by his widow. In a split decision of 3 to 2, the Court of Appeals decided to affirm in toto the decision of the lower court. The case was taken to this Court on a petition for review.

The only errors which in our opinion need to be discussed in this instance as decisive of the different issues raised in petitioners' brief may be boiled down to two, to wit: (1) whether a perfected contract of sale was generated between the Rural Progress Administration, thru its manager Lloret in favor of Kangleon, with respect to the lot in

question; and (2) assuming that there was a perfected contract to sell in favor of Kangleon, whether the Rural Progress Administration, thru its manager Lloret, as well as the Director of Lands and the Secretary of Agriculture and Natural Resources, gravely abused their discretion in subsequently selling the same to Presingular and his companions, and later on, to the Galvez spouses.

- The instant action for specific performance was instituted by the late Kangleon on the assumption that a perfected contract of sale executed in his favor by the Rural Progress Administration, thru its manager Lloret, relative to the lot in controversy. The court a quo sustained his contention, and the Court of Appeals affirmed it. This is now assigned as error.

The Court of Appeals, in sustaining the contention of Kangleon, declared:

"Under the facts and law, the majority is of the opinion that there was a perfected contract of sale between the late Kangleon and the Rural Progress Administration regarding the lot in dispute. The award of the lot to Kangleon was approved by the Board of Directors of the Rural Progress Administration, according to Ramon Fernandez, a member of the Board. Acting upon a resolution of the Board, Lloret wrote to Kangleon on October 30, 1950 (Exhibit B), enclosing therein a Sales Memorandum containing all the pertinent data regarding the lot."

With respect to Kangleon's alleged acceptance of the price of the lot which was allegedly adjudicated to him, i.e., P13.00 per sq. m., the Court of Appeals pointed out that he had gone twice "to see Lloret about his willingness to make the initial payment, and this circumstance suffices to show Kangleon's conformity with the price of P13.00 per square meter." Hence, it affirmed the decision of the trial court holding that there was already a meeting of the minds between Kangleon and the Rural Progress Administration with respect to the subject matter and the price thereof and ordered the respondent officials to execute the corresponding deed of sale covering the land in controversy in favor of Kangleon, similar to the one executed in favor of Presingular.

In assailing this particular holding of the Court of Appeals, petitioners point out that there was no clear agreement between Kangleon and the Rural Progress Administration as to price as evidenced by the circumstance that the alleged payments tendered by the former to the latter on account of the purchase price of the lot could not be accepted by the Rural Progress Administration as the land was still under water and has yet to be filled up and the cost of filling it up will have to be added to the price thereof. Hence, they insist, in view of this disagreement as to price, the contract of sale could not have been perfected between Kangleon and the Rural Progress Administration.

Petitioners' contention is tenable. The fact that the Rural Progress Administration allotted the land in question to Kangleon in a sales memorandum containing all the pertinent data regarding the lot which was forwarded to him did not create a perfected contract of sale in his favor, in the same manner as this Court did not consider the so-called "Deed of Sale" involved in a similar case as one generating a perfected contract of sale between the parties but a mere application to purchase the land. Thus, in *Alvarez, et al. vs. Board of Liquidators, et al.*,<sup>[1]</sup> this Court made the following observation:

"\* \* \* The agreement which the Board denominated 'contract of sale,' is not really a deed of actual sale, but should be considered as a mere application on the part of Tomas Alvarez. After the approval of such application it was still necessary to have Alvarez' qualification investigated as well as whether or not he has complied with the provisions of the laws regarding the disposition of lands by the Board of Liquidators. The 'contract of sale' so-called was not an ordinary deed of sale of properties but, as shown by the above-quoted stipulations, was merely an application subject to revocation in case the applicant is found not to possess the qualifications necessary. The Board found that Alvarez is not qualified because he did not actually occupy the land but merely served as a dummy of another who was disqualified to get this lot, having already purchased

one lot from the Board of Liquidators. The argument, therefore, that the Board of Liquidators had no power under the circumstances to order the cancellation of the sale is without foundation either in law or in fact."  
(Italics supplied)

