

**ANTONIO E. PRATS, DOING BUSINESS UNDER THE NAME OF
PHILIPPINE REAL ESTATE EXCHANGE, PETITIONER, VS. HON.
COURT OF APPEALS, ALFONSO DORONILA AND PHILIPPINE
NATIONAL BANK, RESPOND...**

G.R. No. L-39822. January 31, 1978

Ponente: FERNANDEZ, J.

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FERNANDEZ, J.:

This is a petition for certiorari to review the decision of the Court of Appeals in CA-G.R. No. 45974-R entitled "Antonio E. Prats, doing business under the name of Philippine Real Estate Exchange, versus Alfonso Doronila and the Philippine National Bank", the dispositive part of which reads:

"In view of all the foregoing, it is our considered opinion and so hold that the decision of the lower court be, as it is hereby reversed, and the complaint, dismissed. On appellant's counterclaim, judgment is hereby rendered directing appellee to pay attorney's fees in the sum of P10,000 to appellant, no moral damages as therein claimed being awarded for lack of evidence to justify the same. The injunction issued by the lower court on the P2,000,000.00 cash deposit of the appellant is hereby lifted. No special pronouncement as to costs.

SO ORDERED."[1]

On September 23, 1968, Antonio E. Prats, doing business under the name of "Philippine Real Estate Exchange" instituted against Alfonso Doronila and Philippine National Bank Civil Case No. Q-12412 in the Court of First Instance of Rizal at Quezon City to recover a sum of money and damages.

The complaint stated that defendant Alfonso Doronila was the registered owner of 300 hectares of land situated in Montalban, Rizal, covered by Transfer Certificates of Title Nos. 77011, 77013, 216747 and 216750; that defendant Doronila had for sometime tried to sell his aforesaid 300 hectares of land and for that purpose had designated several agents; that at one time, he had offered the same property to the Social Security System but failed to consummate any sale; that his offer to sell to the Social Security System having failed, defendant Doronila on February 14, 1968 gave the plaintiff an exclusive option and authority in writing to negotiate the sale of his aforementioned property, which exclusive option and authority the plaintiff caused to be published in the Manila Times on February 22, 1968; that it was the agreement between plaintiff and defendant Doronila that the basic price shall be P3.00 per square meter; that plaintiff shall be entitled to a commission of 10% based on P2.10 per square meter or at any price finally agreed upon and if the property be sold over and above P3.00 per square meter, the excess shall be credited and paid to the plaintiff in addition to his 10% commission based on P2.10 per square meter; that as a result of the grant of the exclusive option and authority to negotiate the sale of his 300 hectares of land situated in Montalban, Rizal, in favor of the plaintiff, the defendant Doronila, on February 20,

1968, wrote a letter to the Social Security System withdrawing his previous offer to sell the same land and requesting the return to him of all papers concerning his offered property; that the Social Security System, complying with said request of defendant Doronila, returned all the papers thereon and defendant Doronila, in turn, gave them to the plaintiff as his duly authorized real estate broker; that by virtue of the exclusive written option and authority granted him and relying upon the announced policy of the President of the Philippines to promote low housing program, the plaintiff immediately worked to negotiate the sale of defendant Doronila's 300 hectares of land to the Social Security System, making the necessary contacts and representations to bring the parties together, namely, the owner and the buyer, and bring about the ultimate sale of the land by defendant Doronila to the Social Security System; that on February 27, 1968, after plaintiff had already contacted the Social Security System, its Deputy Administrator, Reynaldo J. Gregorio, wrote a letter to defendant Doronila inviting the latter to a conference regarding the property in question with Administrator Teodoro, Chairman Gaviola and said Reynaldo J. Gregorio on March 4, 1968 at 10:00 o'clock in the morning, stating that the SSS would like to take up the offer of the lot; that having granted plaintiff the exclusive written option and authority to negotiate the sale of his 300 hectares of land, defendant Doronila in a letter dated February 28, 1968 declined the invitation extended by the Social Security System to meet with its Administrator and Chairman, and requested them instead "to deal directly" with the plaintiff; that on March 16, 1968, at the suggestion of defendant Doronila, the plaintiff wrote a letter to the Social Security System to the effect that plaintiff would be glad to sit with the officials of the Social Security System to discuss the sale of the property of the defendant Doronila; that on March 18, 1968, the Social Security System sent a telegram to defendant Doronila to submit certain documents regarding the property offered; that on May 6, 1968, a written offer to sell the 300 hectares of land belonging to defendant Doronila was formally made by the plaintiff to the Social Security System and accordingly, on May 7, 1968, the Social Security System Administrator dispatched the following telegram to defendant Doronila: "SSS considering purchase your property for its housing project Administrator Teodoro"; that a few days thereafter, the plaintiff accompanied the defendant Doronila to the China Banking Corporation to arrange the matter of clearing payment by check and delivery of the titles over the property to the Social Security System; that having been brought together by the plaintiff, the defendant Doronila and the officials of the Social Security System, on May 29, 1968 and on June 4, 1968, met at the office of the SSS Administrator wherein the price for the purchase of the defendant Doronila's 300 hectares of land was, among others, taken up; that on June 20, 1968, the Social Security Commission passed Resolution No. 636 making a counter-offer of P3.25 per square meter subject to an appraisal report; that on June 27, 1968, Resolution No. 662 was adopted by the Social Security Commission authorizing the Toples & Harding (Far East) Inc. to conduct an appraisal of the property and to submit a report thereon; that pursuant thereto, the said company submitted its appraisal report specifying that the present value of the property is P3.34 per square meter and that a housing program development would represent the highest and best use thereof; that on July 18, 1968, the Social Security Commission, at its regular meeting, taking note of the favorable appraisal report of the Toples & Harding (Far East) Inc., passed Resolution No. 738, approving the purchase of defendant Doronila's 300 hectares of land in Montalban, Rizal, at a price of P3.25 per square meter or for a total purchase price of Nine Million Seven Hundred Fifty Thousand Pesos (P9,750,000.00), appropriating the said amount for the purpose and authorizing the SSS Administrator to sign the necessary documents to implement the said resolution; that on July 30, 1968, defendant Doronila and the Social Security System executed the corresponding deed of absolute sale over the 300 hectares of land in Montalban, Rizal, covered by Transfer Certificates of Title Nos. 77011, 77013, 216747 and 216750 under the terms of which the total price of P9,750,000.00 shall be payable as follows: (a) 60% of the agreed purchase price, or Five Million Eight Hundred Fifty Thousand Pesos (P5,850,000.00) immediately after signing the deed of sale, and (b) the balance of 40% of the agreed price, or Three Million Nine Hundred Thousand Pesos (P3,900,000.00) thirty days after the signing of the deed of absolute sale; that on August 21, 1968, after payment of the purchase price, the deed of absolute sale executed by defendant Doronila in favor of

