

SILVERIO Q. CORNEJO, PLAINTIFF AND APPELLANT, VS. MANUEL B. CALUPITAN, D.B. CASTAÑEDA AND EUSTACIO BARRERA, DEFENDANTS AND APPELLEES.

G.R. No. L-2342. October 27, 1950

Ponente: MONTEMAYOR, J.

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MONTEMAYOR, J.:

This is an appeal prosecuted by the plaintiff Silverio Q. Cornejo directly from the judgment of the Court of First Instance of Manila, absolving the defendants from the complaint for specific performance, seeking to compel Manuel B. Calupitan to convey his land containing about 110 hectares situated in the province of Tayabas (now Quezon) in favor of plaintiff-appellant.

By a direct appeal from the Court of First Instance, only questions of law may be raised here, and counsel for appellant so states and intimates in his brief where on page one thereof, he says:

"This appeal is now brought to this Honorable Tribunal that it may finally resolve certain questions of law, involved herein."

Under the circumstances, we may therefore rely on the findings of fact made by the trial court. Said facts necessary for the determination of the appeal may be briefly stated as follows:

In January, 1945, defendant Manuel B. Calupitan who owned a parcel of land in the barrio of Mayabobo, Candelaria, Tayabas with an area of 110.912? hectares, authorized his co-defendants D. B. Castañeda and Eustacio Barrera, real estate brokers operating in Manila, to sell the aforementioned parcel. The defendant brokers contacted their friends and clients and finally received an offer in writing (Exhibit B, Annex 2) from plaintiff Silverio Q. Cornejo, which reads thus:

"Castañeda-Barrera Realty Co.

"R. 317 Kneedler Bldg,

"Manila.

"The undersigned respectfully offers to buy the 110.912? hectares in Bo. Mayabobo, Candelaria, Tayabas of Dr. Manuel Calupitan for the total amount of Six hundred fifty thousand (P650,000) pesos with an earnest money of Seventy thousand (P70,000) pesos; the balance payable within fifteen (15) days from date hereof; with the condition that all the papers evidencing ownership are in order.

"Manila, Philippines this 4th day of Jan. 1945.

"(Sgd.) "S. Q. Cornejo

"Accepted by:

(Sgd.) "Manuel B. Calupitan"

It will be noted that on the same day that the offer was made, January 4, 1945, defendant Calupitan accepted it by signing his name at the foot thereof under the phrase "accepted by". The parties are agreed that the price of P650,000, including the earnest money of P70,000 was payable in Japanese military notes. Cornejo, however, because he did not have the cash to pay the P70,000 earnest money and to complete the payment within the period specified in his offer as accepted by Calupitan, delivered only P65,000 Japanese war notes to defendant brokers Castañeda & Barrera on January 6, 1945, with instructions to deliver the same to Calupitan on the same date and to inform the latter that the balance of P585,000 was to be made on January 25, 1945. This transaction or proposition was reduced to writing in the form of a receipt, and is now Exhibit C. A carbon copy of the said exhibit was given to Calupitan by the brokers on the same date, January 6, 1945, presumably for his approval and acceptance, together with the P65,000 earnest money in Japanese military notes. Calupitan, however, instead of merely affixing his signature at the foot thereof to show his conformity, as he had formerly done with the original offer, Exhibit B, wrote out a receipt for the P65,000 earnest money in military notes delivered to him by Castañeda & Barrera, specifying his own terms as to the payment of the balance, so that the carbon copy of Exhibit C and said receipt written out by Calupitan at the bottom thereof, now marked Exhibit M, Annex 3 reads as follows:

"Castañeda-Barrera Reality Co., Ltd.

"317 Kneedler Building. Manila

"Telephone 2-48-88

"Received from Atty. Silverio Q. Cornejo the sum of Sixty-five thousand (P65,000) pesos to be delivered to Dr. Manuel Calupitan (Owner) as partial payment of the 110.9095 hectares, more or less, in the Barrio of Mayabobo, Candelaria, Tayabas, Philippines and covered by T.C.T. No. 3366.

"The balance of Five hundred eighty-five (P585,000) pesos to be paid in accordance with the written offer of Atty. Cornejo and accepted by Dr. Manuel Calupitan, on or before January 25, 1945.

"Manila, Philippines, this 6th day of January, 1945.

"Castañeda-Barrera Reality Co.