If in the Alvarez case, *supra*, the controverted deed of sale which embodied all the essential elements of a contract of sale by installment was considered by this Court merely as an application to buy the land, and not a perfected contract of sale, there is more cogent reason to conclude that the sales memorandum sent to Kangleon in the instant case has not ripened into that juridical relation. In fact, not even a contract to sell the lot was executed by Kangleon and the Rural Progress Administration. Hence, neither party could compel the other to go through with the transaction because the same is not binding upon them. Indeed, under this premise, the Rural Progress Administration could not have compelled Kangleon to purchase the property through an action for specific performance simply because the latter had gone twice to the office of the former offering to pay the price of the lot, in the same manner that Kangleon could not compel the Rural Progress Administration, as he now seeks in the instant case, to sell the lot to him simply because a sales memorandum containing the pertinent data relative to the lot in dispute was forwarded to him. Evidently, the court *a quo* as well as the Court of Appeals, erred in concluding that under the circumstances a perfected contract of sale had already existed between Kangleon and the Rural Progress Administration.

- Assuming that there was a perfected contract to sell in favor of Kangleon with respect to the lot in dispute, did the Rural Progress Administration, as well as the Director of Lands and the Secretary of Agriculture and Natural Resources, gravely abuse their discretion  
in subsequently selling the same lot to Presingular and his companions, and, later on, to Galvez spouses?

It is not disputed that the Secretary of Agriculture and Natural Resources found in his decision that the lot in controversy was really allotted by the Rural Progress Administration to Kangleon but that the latter did not pay the first installment of the purchase price of the lot; that Kangleon did not show such degree of interest as to convince the Rural Progress Administration that he was determined to purchase said lot; and that because of this lack of interest which amounted to negligence, the manager of said office, upon receiving information that Presingular and his companions were residents of the Baclaran estate and applicants of the same lot, executed an agreement to sell the lot in their favor on December 29, 1950. These findings of fact are binding upon the courts and may not now be disturbed unless it can be shown that the official concerned acted arbitrarily or with grave abuse of discretion.[2] Since it appears that Kangleon failed to pay the first installment of the purchase price of the land, or failed to show such degree of interest as to convince the Rural Progress Administration that he was determined to purchase it, as in fact he evinced lack of interest which amounted to negligence, respondent officials were justified in selling the lot to Presingular and his companions, and, later on, to Galvez spouses, who apparently acted in good faith not knowing that over the same there existed a controversy between the government and Kangleon.

Moreover, it should be noted that the lot in dispute is part of the La Faja Del Mar Estate which was acquired by the government for purposes of homesite in the light of the provisions of Commonwealth Act No. 539, and considering their underlying policy that in the application for home lots preference should be given to occupants over other private individuals, the decision to sell the lot to Presingular and companions must have been reached considering that they were the ones in possession thereof while Kangleon had other properties of his own he being then the Secretary of National Defense. On the other hand, Kangleon cannot find comfort nor anchor his claim on Republic Act 65, which gives preference to veterans of the last world war to purchase public land or government-owned, it appearing that the preference given by said Act merely refers to agricultural farms or subdivisions and not to lands for homesite purposes as the La Faja Del Mar Estate. There are, therefore, sufficient reasons that justify the sale of the lot to Presingular and his companions as was done by the Rural Progress

Administration.

Having reached the conclusion that there was no perfected contract of sale between Kangleon and the Rural Progress Administration and that respondent officials did not commit an abuse of discretion in selling the lot to Presingular and his companions, and, later on, to Galvez spouses, we do not deem it necessary to discuss the other issues raised by petitioners in their brief.

Wherefore, the decision appealed from is reversed. The action for specific performance, as well as the amended and supplemental complaint filed by respondents' predecessor-in-interest, are hereby dismissed. No costs.

Bengzon, C. J., Padilla, Labrador, Barrera, Paredes, Dizon, and Makalintal, JJ., concur.

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[1] G.R. No. L-14834, promulgated January 31, 1962.

[2] Julian vs. Apostol, 52 Phil., 422; Ortua vs. Singson Encarnacion, 59 Phil., 440; De Guzman vs. De Guzman, et al. 104 Phil., 24; Denopol vs. Director of Lands, et al., 106 Phil., 666; Ingaran, et al. vs. Ramelo, et al., 107 Phil., 498; Pajo, et al. vs. Ago, et al., 108 Phil., 905.

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