the Social Security System was presented for registration in the Office of the Register of Deeds of Rizal, and Transfer Certificates of Title Nos. 226574, 226575, 226576 and 226577 in the name of the Social Security System were issued; that defendant Doronila has received the full purchase price for his 300 hectares of land in the total amount of P9,750,000.00, which amount he deposited in his bank Account No. 0012-443 with the defendant Philippine National Bank; that on September 17, 1968, the plaintiff presented his statement to, and demanded of defendant Doronila the payment of his professional fee as real estate broker as computed under the agreement of February 14, 1968 in the total amount of P1,380,000.00; that notwithstanding such demand, the defendant Doronila, in gross and evident bad faith, after having availed of the services of plaintiff as real estate broker, refused to pay the professional fees due him; that as a result of defendant Doronila's gross and evident bad faith and unjustified refusal to pay plaintiff the professional fees due him under the agreement, the latter has suffered and continues to suffer mental anguish, serious anxiety, and social humiliation for which defendant Doronila shall be held liable to pay moral damages; and, that by reason likewise of the aforesaid act of defendant Doronila, the plaintiff has been compelled to file this action and to engage the services of counsel at a stipulated professional fee of P250,000.00.

In his answer filed on November 18, 1968, the defendant Doronila alleged that when the plaintiff offered the answering defendant's property to the Social Security System on May 6, 1968, said defendant had already offered his property to, and had a closed transaction or contract of sale of, said property with the Social Security System; that the letter agreement had become null and void because defendant Doronila had not received any written offer from any prospective buyers of the plaintiff during the agreed period of 60 days until the last day of the authorization which was April 13, 1968 counting from February 14, 1968; that it is not true that plaintiff brought together defendant Doronila and the officials of the Social Security System to take up the purchase price of defendant Doronila's property for the simple reason that the plaintiff's offer was P6.00 per square meter and later on reduced to P4.50 per square meter because the SSS Chairman had already a closed transaction with the defendant Doronila at the price of P3.25 per square meter and that the offer of the plaintiff was refused by the officials of the Social Security System; and that defendant Doronila did not answer the statement of collection of the plaintiff because the latter had no right to demand the payment for services not rendered according to the agreement of the parties. The answering defendant interposed a counterclaim for damages and attorney's fees.

On January 18, 1969, the plaintiff and defendant Alfonso Doronila submitted the following stipulation of facts:

"STIPULATION OF FACTS

COME NOW the plaintiff and defendant DORONILA, through their respective undersigned counsel, and to this Honorable Court, by way of abbreviating the proceeding in the case at bar, without prejudice to presentation of explanatory evidence, respectfully submit the following STIPULATION OF FACTS:

1.

That defendant Doronila was the registered owner of 300 hectares of land, situated in Montalban, Rizal, covered by Transfer Certificates of Title Nos. 77011, 77013, 216747 (formerly TCT No. 116631) and 216750 (formerly TCT No. 77012).

2.

That on July 3, 1967, defendant DORONILA under his letter (marked Annex '1' of the answer) addressed to the SSS Chairman, offered his said property to the Social Security System (SSS) at P4.00 per square meter.

That on July 17, 1967 (Annex '2' of the Answer) the SSS Chairman, Mr. Ramon G. Gaviola, Jr., replied to defendant DORONILA, as follows:

'This will acknowledge your letter of July 3rd, 1967 relative to your offer for sale of your real estate property.

In this regard, may I please be informed as to how many hectares, out of the total 300 hectares offered, are located in Quezon City and how many hectares are located in Montalban, Rizal. Likewise, as regards your offer of P4.00 per square meter, would there be any possibility that the same be reduced to P3.25 per square meter? Finally and before I submit your proposal for process it is requested that the NAWASA certify to the effect that they have no objection to having this parcel of land subdivided for residential house purposes.

Thank you for your offer and may I hear from you at the earliest possible time.'

2-a

That on July 19, 1967, defendant DORONILA wrote a letter (a xerox copy, attached hereto marked as Annex '2-a' for DORONILA) to NAWASA, and that in reply thereto, on July 25, 1967, the NAWASA wrote the following letter (Xerox copy attached hereto to be marked as Annex '2-b' for DORONILA) to defendant DORONILA.