By: "D. B. Castañeda

"Received from Atty. Silverio Q. Cornejo thru Atty, D. B. Castañeda of the Castañeda-Barrera Realty Co., Ltd. the sum of Sixty-five thousand pesos (P65,000) J. N. only as earnest money and/or partial payment of my one hundred ten hectares, ninety centares and 95 ares (110.9095 hectares) more or less in barrio Mayabobo, Municipality of Candelaria. Province of Tayabas, Philippines, as described in the Escritura de Venta dated Dec. 28, 1937, made by Maria Pardel in favor of Manuel B. Calupitan, Doc. No. 219, page No. 48, Libro No. VI, serie de 1937, of Notary Public Arturo Fanlo of Manila, and more particularly described in T.C.T. No. 3366 in the name of Jose Javier, as administrator of the Estate of Margarita Valenzuela, deceased. The balance of Five hundred and Eighty-five thousand pesos (P585,000) Phil. Currency, to be paid on or before January 25, 1945.

"Manila, Philippines, this 6th day of January, 1945.

"(Sgd.) "Manuel B. Calupitan"

The balance of P585,000 was never paid or delivered by Cornejo nor received by Calupitan. Cornejo claims that he had been looking in vain for Calupitan to deliver to him the said balance in Japanese military notes but that Calupitan had either avoided him, hidden himself or had left the City so as to prevent delivery of the money to him. Calupitan on the other hand, insists that he never avoided Cornejo nor purposely prevented delivery of the balance of the purchase price but that for security reasons he made it a point not to disclose his address because he

was being sought by the Japanese military authorities for his guerrilla activities. The fact is that on January 22, 1945, after supposedly failing to deliver the balance of P585,000 in Japanese war notes to Calupitan, Cornejo deposited the sum with the Clerk of Court, securing the corresponding receipt therefor, Exhibit H, and then on the same day Cornejo filed the corresponding complaint in court against Calupitan and the two real estate brokers for specific performance and for payment of damages.

The trial court thru Judge Dionisio de Leon in absolving the defendant-appellee from the complaint, held that appellant Come to repudiated the original agreement by proposing that the earnest money be reduced from P70,000 to P65,000 and that the period for payment of the balance of the purchase price be extended from the 19th to the 25th of January, 1945; that in that particular agreement or transaction, time was of the essence of the contract, and that in such a case, acceptance of option and payment of the purchase price constituted a condition precedent for specific performance; that this was particularly true during those days in January, 1945 when the American liberation forces were already at the outskirts of Manila and the people in the City were living from day to day in constant expectation of being liberated from the Japanese, and that those who ventured into business were greatly influenced in their decisions by the circumstances of the times and the fact that Japanese military notes, then used as legal tender, were depreciating in value by leaps and bounds. The trial court further held that the plaintiff himself rendered the original agreement null and void, and that in making his new proposition as to the payment of the earnest money and the period for the delivery of the balance of the purchase price, Calupitan could either accept or reject said new proposition or make a counter proposition which he did by imposing the condition that the said balance be paid in genuine Philippine currency on or before January 25, 1945, as proposed by Cornejo.

Did Calupitan really intend and make it clear that said balance be paid in genuine Philippine currency instead of Japanese military notes, and did Cornejo so understand it? This is really the crucial point on which the decision in the case mainly hinges. Counsel for appellant correctly boils down the controversy in the present appeal when he states in his brief:

"The critical point to be determined in this controversy particularly centers on the meaning to be given to the phrase 'Philippine currency' which was used by one of the parties. The interpretation of that phrase will ultimately decide all other questions subsidiary to this issue, and will eventually formulate the status which the parties assumed in this case. For if it can be interpreted to mean what the defendant and the lower court contended to be the 'genuine' Philippine currency, then the stand taken by the plaintiff cannot be maintained; but if it should be held to be the currency prevailing during the period when the contract was made and when it was enforceable, then the decision cannot but be favorable to the plaintiff. For then the plaintiff will have complied with his end of the bargain and the contract deemed enforced in accordance with its terms."

