

CESAR S. LICSI, PLAINTIFF-APPELLANT, VS. MIGUEL TANJANGCO, JR., DEFENDANT-APPELLEE.

Ponente: GAERLAN, S.H., J.

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GAERLAN, S.H., J.:

This appeal[1] seeks to reverse and set aside the Decision[2] dated 12 February 2010 as well as the Order[3] dated 1 September 2010 rendered by the Regional Trial Court of Pasig City, Branch 155, National Capital Judicial Region, in Civil Case No. 70561. The assailed Decision dismissed the case for lack of cause of action. The questioned Order denied the motion for reconsideration filed by plaintiff-appellant.

FACTS

Defendant-appellee Miguel Tanjangco Jr. is the registered owner of a parcel of land situated at Sto. Nino, Hagonoy, Bulacan and covered by Original Certificate of Title (OCT) No. RP-1170 (P-1650).[4]

In a Memorandum of Agreement[5] dated 7 July 2004, defendant-appellee appointed and authorized plaintiff-appellant Cesar S. Licsi, a real estate broker, “to negotiate with the government agencies, third persons, individuals or private financing institutions for the purchase, sale or acquisition” of the said real property.

Particularly, plaintiff-appellant's obligations include the following:

- “to assist and help the present occupants of the property to organize themselves into a community association, and to do all the works necessary or required by the government and the Community Mortgage Program and National Home Mortgage Finance Corporation to effect the sale or acquisition of said property;” and
- “to make an actual relocation survey of the property, reclassification from agricultural into a residential status and preparation for the subdivision scheme to start negotiating with the proper local government authorities who will assist the Parties in connection with the project.”

As provided under the agreement, all expenses incurred in accomplishing the above-mentioned shall be borne by plaintiff-appellant and “shall be consolidated in another agreement to be executed by the same Parties with respect to the price of the property in the OFFER TO SELL by defendant-appellee to the would-be community association as BUYERS.”

Furthermore, it was stipulated that the “agreement shall be for the period of one (1) year and will take effect upon signing and renewable for another one (1) year at the option of both PARTIES.”

Before the expiration of the one-year period specified in the agreement, plaintiff-appellant requested for its renewal.[6] In reply, defendant-appellee through his counsel, Atty. Alino Achas, informed plaintiff-appellant of his amenability to renew the same subject to the condition of putting up a bond equivalent to the amount to be paid to defendant-appellee within the extended period, plus 1% interest per month on the amount due.[7]

Plaintiff-appellant questioned defendant-appellee's condition and maintained that he had complied with the terms

and conditions of the Memorandum of Agreement before its expiration.[8] In view thereof, defendant-appellee denied plaintiff-appellant's request for extension.[9]

Subsequently, plaintiff-appellant got hold of defendant-appellee's letter[10] addressed to the Barangay Captain of Sto. Nino, Hagonoy, Bulacan, stating therein that plaintiff-appellant has been divested of authority to deal with the subject property. Likewise, he discovered that a certain Eusebio Lee was presenting himself as the new authorized representative of defendant-appellee in transactions relating to the said property.

In a letter[11] dated 5 September 2005, plaintiff-appellant, through counsel, intimated that it was neither fair nor reasonable for defendant-appellee to deny his request for extension on the account of his failure to post a bond, a condition that was not contemplated nor agreed upon when they signed the Memorandum of Agreement. He demanded that defendant-appellee continuously honor their agreement, in view of the accomplishments made and the expenses advanced by him; or in the alternative, to just reimburse him the amount of Php5,000,000.00 representing actual, moral, exemplary and liquidated damages incurred.

Despite receipt of the aforesaid letter, defendant-appellee failed and refused to heed plaintiff-appellant's demand. Consequently, plaintiff-appellant lodged a Complaint[12] for damages with the Regional Trial Court of Pasig City, where it was raffled to Branch 155 and was docketed as Civil Case No. 70561.

Defendant-appellee moved to dismiss[13] the case on the ground of lack of cause of action. Meanwhile, plaintiff-appellant filed a motion[14] for leave to admit amended complaint as to include the following: (1) specific performance, as an alternative cause of action, to compel defendant-appellee to honor and renew the Memorandum of Agreement; and (2) prayer for the issuance of a temporary restraining order and/or writ of preliminary injunction to enjoin defendant-appellee from negotiating with other persons, natural or juridical, for the sale, lease or any other mode of disposition of defendant-appellee's property.

The court a quo issued an Omnibus Order[15] dated 30 January 2006, denying defendant-appellee's motion to dismiss; granting plaintiff-appellant's motion to admit amended complaint; admitting the amended complaint; and directing defendant-appellee to file his answer thereto.