'In connection with your proposed subdivision plan of your properties adjacent to our Novaliches Watershed, this Office would like to impose the following conditions:

- Since your property is an immediate boundary of our Novaliches Watershed, a 20-meter road should be constructed along our common boundary.
- That no waste or drainage water from the subdivision should flow towards the watershed.
- That the liquid from the septic tanks or similar waste water should be treated before it is drained to the Alat River above our Alat Dam.

The above conditions are all safeguards to the drinking water of the people of Manila and Suburbs. It is therefore expected that we all cooperate to make our drinking water safer from any pollution.'

3.

That on July 19, 1967, defendant DORONILA wrote another letter (marked as Annex '3' on his Answer) addressed to the SSS Chairman, Mr. Ramon G. Gaviola, Jr., stating, among others, the following:

'In this connection, I have your counter-offer of P3.25 per square meter against my offer of P4.00 per square meter, although your counter-offer is lower comparing to the prices of adjacent properties, I have to consider the difference as my privilege and opportunity to contribute or support the Presidential policy to promote low cost housing in this country particularly to the SSS members by accepting gladly your counter-offer of P3.25 per square meter with the condition that it should be paid in cash and such payment shall be made within a period of 30 days from the above stated date' (2nd paragraph of letter dated July 18, 1967, Annex '3' of the Answer).

3-a

That on August 10, 1967, the SSS Chairman, Mr. Ramon G. Gaviola, Jr., wrote the following (Xerox copy attached hereto and marked as Annex '2-c' for DORONILA: addressed to defendant DORONILA:

'With reference to your letter, dated July 1967, please be informed that the same is now with the Administrator for study and comment. The Commission will act on receipt of information re such studies.

With the assurance that you will be periodically informed of developments, we remain.'

3-b

That on October 30, 1967, Mr. Pastor B. Sajorda, 'By authority of Atty. Alfonso Doronila, property owner', wrote the following request (Xerox copy attached hereto and marked as Annex '2-d' for DORONILA) addressed to Realtor Vicente L. Narciso for a certification regarding the actual prices of DORONILA's property, quoted as

follows:

'May I have the honor to request for your certification as a member of the Board of Realtor regarding the actual prices of my real estate raw-land properties described as Lots 3-B-7, 26-B, 6 and 4-C-3 all adjacent to each other, containing a total area of 3,000,000 square meters, all registered in the name of Alfonso Doronila, covered by T.C.T. Nos. 116631, 77013, 77011, and 77012, located at Montalban, Rizal, all adjacent to the Northern portion of the NAWASA properties in Quezon City including those other surrounding adjacent properties and even those properties located before reaching my own properties coming from Manila.

This request is purposely made for my references in case I decided to sell my said properties mentioned above.'

3-c

That on November 3, 1967, Realtor Vicente Narciso wrote the following reply (Xerox copy attached hereto and marked as Annex '2-e' for DORONILA) to Mr. Pastor B. Sajorda

'As per your request dated October 30, 1967, regarding prices of raw land, it is my finding that the fair market value of raw land in the vicinity of the NAWASA properties at Quezon City and Montalban, Rizal, including the properties of Atty. Alfonso Doronila, more particularly known as lots 3-B-7, 26-B, and 4-C-3 containing approximately 3,000,000 square meters is P3.00 to P3.50 per square meter.

Current prices before reaching Doronila's property range from P6.00 to P7.00 per square meter.

4.

That on February 14, 1968, defendant DORONILA granted plaintiff an exclusive option and authority (Annex 'A' of the complaint), under the following terms and conditions:

'1. The price of the property is THREE (P3.00) PESOS per square meter.

2. A commission of TEN (10%) PERCENT will be paid to us based on P2.10 per square meter, or at any price that you (DORONILA) finally agree upon, and all expenses shall be for our account, including preparation of the corresponding deed of conveyance, documentary stamps and registration fee, whether the sale is caused directly or indirectly by us within the time of this option. If the property is sold over and above P3.00 per square meter, the excess amount shall be credited and paid to the herein brokers. In addition to the 10% commission based on P2.10 per square meter, provided the brokers shall pay the corresponding taxes to the owner of the excess amount over P3.00 per square meter, unless paid by check which would then be deductible as additional expenses.

3. This exclusive option and authority is good for a period of sixty (60) days from the date of your conformity; provided, however, that should negotiations have been started with a buyer, said period is automatically extended until said negotiations is terminated, but not more than fifteen (15) days;

4. The written offers must be made by the prospective buyers, unless they prefer to have us take the offer for and in their behalf some buyers do not want to be known in the early stages of the negotiations;

5. If no written offer is made to you until the last day of this authorization, this option and authority shall expire and become null and void;

6. It is clearly understood that prospective buyers and all parties interested in this property shall be referred to us, and that you will not even quote a price directly to any agent or buyer. You agree to refer all agents or brokers to us DURING the time this option is in force; and

7. There are some squatters occupying small portions of the property, which fact will be reported to the prospective buyers, and said squatters will be removed at our expense.' (Annex 'A' of the complaint)

Very truly yours,

PHILIPPINE REAL ESTATE EXCHANGE

(Sgd.) ANTONIO E. PRATS
General Manager

CONFORME:

(Sgd.) ALFONSO DORONILA'
Date: February 14, 1968

5.