As we stated at the beginning of this decision, we have to rely upon the findings of fact of the trial court, for only questions of law may be raised in this appellate tribunal. The trial court found and held that Calupitan wanted, intended and made it clear that the balance of the purchase price of P585,000 be paid in genuine Philippine currency, not in Japanese war notes. This finding is based not only on what appears on Exhibit M, particularly the note or receipt written out in longhand and signed by Calupitan, but also on the oral evidence submitted, consisting of several hundred pages of transcript. If the appellant was dissatisfied by the findings of the trial court and wanted the oral evidence reviewed, he should have appealed to the Court of Appeals. Instead, he came direct to this Court and made it of record that he was raising only questions of law.

After a careful study of the record, particularly Exhibit M, we agree with the trial court that in varying and modifying the terms of the original agreement, Exhibit B, offered by Cornejo and accepted by Calupitan, that the earnest money was to be P70,000 and the balance was to be paid fifteen days after January 4, 1945, which modification consisted in reducing the earnest money from P70,000 to P65,000 and in extending the period of

payment of the balance from January 19th to January 25th, Cornejo Abandoned and rendered void the said original agreement. His new proposition, a modification of the old one, was subject to acceptance or rejection by Calupitan who, as already stated, may make a counter proposition which he did, and unless accepted and complied with by Cornejo, then the deal between the two parties was off.

We are also convinced that Calupitan wanted to have, the balance paid in genuine Philippine currency. This is established not only by his extended testimony during the hearing as found by the trial court but also by the very terms of Exhibit M, particularly the portion written out in longhand by Calupitan. It will be noticed that In referring to the earnest money of P65,000 which he received, he added the two letters "J. N.", meaning Japanese notes. On the other hand, in describing the balance of P585,000, he denominates it "Philippine currency". Moreover, as found by the trial court, during the latter part of January, 1945, when Manila where the parties were then living was on the eve of being assaulted and liberated by the American liberation forces, the Japanese military notes were fast losing their purchasing power not only by the week but by the day if not by the hour. According to the trial court's findings, Calupitan said that at the beginning when he accepted the original offer of Come jo to pay the balance in Japanese military notes, he intended to re-invest the sales price in urban property. However, when the terms of the original agreement were varied and the balance was not to be paid as early as was originally agreed upon, and realizing that investment of said balance would be hazardous, difficult, if not impossible because of the approaching battle of Manila, he changed his mind and wanted said balance to be paid in genuine Philippine currency altho he accepted the earnest money of P65,000 in Japanese military notes. This, he said, he made plain to the brokers who delivered to him said earnest money.

According to the very testimony of Come jo quoted by the trial court in its decision, Cornejo himself had his doubts about the payment of the balance of P585,000 in Japanese military notes as he now claims. In fact, he was rather intrigued or worried about the phrase "Philippine currency" written by Calupitan on Exhibit M, and that was the reason why he made so much effort to see Calupitan to put his mind at ease on that point. This, of course, greatly weakens the stand now taken by the appellant that the understanding between himself and Calupitan as to the payment of the balance of the purchase price, even under Calupitan' s counter proposition (Philippine currency) was to be made in Japanese military notes.

It is urged on the part of the appellant that the balance of the purchase price of P585,000 in genuine Philippine currency is out of all proportion to the real value of the land in question whose assessed value is only about P5,000. This may be true but as the trial court well said, the owner of a parcel of land could quote his own price, reasonable or unreasonable. It is up to the prospective purchaser to accept or reject it. It might even be possible that Calupitan had changed his mind not to part with his land and so he imposed a condition hard to fulfill and named a price quite unreasonable, but he was well within his rights as owner of the land because the original agreement had already been abandoned and rendered void.

But Calupitan had received the P65,000 earnest money in Japanese war notes. He should not be allowed to enrich himself at the expense of the plaintiff. He should return the value of said sum at the time, to the plaintiff.

In view of the foregoing, we find that the original agreement, Exhibit B, between Cornejo and Calupitan had been abandoned and rendered void by Cornejo himself, and that as to the new proposition made by Cornejo, there was no meeting of the minds of the parties for it was not accepted entirely by Calupitan. Consequently, the contract of sale of the land in question was not perfected and so Calupitan may not now be compelled to convey said land to plaintiff-appellant. However, Calupitan is ordered to return to the plaintiff the value of the P65,000 Japanese war notes he received, which value is to be ascertained according to the Ballantyne schedule as of January 6, 1945, in Manila. Said value is hereby fixed at P541.66, with legal interest from January 6, 1945, until paid.

With this modification, the decision appealed from is hereby affirmed. No pronouncement as to costs.