In his Amended Complaint[16], plaintiff-appellant asseverates that he had promptly performed his obligations under the Memorandum of Agreement, expenses for which were advanced by him. He claims that by reason of the "whimsical, capricious, unjust and unreasonable" termination and severance of the exclusive authority given to him, despite his numerous accomplishments, he suffered untold damages consisting of unrealized profits or *lucrum cessans*, actual, moral, and exemplary damages as well as attorney's fees. Plaintiff-appellant further insists that such revocation of his authority was tainted with malice and bad faith when defendant-appellee imposed the condition of putting up a bond for the renewal of their agreement and demanded payment of Php20,000,000.00, instead of the agreed amount of Php11,000,000.00, for the entire property, knowing fully well that plaintiff-appellant cannot comply.

In Answer[17], defendant-appellee contends that plaintiff-appellant has no cause of action against him because the Memorandum of Agreement had already expired when the complaint was filed. Thus, he cannot be compelled to honor and renew the same.

In the meantime, the court a quo resolved to deny plaintiff-appellant's prayer for the issuance of a temporary restraining order and/or writ of preliminary injunction on the ground that plaintiff-appellant has not shown any clear legal right as to be entitled to the relief demanded nor had it shown that the matter is of extreme urgency that non-issuance thereof will cause irreparable injury to him.[18]

Thereafter, trial ensued. On 12 February 2010, the court a quo rendered the assailed Decision,[19] the pertinent

portion of which reads:

“In the case at bar, the plaintiff failed to show that the defendant acted consciously and deliberately to achieve a dishonest purpose or moral obliquity, or was motivated by ill will when he refused to extend the contract beyond the expiration period thereof. Rather, as previously discussed, such act of the defendant was in accord with the provisions of the Memorandum of Agreement. The defendant did not breach any duty under the Memorandum of Agreement through some motive or interest or ill will that partakes of the nature of fraud. He honestly relied on and acted in accordance with the stipulations of said agreement providing that he had the option to renew or not renew the same.

Hence, the Court is left with the inevitable conclusion that the plaintiff is not entitled to his claims for actual damages consisting of unrealized profits or “lucrum cessans”, moral, exemplary damages, and attorney's fees. On the other hand, the Court is not likewise inclined to grant the defendant's counterclaim for moral and exemplary damages, and attorney's fees as the latter did not offer any evidence proving the same.

WHEREFORE, in view of the foregoing, this case is hereby ordered DISMISSED for lack of cause of action.

SO ORDERED.”[20]

Petitioner-appellant moved for reconsideration[21] of the above-mentioned Decision. In an Order[22] dated 1 September 2010, the court a quo denied the said motion because there were no new issues or substantial arguments presented.

Feeling aggrieved, plaintiff-appellant interposed the instant appeal, assigning as sole ground:

ISSUE

THE HONORABLE TRIAL COURT SERIOUSLY AND GRAVELY ERRED WHEN IT DISMISSED THE COMPLAINT ON THE GROUND THAT THE PLAINTIFF-APPELLANT CANNOT COMPEL THE DEFENDANT-APPELLEE TO RENEW THE MEMORANDUM OF AGREEMENT DATED JULY 7, 2004 ABSENT THE CONSENT OF EITHER OR BOTH PARTY/IES.

OUR RULING

It is basic that a contract is the law between the parties. Obligations arising from contracts have the force of law between the contracting parties and should be complied with in good faith. Unless the stipulations in a contract are contrary to law, morals, good customs, public order or public policy, the same are binding as between the parties.[23]

The subject matter of the present controversy is a provision in the Memorandum of Agreement, to wit: “agreement shall be for the period of one (1) year and will take effect upon signing of this agreement and renewable for another one (1) year at the option of both PARTIES.”

The language used in the aforestated provision is plain and unambiguous, hence, leaves no room for any other interpretation. The contract is renewable only upon agreement of the parties. If one party is not amenable to renew the same, then, the other party is left with no choice.

The effect of plaintiff-appellant's refusal to pay the bond and interest, imposed by defendant-appellee as a condition, was the failure of the parties to agree on the renewal of their contract. He cannot compel defendant-appellee now to renew. Article 1308 of the Civil Code states that “the contracts must bind both contracting parties; its validity or compliance cannot be left to the will of one of them.”

Moreover, plaintiff-appellant cannot rely on the alleged verbal assurance given to him by defendant-appellee that

their agreement will be extended for another year upon expiry of the same, as long as he accedes to a one year period, instead of the supposed original two years. As reasonably explained by the court a quo:

“If the plaintiff did not think it was feasible to accomplish his undertakings within a one year period, then he should have been more insistent on stipulating for a longer period under the Memorandum of Agreement. And if the defendant was not amenable to a longer period, then the plaintiff should not have entered into an agreement with the defendant in the first place. Surely, it is not the fault of the defendant if the plaintiff had finally acceded to fix the period of effectivity of the agreement at one year only. Nobody forced the plaintiff to enter into the subject Memorandum of Agreement with the defendant. As a real estate broker for more than a decade, plaintiff was sufficiently aware of the natural and probable consequences of executing the subject Memorandum of Agreement, which was entirely prepared by him no less.”[24] (Citation omitted)

By putting the clause “at the option of both parties”, plaintiff-appellant must have been aware that the option to renew was not his alone and that defendant-appellee might exercise the option not to renew, taking into consideration that he has been a real estate broker for more than a decade during that time and that it was him who prepared the Memorandum of Agreement.