That on February 19, 1968, plaintiff wrote the following letter to defendant DORONILA (Annex '4' of the Answer), quoted as follows:

'February 19, 1968

Don Alfonso Doronila
Plaza Ferguzon
Ermita, Manila

Dear Don Alfonso:

In view of the exclusive option extended to us for the sale of your property consisting 300 hectares located at Montalban, Rizal, we earnestly request that you take immediate steps to withdraw any and all papers pertaining to this property offered to the SOCIAL SECURITY SYSTEM.

Very truly yours,

PHILIPPINE REAL
ESTATE EXCHANGE

(Sgd.) ANTONIO E. PRATS
General Manager

AEP/acc

RECEIVED ORIGINAL:
By: (Sgd.) ROGELIO DAPITAN',

6.

That on February 20, 1968, pursuant to the letter dated February 19, 1968 of plaintiff, defendant DORONILA wrote a letter (Annex 'B' of the complaint) to the SSS Administrator stating:

'Inasmuch as the SSS has not acted on my offer to sell a 300 hectare lot located in Montalban, Rizal, for the last five (5) months I respectfully requested for the return of all my papers concerning this offered pro-perty.'

7.

That on February 27, 1968, defendant DORONILA received the following letter (Annex 'C' of the complaint) from the SSS Deputy Administrator, Mr. Reynaldo J. Gregorio, to wit:

'May I take this opportunity of inviting you in behalf of Administrator Teodoro, to meet with him, Chairman Gaviola and myself on Friday, March 4, 10:00 A.M. lot offer.

Thanks and regards.

8.

That on February 28, 1968, defendant DORONILA wrote the following letter (Annex 'D' of the complaint) to the SSS Deputy Administrator:

'Thank you for your invitation to meet Administrator Teodoro, Chairman Gaviola and your goodself, to take up my former offer to sell my property to the Social Security System.

Since the SSS had not acted on my offer dated July 19, 1967, more than seven (7) months ago, I have asked for the return of my papers, as per my letter of February 20, 1968, and which you have kindly returned to me.

As of February 20, 1968, I gave the Philippine Real Estate Exchange an exclusive option and authority to negotiate the sale of this 300 hectare land, and I am no longer at liberty to negotiate its sale personally; I shall therefore request you communicate directly with the Philippine Real Estate Exchange, P. O. Box 84, Quezon City, and deal with them directly if you are still interested in my property.

With my kind personal regards, I am'

9.

That on March 16, 1968, plaintiff, acting upon the letter of defendant DORONILA dated February 28, 1968 (Annex 'D' for plaintiff), wrote the following letter to SSS Administrator:

'Don Alfonso Doronila, owner of the 300 hectare land located at Montalban, Rizal, adjoining the Quezon City boundary, has informed us that the Administrator of the SOCIAL SECURITY SYSTEM, through Mr. Reynaldo J. Gregorio, has invited him to meet with the Administrator and Chairman Gaviola to take up the former offer to sell his property to the SSS.

'In his letter to the Administrator dated February 20, 1968 (which has been received by the SSS on the same day), Mr. Doronila advised you that as of February 20, 1968, he gave the PHILIPPINE REAL ESTATE EXCHANGE (PHILREX) the exclusive option and authority to negotiate the sale of his 300 hectare land in Montalban, and that he is no longer at liberty to negotiate its sale personally, and that, if you are still interested in this property, the SSS should communicate directly with the PHILIPPINE REAL ESTATE EXCHANGE.

'It is by virtue of this arrangement that Mr. Doronila now refers to us your invitation and his reply to the SSS and has requested us to get in touch with you.'

'While, at present we have several prospective buyers interested in this property, we shall, in compliance with the request of Mr. Doronila, be happy to sit down with you and Chairman Ramon Gaviola, Jr.'

'Please let us know when it will be convenient to hold the conference.'

10.

That on April 18, 1968, defendant DORONILA extended the plaintiff exclusive option and authority to expire May 18, 1968. (Annex 'B' -Reply, letter of Doronila to SSS Deputy Administrator dated May 8, 1968).

11.

That on May 6, 1968, plaintiff made a formal written offer to the Social Security System to sell the 300 hectare land of defendant DORONILA at the price of P6.00 per square meter, a Xerox copy of which, bearing the stamp or receipt of the Social Security System is attached hereof as Annex 'D'-plaintiff.

12.

That on May 17, 1968, the defendant DORONILA received the following telegram (Annex 'E' of the complaint) from the SSS Administrator, reading:

'SSS CONSIDERING PURCHASE YOUR PROPERTY FOR ITS HOUSING PROJECT'

13.

That on May 18, 1968, after plaintiff's exclusive option and authority had been extended, plaintiff wrote the following letter (Annex 'A-Reply' of plaintiff's REPLY TO ANSWER) to defendant DORONILA, to wit:

'CONFIDENTIAL'

'In our conference last Monday, May 13, 1968, you have been definitely advised by responsible parties that the SOCIAL SECURITY SYSTEM is acquiring your 300-hectare land at Montalban, Rizal, adjoining the Quezon City Boundary - - and that said property will be acquired in accordance with the exclusive option and authority you gave the PHILIPPINE REAL ESTATE EXCHANGE. You were assured in that conference that the property will be acquired definitely, but, as it has been mentioned during the conference, it may take from 30 to 60 days to have all the papers prepared and to effect the corresponding payment. The telegram from the SSS confirming these negotiations has already been received by you, a copy of which you yourself have kindly furnished us.