Moran, C.J., Pablo, Bengzon, Tuason, and Reyes, JJ., concur.

PARAS, J.:

In the result.

FERIA, J., dissenting and concurring:

In his direct appeal from the Court of First Instance of Manila to this court, only questions of law may be raised by the appellant and passed upon by this court, as admitted by the appellant in his brief and stated in the decision of the majority. The solution of the question of law raised in this appeal depends on the interpretation of the phrase "Philippine currency" used by the appellee Calupitan in Exhibit M. And the conclusion of the trial court that it was the intention of Calupitan in using said phrase that the balance of the purchase price be paid in genuine Philippine currency, and not in Japanese war notes, in view of his testimony and other evidence in the record, is certainly a conclusion or finding of fact.

The decision of the majority correctly holds that "we have to rely upon the findings of the trial court, for only questions of law may be raised in this appellate tribunal." But, instead of accepting the above finding of the court below, regardless of whether it is supported by the evidence or not, and basing on it as a minor premise its conclusion of law in the question properly raised by the appellant, the majority examines the evidence and concludes that "We are also convinced that Calupitan wanted to have the balance paid in genuine Philippine currency," because "This is established not only by his extended testimony during the hearing as found by the trial court, but also by the very terms of Exhibit M." In passing upon this finding of fact of the court a quo, the majority says:

"We are also convinced that Calupitan wanted to have the balance paid in genuine Philippine currency. This is established not only by his extended testimony during the hearing as forward by the trial court but also by the very terms of Exhibit M, particularly the portion written out in longhand by Calupitan. It will be noticed that in referring to the earnest money of P65,000 which he received, he added the two letters 'J. N.', meaning Japanese notes. On the other hand, in describing the balance of P585,000, he denominates it 'Phil. currency'. Moreover, as found by the trial court, during the latter part of January, 1945, when Manila where the parties were then living was on the eve of feeling assaulted and liberated by the American liberation forces, the Japanese military notes were fast losing their purchasing power not only by the week but by the day if not by the hour. According to the trial court's findings, Calupitan said that at the beginning when he accepted the original offer of Cornejo to pay the balance in Japanese military notes, he intended to re-invest the sales price in urban property. However, when the terms of the original agreement were varied and the balance was not to be paid as early as was originally agreed upon, and realizing that investment of said balance would be hazardous, difficult, if not impossible because of the approaching battle of Manila, he changed his mind and wanted said balance to be paid in genuine Philippine currency altho he accepted the earnest money of P65,000 in Japanese military notes. This, he said, he made plaint to the brokers who delivered to him said earnest money.

"According to the very testimony of Cornejo quoted by the trial court in its decision, Cornejo himself had his doubts about the payment of the balance of P585,000 in Japanese military notes as ho now claims. In fact, he was rather intrigued or worried about the phrase 'Philippine currency' written by Calupitan on Exhibit M, and that was the reason why he made so much effort to see Calupitan to put his mind at ease on that point. This, or course greatly weakens the stand now taken by the appellant that the understanding between himself and Calupitan as to the payment of the balance of the purchase price, even under Calupitan's counter proposition

(Philippine currency) was to be made in Japanese military notes."

In view of the foregoing, I am sorry to dissent from the decision of the majority, because this Supreme Court has no jurisdiction or power to pass upon the findings of fact of the Court of First Instance in appeals like the present, and the decision is misleading. I would have signed it without hesitation/had the above-quoted portion of the decision been omitted or stricken out.

The question of law raised by the appellant is whether or not the new offer made by him to buy the land on the condition that he has to pay an earnest money of P65,000 and the balance of P585,000 in Japanese war notes on or before January 25, 1945, was accepted by Calupitan, and therefore a new contract binding upon the parties was perfected as contended by the appellant.

In view of the conclusive finding of the lower court that, according to the evidence, the words or phrase "Philippine currency" used by the appellee Calupitan in his counter-proposition Exhibit M was intended to mean genuine Philippine currency, it is obvious that appellant's contention is without foundation, and the lower court did not commit any error in deciding that the new contract proposed by appellant Cornejo to appellee Calupitan was not perfected. Because there was no meeting of the minds of the parties, since Cornejo's proposition to pay the balance in Japanese war notes was not accepted by Calupitan, who made the counter-proposition that it be paid in genuine Philippine currency.

I therefore concur in the decision of the majority on this question of law and in the result.

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