Thus, bad faith cannot be ascribed to defendant-appellee who merely exercised his option not to renew the agreement with plaintiff-appellant. Clearly, the latter cannot be entitled to claim for actual damages consisting of unrealized profits or “lucrum cessans”, moral and exemplary damages, as well as attorney's fees.

Courts decide cases on the basis of the evidence presented by the parties. Oral testimony cannot, as a rule, prevail over a written agreement of the parties.[25] As correctly pointed out by the lower court, “the alleged verbal assurance of renewal of the agreement by defendant-appellee is inadmissible to qualify the terms of the written Memorandum of Agreement under the parole evidence rule.”[26]

Undeniably, however, plaintiff-appellant was able to accomplish tasks necessary for the disposition of defendant-appellee's property, namely: (a) negotiation with illegal occupants of the property whereby offers to buy and sell were made, consummating a Memorandum of Agreement between the occupants under the organization, Samahang Sapang-Pari Homeowner's Association, Inc., and defendant-appellee;[27] (b) registration of Samahang Samang-Pari Homeowner's Association, Inc. with the Housing and Land Use Regulatory Board (HLURB);[28] (c) relocation survey of defendant-appellee's property;[29] (d) preparation and approval of the subdivision plan;[30] (e) partial monuments of the subdivision lots;[31] (f) lot conversion reclassification of defendant-appellee's property from agricultural to residential before the Office of the Provincial Assessor of Bulacan; (g) institution of a forcible entry case against the other illegal occupants of defendant-appellee's property before the Municipal Trial Court of Hagonoy, Bulacan, where a favorable judgment has already been rendered;[32] and (h) locational clearance issued by the HLURB.[33]

Under the Memorandum of Agreement, all expenses incurred in fulfilling the above-enumerated shall be borne by plaintiff-appellant and “shall be consolidated in another agreement to be executed by the same Parties with respect to the price of the property in the OFFER TO SELL by defendant-appellee to the would-be community association as BUYERS.”

Since there was no separate agreement drawn between the parties with respect to the expenses shouldered by plaintiff-appellant, it would be unjust enrichment on the part of defendant-appellee if he would not reimburse plaintiff-appellant for the same, granting that he benefitted from the work done by the latter.

Unfortunately, plaintiff-appellant was only able to proffer a receipt[34] amounting to Php150,000.00, which served as partial payment for the services of MV Flotildes Surveying Office in the subdivision of defendant-appellee's property. Thus, We are constrained to only allow reimbursement of the same amount.

WHEREFORE, premises considered, the instant appeal is **PARTIALLY GRANTED**. The assailed Decision and Order are hereby **AFFIRMED** with **MODIFICATION** that defendant-appellee should reimburse to plaintiff-appellant the amount of Php150,000.00.

SO ORDERED.

Salazar-Fernando (Chairperson) and Bruselas, Jr., concur.

[1] Rollo, pp. 20-39

[2] Rollo, pp. 40-47

[3] Records, pp. 303

[4] Records, pp. 10-11

[5] Records, pp. 203-204

[6] Records, p. 24

[7]Records, p. 218

[8] Records, pp. 219-220

[9]Records, p. 221

[10] Records, p. 225

[11] Records, pp. 222-223

[12] Records, pp. 1-7

[13] Records, pp. 38-43

[14] Records, pp. 49-51

[15] Records, p. 100

[16] Records, pp. 52-60

[17] Records, pp. 101-108

[18] Records, pp. 131-132

[19] Supra, Note No. 2

[20] Rollo, pp. 46-47

[21] Records, pp. 288-296

[22] Supra, Note No. 3

[23]Morla vs. Belmonte, et al., G.R. No. 171146, December 7, 2011 citing Roxas vs. Zuzuarregui, Jr., 516 Phil. 605 (2006)

[24] Rollo, pp. 45-46

[25] Manzano vs. Perez, Sr., et al., G.R. No. 112485, August 9, 2001 citing Castro vs. Court of Appeals, 169

SCRA 383, January 26, 1989; Rebuldela vs. IAC, 155 SCRA 520, November 11, 1987; De Leon vs. Court of Appeals

[26] Rollo, p. 46

[27] Records, pp. 205-209

[28] Records, p. 210

[29] Records, p. 211

[30] Records, pp. 215-217

[31] Records, p. 217

[32] Records, pp. 212-213

[33] Records, pp. 22-23

[34] “Exhibit I” appended to “Exhibit H”, Records, pp. 215-216

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