'Pursuant to paragraph 3 of the terms of the option that you have kindly extended, we still have fifteen days more from today, May 18, 1968, within which to finish the negotiations for the sale of your property to the SSS. For your convenience, we quote the pertinent portion of paragraph 3 of the option:

'x x x . . . provided, however, that should negotiation have been started with a buyer, said period is automatically extended until said negotiation is terminated, but no more than fifteen (15) days.'

'Please be assured that we will do our very best to complete these negotiations for the sale of your property within this fifteen-day period. In the meantime, we hope you will also observe the provisions of paragraph 6 of the exclusive option you have extended to us.'

14.

That on May 18, 1968, plaintiff wrote the following letter (Xerox copy attached and marked hereof as Annex 'H' for plaintiff) addressed to defendant DORONILA, to wit:

'By virtue of the exclusive option and authority you have granted the PHILIPPINE REAL ESTATE EXCHANGE to negotiate the sale of your 300-hectare land located at Montalban, Rizal, adjoining the Quezon City boundary, which properties are covered by Transfer Certificate of Titles Nos. 116631, 77011, 77012 and 77013, of the Registry of Deeds for the Province of Rizal, we hereby make a firm offer, for and in behalf of our buyer, to purchase said property at the price of FOUR PESOS AND FIFTY CENTAVOS (P4.50) per square meter, or the total amount of THIRTEEN MILLION FIVE HUNDRED THOUSAND (P13,500,000.00) PESOS, Philippine Currency, payable in Cash and D.B.P. Progress Bonds, on a ratio to be decided between you and our principal.'

'To expedite the negotiations, we suggest that we sit down sometime early next week with our principal to take up the final arrangement and other details in connection with the purchase of the subject property.'

'To give you further assurance of the validity of this offer, we refer you to the CHINA BANKING CORPORATION (Trust Department) who has already been apprised of these negotiations, to which Bank we strongly recommend that this transaction be coursed through, for your own security and protection.'

15.

That on May 30, 1968, plaintiff wrote the following letter (Xerox copy attached hereto, and marked as Annex 'I' for plaintiff) to defendant DORONILA, quoted as follows:

'This is to advise you that the SOCIAL SECURITY SYSTEM agreed to purchase your 300-hectare land located at Montalban, Rizal, which purchase can be confirmed by the Chairman of the SOCIAL SECURITY COM-MISSION. The details will have to be taken up between you and the Chairman, and we suggest that you

communicate with the Chairman at your earliest convenience.'

'This negotiation was made by virtue of the exclusive option and authority you have granted the PHILIPPINE REAL ESTATE EXCHANGE, which option is in full force and effect, and covers the transaction referred above.'

16.

That on June 6, 1968, defendant DORONILA wrote the following letter (Annex '7' for DORONILA), to the plaintiff, to wit:

'I have to inform you officially, that I have not received any written offer from the SSS or others, to purchase my Montalban property of which you were given an option and exclusive authority as appearing in your letter-contract dated February 14, 1968, during the 60 days of your exclusive authority which expired on April 14, 1968, nor during the extension which was properly a new exclusive authority of 30 days from April 18, which expired on May 18, 1968, nor during the provided 15 days grace, in case that you have closed any transaction to terminate it during that period, which also expired on June 3, 1968.'

'As stated in said letter, we have the following condition:

'5. If no written offer is made to you until the last day of this authorization, this option and authority shall expire and becomes null and void.'

'As I have informed you, that on April 16, 1968 or two days after your option expired I have signed an agreement to sell my property to a group of buyers to whom I asked later that the effectivity of said agreement will be after your new authority has expired will be on June 2, 1968, and they have accepted; As your option has expired, and they know that there was no written offer made by the SSS for any price of my property, aside of their previous letter announcing me that they are ready to pay, I was notified on June 4, 1968 by their representative, calling my attention about our agreement; that is why I am writing you, that having expired your option and exclusive authority to offer for sale my said property, I notified only this afternoon said group that I am ready to comply our agreement.

'Hoping for your consideration on the matter, as we have to be guided by contracts that we have to comply, I hereby express to you my sincere sentiments.'

17.

That on June 19, 1968, defendant DORONILA wrote the following letter (Annex '5' of the Answer) to the SSS Administrator, renewing his offer to sell his 300 hectare land to the SSS at P4.00 per square meter, to wit:

'This is to renew my offer to sell my properties located at Montalban, Rizal identified as Lot Nos. 3-B-7, 26-B, 6, and 4-C-3, registered in my name in the office of the Registry of Deeds of Rizal under T.C.T. Nos. 116631, 77013, 77011 and 216750, containing a total area of 300 hectares or 3,000,000 square meters.

You will recall that last year, I offered to the Social Security System the same properties at the price of Four (P4.00) pesos per square meter. After 3 ocular inspection of Chairman Gaviola, one of said inspections accompanied by Commissioner Arroyo and after receiving the written appraisal report of Manila realtor Vicente L. Narciso, the System then made a counter-offer of Three pesos and twenty-five (P3.25) per square meter which I accepted under the condition that the total amount be paid within a period of thirty (30) days from the date of my acceptance (July 19, 1967). My acceptance was motivated by the fact that within said period of time I had hoped to repurchase my sugarcane hacienda in Iloilo with the proceeds I expected from the sale. No action was however taken by the System thereon.

Recently, the same properties were offered by Antonio E. Prats of the Philippine Real Estate Exchange to the Presidential Assistant on Housing, at the price of six pesos (P6.00) per square meter, who referred it to the System, but again no action had been taken by the System.

Considering the lapse of time since our original offer during which prices of real estate have increased considerably, on the one hand, and in cooperation with the System's implementation of our government's policy to provide low cost houses to its members, on the other hand, I am renewing my offer to sell my properties to the System only at the same price of P4.00 per square meter, or for a total amount of twelve million pesos (P12,000,000.00), provided the total amount is paid in cash within a period of fifteen (15) days from this date.'

18.

That on June 20, 1968, the Social Security Commission passed Resolution No. 636 by which the SSS formalized its counter-offer of P3.25 per square meter. (See Annex 'F' of the complaint)

19.

That on June 25, 1968, the SSS Administrator, Mr. Gilberto Teodoro, wrote the following reply letter (Annex '6' of the Answer) to defendant DORONILA, to wit:

'This has reference to your letter dated June 19, 1968 renewing your offer to sell your property located at Montalban, Rizal containing an area of 300 hectares at P4.00 per square meter. Please be informed that the said letter was submitted for the consideration of the Social Security Commission at its last meeting on June 20, 1968 and pursuant to its Resolution No. 636, current series, it decided that the System reiterate its counter-offer for P3.25 per square meter subject to a favorable appraisal report by a reputable appraisal entity as regards particularly to price and housing project feasibility. Should this counter-offer be acceptable to you, kindly so indicate by signing hereunder your conformity thereon.

Trusting that the foregoing sufficiently advises you on the matter, I remain

Very truly yours,

GILBERTO TEODORO
Administrator

CONFORME: With condition that the sale will be consummated within Twenty (20) days from this date.

ALFONSO DORONILA

Returned and received the original by

June 25/68
Admtr's Office'

20.

That on June 27, 1968, the Social Security Commission passed Resolution No. 662 authorizing the Toples & Harding (Far East) to conduct an appraisal of the property of defendant DORONILA and to submit a report thereon. (See Annex 'F' of the complaint)

21.

That on July 17, 1968, the Social Security Commission taking note of the report of Toples & Harding (Far East), passed Resolution No. 738, approving the purchase of the 300 hectare land of defendant DORONILA, at the price of P3.25 per square meter, for a total purchase price of NINE MILLION SEVEN HUNDRED FIFTY THOUSAND PESOS (P9,750,000.00), and appropriating the said amount of money for the purpose. (See Annex 'F' of the complaint).

22.

That on July 30, 1968, defendant DORONILA executed the deed of absolute sale (Annex 'G' of the complaint) over his 300-hectare land, situated in Montalban, Rizal, covered by TCT Nos. 77011, 77013, 216747 (formerly TCT No. 116631) and 216750 (formerly TCT No. 77012), in favor of the Social Security System, for the total purchase price of NINE MILLION SEVEN HUNDRED FIFTY THOUSAND PESOS (P9,750,000.00), Philippine currency, which deed of sale was presented for registration in the Office of the Register of Deeds of Rizal on August 21, 1968.

23.

That defendant DORONILA had received the full purchase price of NINE MILLION SEVEN HUNDRED FIFTY THOUSAND PESOS (P9,750,000.00), Philippine Currency, in two installments.

24.

That on September 17, 1968, plaintiff presented his STATEMENT OF ACCOUNT, dated September 16, 1968 (Xerox copy of which is attached hereto and marked as Annex 'J-plaintiff' to defendant DORONILA for the payment of his professional services as real estate broker in the amount of P1,380,000.00, as computed on the basis of the letter-agreement, Annex 'A' of the complaint, which defendant failed to pay.

Manila, for Quezon City, January 18, 1968.

Respectfully submitted:

CRISPIN D. BAIZAS & ASSOCIATES
and A.N. BOLINAO, JR.

By: (Sgd.)

Counsel for the plaintiff
Suite 305, Shurdut Bldg.
Intramuros, Manila

(Sgd.) E. V. Obon

Atty. EUGENIO V. OBON

Counsel for the defendant
9 West Point Street
Quezon City

ALFONSO DORONILA
Counsel for the defendant
428 Plaza de Ferguson
Ermita, Manila"[2]

The trial court rendered its decision dated December 12, 1969, the dispositive part of which reads:

"WHEREFORE, judgment is hereby rendered in favor of plaintiff, ordering defendant Alfonso Doronila, under the first cause of action, to pay to plaintiff the sum of P1,380,000.00 with interest thereon at the rate of 6% per annum from September 23, 1968 until fully paid; and under the second Cause of Action, to pay plaintiff the sum of P200,000.00 as moral damages; the sum of P100,000.00 as exemplary damages; the sum of P150,000.00 as attorney's fees, including the expenses of litigation and costs of this suit.

The writ of preliminary injunction issued in this case is hereby made permanent; and the defendant Philippine National Bank is hereby ordered to pay to the plaintiff the amount of P1,380,000.00 and interest on the P1,380,000.00 to be computed separately out of the P2,000,000.00 which it presently holds under a fixed time deposit.

SO ORDERED.

December 12, 1969, Quezon City, Philippines.

(SGD.) LOURDES P. SAN DIEGO
Judge"[3]

The defendant appealed to the Court of Appeals where the appeal was docketed as CA-G.R. No. 45974-R.

In a decision promulgated on September 19, 1974, the Court of Appeals reversed the decision of the trial court and dismissed the complaint because:

"In any event, since it has been found that the authority of appellee expired on June 2, 1968, rather than June 12, 1968 as the lower court opined, the inquiry would be whether up to that time, a written offer was made by appellee in behalf of the SSS. The stipulation is clear on this point. There should be a written offer by the prospective buyer or by appellee for or in their behalf, and that if no such written offer is made until the last day of the authorization, the option and authority shall expire and become null and void. Note that the emphasis is placed on the need of a written offer to save the authority from an automatic termination on the last day of the authorization. We note such emphasis with special significance in view of the condition relative to automatic extension of not more than 15 days if negotiations have been started. The question then is when are negotiations deemed started? In the light of the provisions just cited, it would be when a response is given by the prospective buyer showing his interest to buy the property when an offer is made by the seller or broker and make an offer of the price. Strictly, therefore, prior to May 29, 1968, there were no negotiations yet started within the contemplation of the letter-agreement of brokerage (Exh. A). Nevertheless, appellant extended appellee's exclusive authority to expire on May 18, 1968 (par. 10, Stipulation of Facts; R.A. p. 89), which was automatically extended by 15 days under their agreement, to expire on June 2, 1968, if the period extended up to May 18, 1968 was a new authority. For, it may even be considered as taking the place of the 15-day automatic extension, since appellee's pretension is that negotiations have been started within the original period of 60 days. Appellant, in fixing the expiry date on June 2, 1968, has thus made a liberal concession in favor of appellee, when he chose not to regard the extension up to May 18, 1968 as the automatic extension which ought to have been no more than 15 days, but which he generously stretched twice as long."[4]

The petitioner assigned the following errors:

"I

THE RESPONDENT COURT OF APPEALS ERRED IN CONCLUDING THAT PETITIONER WAS NOT THE EFFICIENT PROCURING CAUSE IN BRINGING ABOUT THE SALE OF PRIVATE RESPONDENT DORONILA'S LAND TO THE SSS.

II

THE RESPONDENT COURT OF APPEALS ERRED IN CONCLUDING THAT THERE WAS FAILURE ON THE PART OF HEREIN PETITIONER TO COMPLY WITH THE TERMS AND CONDITIONS OF HIS CONTRACT WITH PRIVATE RESPONDENT.

III

THE RESPONDENT COURT OF APPEALS ERRED IN CONCLUDING THAT PETITIONER IS NOT ENTITLED TO HIS COMMISSION.

IV

THE RESPONDENT COURT OF APPEALS ERRED IN AWARDING ATTORNEY'S FEES TO PRIVATE RESPONDENT DORONILA INSTEAD OF AFFIRMING THE AWARD OF MORAL AND EXEMPLARY DAMAGES AS WELL AS ATTORNEY'S FEES TO PETITIONER." [5]

The Court in its Resolution of May 23, 1975 originally denied the petition for lack of merit but upon petitioner's motion for reconsideration and supplemental petition invoking equity, resolved in its Resolution of August 20, 1975 to give due course thereto.

From the stipulation of facts and the evidence of record, it is clear that the offer of defendant Doronila to sell the 300 hectares of land in question to the Social Security System was formally accepted by the System only on June 20, 1968 after the exclusive authority, Exhibit A, in favor of the plaintiff, petitioner herein, had expired. The respondent court's factual findings that petitioner was not the efficient procuring cause in bringing about the sale (prescinding from the fact of expiration of his exclusive authority) which are admittedly final for purposes of the present petition, provide no basis in law to grant relief to petitioner. The following pertinent excerpts from respondent court's extensive decision amply demonstrate this:

"It is noted, however, that even in his brief, when he said --

'According to the testimony of the plaintiff-appellee a few days before May 29, 1968, he arranged with Mr. Gilberto Teodoro, SSS Administrator, a meeting with the defendant Doronila. He talked with Mr. Teodoro over the telephone and fixed the date of the meeting with defendant-appellant Doronila for May 29, 1968, and that he was specifically requested by Mr. Teodoro not to be present at the meeting, as he, Teodoro, wanted to deal directly with the defendant-appellant alone. (Tsn., pp. 44-46, March 1, 1969). Finding nothing wrong with such a request, as the sale could be caused directly or indirectly (Exh. 'A'), and believing that as a broker all that he needed to do to be entitled to his commission was to bring about a meeting between the buyer and the seller as to ripen into a sale, plaintiff-appellee readily acceded to the request.'

appellee is not categorical that it was through his efforts that the meeting took place on May 29, 1968. He refers to a telephone call he made 'a few days before May 29, 1968,' but in the conversation he had with Mr. Teodoro, the latter requested him not to be present in the meeting. From these facts, it is manifest that the SSS officials never wanted to be in any way guided by, or otherwise subject to, the mediation or intervention of, appellee relative to the negotiation for the purchase of the property. It is thus more reasonable to conclude that if a meeting was held on May 29, 1968, it was done independently, and not by virtue of, appellee's wish or efforts to hold such meeting." [6]

XXX XXX XXX

"x x x It is even doubtful if he tried to make any arrangement for meeting at all, because on May 18, 1968, he told appellant:

'x x x we hereby make a firm offer, for and in behalf of our buyer, to purchase said property at the price of Four Pesos and Fifty Centavos (P4.50) per square meter x x x. '

"As this offer is evidently made in behalf of buyer other than the SSS which had never offered the price of P4.50 per square meter, appellee could not have at the same time arranged a meeting between the SSS officials and appellant with a view to consummating the sale in favor of the SSS which had made an offer of only P3.25 per sq. m. and thus lose the much bigger profit he would realize with a higher price of P4.50 per sq. meter. This 'firm offer' of P4.50 per sq. m. made by appellee betrayed his lack of any efficient intervention in the negotiations with the SSS for the purchase by it of appellant's property. x x x"[7]

XXX XXX XXX

"x x x This becomes more evident when it is considered that on May 6, 1968 he was making his first offer to sell the property at P6.00 per sq. m. to the SSS to which offer he received no answer. It is this cold indifference of the SSS to him that must have prompted him to look for other buyers, resulting in his making the firm offer of P4.50 per sq. m. on May 18, 1968, a fact which only goes to show that for being ignored by the SSS, he gave up all efforts to deal with the SSS. x x x."[8]

XXX XXX XXX

"x x x For him to claim that it was he who aroused the interest of the SSS in buying appellant's property is to ignore the fact that as early as June, (July) 1967, the SSS had directly dealt with appellant to such an extent that the price of P3.25 as offered by the SSS was accepted by appellant, the latter imposing only the condition that the price should be paid in cash, and within 30 days from the date of the acceptance. It can truly be said then that the interest of SSS to acquire the property had been sufficiently aroused for there to be any need for appellee to stimulate it further. Appellee should know this fact for according to him, the 10-day grace period was agreed upon to give the SSS a chance to pay the price of the land at P3.25 per sq. m., as a 'compromise' to appellant's insistence that the SSS be excluded from appellee's option or authority to sell the land."[9]

XXX XXX XXX

"x x x There should be a written offer by the prospective buyer or by appellee for or in their behalf, and that if no such written offer is made until the last day of the authorization, the option and authority shall expire and become null and void. x x x Yet, no such written offer was made. x x x"[10]

In equity, however, the Court notes that petitioner had diligently taken steps to bring back together respondent Doronila and the SSS, among which may be mentioned the following:

In July, 1967, prior to February 14, 1968, respondent Doronila had offered to sell the land in question to the Social Security System. Direct negotiations were made by Doronila with the SSS. The SSS did not then accept the offer of Doronila. Thereafter, Doronila executed the exclusive authority in favor of petitioner Prats on February 14, 1968.

Prats communicated with the Office of the Presidential Housing Commission on February 23, 1968 offering the Doronila property. Prats wrote a follow-up letter on April 18, 1968 which was answered by the Commission with the suggestion that the property be offered directly to the SSS. Prats wrote the SSS on March 16, 1968, inviting Chairman Ramon Gaviola, Jr. to discuss the offer of the sale of the property in question to the SSS. On May 6, 1968, Prats made a formal written offer to the Social Security System to sell the 300-hectare land of Doronila at the price of P6.00 per square meter. Doronila received on May 17, 1968 from the SSS Administrator a telegram that the SSS was considering the purchase of Doronila's property for its housing project. Prats and his witness Raagas testified that Prats had several dinner and lunch meetings with Doronila and/or his nephew, Atty. Manuel D. Asencio, regarding the progress of the negotiations with the SSS.

Atty. Asencio had declared that he and his uncle, Alfonso Doronila, were invited several times by Prats, sometimes to luncheons and sometimes to dinner. On a Sunday, June 2, 1968, Prats and Raagas had luncheon in Sulu Hotel in Quezon City and they were joined later by Chairman Gaviola of the SSS.

The Court has noted on the other hand that Doronila finally sold the property to the Social Security System at P3.25 per square meter which was the very same price counter-offered by the Social Security System and accepted by him in July, 1967 when he alone was dealing exclusively with the said buyer long before Prats came into the picture but that on the other hand Prats' efforts somehow were instrumental in bringing them together again and finally consummating the transaction at the same price of P3.25 per square meter, although such finalization was after the expiration of Prats' extended exclusive authority. Still, such price was higher than that stipulated in the exclusive authority granted by Doronila to Prats.

Under the circumstances, the Court grants in equity the sum of One Hundred Thousand Pesos (P100,000.00) by way of compensation for his efforts and assistance in the transaction, which however was finalized and consummated after the expiration of his exclusive authority and sets aside the P10,000.00-attorneys' fees award adjudged against him by respondent court.

WHEREFORE, the decision appealed from is hereby affirmed, with the modification that private respondent Alfonso Doronila in equity is ordered to pay petitioner or his heirs the amount of One Hundred Thousand Pesos (P100,000.00) and that the portion of the said decision sentencing petitioner Prats to pay respondent Doronila attorneys' fees in the sum of P10,000.00 is set aside.

The lifting of the injunction issued by the lower court on the P2,000,000.00 cash deposit of respondent Doronila as ordered by respondent court is hereby affirmed, with the exception of the sum of One Hundred Thousand Pesos (P100,000.00) which is ordered segregated therefrom to satisfy the award herein given to petitioner; the lifting of said injunction, as herein ordered, is immediately executory upon promulgation hereof.

No pronouncement as to costs.

Teehankee, (Chairman), Makasiar, Muñoz Palma, and Guerrero, JJ., concur.

[1] Rollo, pp. 110-111. The decision was written by Justice Pacifico P. de Castro and concurred in by Justice Guillermo S. Santos and Justice Jose G. Bautista.

[2] Record on Appeal, pp. 76-102, Rollo, p. 57.

[3] Record on Appeal, pp. 183-184, Rollo, p. 57.

[4] Rollo, pp. 98-100.

[5] Brief for Petitioner, pp. 28-29, Rollo, p. 352.

[6] Pp. 35-36, Court of Appeals decision.

[7] Pp. 36-37, *ibid.*

[8] P. 37, *ibid.*

[9] P. 39, *ibid.*

[10] Pp. 40-41, *ibid.*

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