VISITACION GABELO, ERLINDA ABELLA, PETRA PEREZ, ERLINDA TRAQUENA, BEN CARDINAL, EDUARDO TRAQUENA, LEOPOLDO TRAQUENA, MARIFE TUBALAS, ULYSIS MATEO, JOCELYN FERNANDEZ, ALFONSO PLA...

G.R. No. 111743. October 08, 1999

Ponente: PURISIMA, J.

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PURISIMA, J.:

This is a Petition for Review on Certiorari under Rule 45 of the Revised Rules of Court, of the decision of the Court of Appeals, dated April 29, 1993, in CA-G.R. CV No. 33178, affirming the decision of the Regional Trial Court of Manila, Branch 38, in Civil Case No. 89-48057, entitled "Philippine Realty Corporation vs. Ursula Maglente, et al.", declaring the defendants (herein respondents) as the rightful party to purchase the land under controversy, and ordering the plaintiff, Philippine Realty Corporation (PRC, for brevity), to execute the corresponding Contract of Sale/Contract to Sell in favor of the defendants aforenamed.

The antecedent facts culminating in the filing of the present petition are as follows:

> On January 15, 1986, Philippine Realty Corporation, owner of a parcel of land at 400 Solana Street, Intramuros, Manila, with an area of 675.80 square meters, and covered by Transfer Certificate of Title No. 43989, entered into a Contract of Lease thereover with the herein private respondent, Ursula Maglente. The lease was for a period of three (3) years at a monthly rental of P3,000.00 during the first year, P3,189.78 per month in the second year and P3,374.00 monthly for the third year. The lease contract stipulated:
>
> "12. That the LESSOR shall have the right to sell any part of the entire leased land for any amount or consideration it deems convenient, subject to the condition, however, that the LESSEE shall be notified about it sixty (60) days in advance; that the LESSEE shall be given the first priority to buy it; and in the event that the LESSEE cannot afford to buy, the final buyer shall respect this lease for the duration of the same, except in cases of exproriation."

It also prohibited the lessee to "cede, transfer, mortgage, sublease or in any manner encumber the whole or part of the leased land and its improvements or its rights as LESSEE of the leased land, without the previous consent in writing of the LESSOR contained in a public instrument."

However, after the execution of the lease agreement, respondent Maglente started leasing portions of the leased area to the herein petitioners, Visitacion Gabelo, Erlinda Abella, Petra Perez, Erlinda Traquena, Ben Cardinal, Eduardo Traquena, Leopoldo Traquena, Marife Tubalas, Ulysis Mateo, Jocelyn Fernandez, Alfonso Placido, Leonardo Traquena, Susan Rendon and Mateo Trinidad, who erected their respective houses thereon.

On March 9, 1987, when the lease contract was about to expire, the Philippine Realty Corporation, through its Junior Trust and Property Officers, Mr. Leandro Buguis and Mr. Florentino B. Rosario, sent a written offer to sell subject properties to respondent Ursula Maglente. The said letter stated:

> "We wish to inform you that the Archdiocese of Manila has now decided to open for sale the properties it own (sic) in the District of Intramuros, Manila. However, before we acccept offers from other parties we are of course giving the first priority to our tenants or lessees of Intramuros lots."

Responding to such written offer, Maglente wrote a letter, dated February 2, 1988, to the Roman Catholic Archbishop of Manila manifesting an intention to exercise her right of first priority to purchase the property as stipulated in the lease contract.

On February 15, 1988, a Memorandum on the offer of Maglente to purchase the property was prepared and presented to Msgr. Domingo Cirilos, president of Philippine Realty Corporation, at the offered price of P1,800.00 per square meter or for a total amount of P1,216,440.00, with a downpayment of P100,000.00; the balance of the purchase price payable within ten (10) years with interest at the rate of eighteen (18%) percent per annum. Msgr. Cirilos found the offer acceptable and approved the same.

On May 11, 1988, Maglente gave a partial downpayment of P25,000.00 and additional P25,000.00 on May 20, 1988. In a letter, dated January 28, 1989, Maglente informed the said corporation that there were other persons who were her co-buyers, actually occupying the premises, namely: Consolacion Berja, Mercedita Ferrer, Thelma Abella and Antonio Ngo within their respective areas of 100, 50, 60 and 400 square meters.

On January 30, 1989 Maglente paid her back rentals of P60,642.16 and P50,000.00 more, to complete her downpayment of P100,000.00.

On February 1989, Philippine Realty Corporation (PRC) received copy of a letter sent by the herein petitioners to the Archbishop of Manila, Jaime Cardinal Sin, expressing their desire to purchase the portions of subject property on which they have been staying for a long time. And so, PRC met with the petitioners who apprised the corporation of their being actual occupants of the leased premises and of the impending demolition of their houses which Maglente threatened to cause. Petitioners then asked PRC to prevent the demolition of their houses which might result in trouble and violence.

On February 23, 1989, in order to resolve which group has the right to purchase subject property as between the petitioners/sublessees of Maglente, and respondent Maglente, and her co-buyers, PRC brought a Complaint in Interpleader against the herein petitioners and private respondents, docketed as Civil Case No. 89-48057 before Branch 38 of the Regional Trial Court of Manila.

On March 11, 1991, after trial on the merits, the lower court of origin rendered judgment in favor of respondent Maglente and her group, disposing thus:

> "WHEREFORE, premises considered, judgment is hereby rendered as follows:
>
> 1. Declaring the defendants Ursula Maglente, Consolacion Berja, Mercedita Ferrer, Thelma Abella and Antonio Ngo as the rightful party to purchase the land in controversy; and
>
> 2. Ordering plaintiff Philippine Realty Corporation to execute the corresponding contract of sale/contract to sell in favor of the defendants aforementioned in accordance with this Decision within thirty (30) days from notice thereof."

Dissatisfied with the aforesaid decision below, the Gabelo group (petitioners here) appealed to the Court of Appeals, which affirmed the disposition of the trial court appealed from.

Undaunted, petitioners found their way to this Court via the present petition, assigning as sole error the ruling of the Court of Appeals upholding the right of the private respondents, Consolacion Berja and Antonio Ngo, to purchase subject property.

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Petitioners theorize that they are tenants of Ursula Maglente on the land in dispute, which they are occupying, and as such actual occupants they have the preferential right to purchase the portions of land respectively occupied by them; that the private respondents, Thelma Abella and Antonio Ngo, have never been occupants of the contested lot, and that, as defined in the Pre-trial Order[1] issued below, the issue for resolution should have been limited to whether or not Berja and Ngo actually occupied the premises in question because occupation thereon is the basis of the right to purchase subject area.

Petitioners' contention is untenable. There is no legal basis for the assertion by petitioners that as actual occupants of the said property, they have the right of first priority to purchase the same.

As regards the freedom of contract, it signifies or implies the right to choose with whom to contract. PRC is thus free to offer its subject property for sale to any interested person. It is not duty bound to sell the same to the petitioners simply because the latter were in actual occupation of the property absent any prior agreement vesting in them as occupants the right of first priority to buy, as in the case of respondent Maglente. As a matter of fact, because it (PRC) contracted only with respondent Maglente, it could even evict the petitioners from the premises occupied by them considering that the sublease contract between petitioners and Maglente was inked without the prior consent in writing of PRC, as required under the lease contract. Thus, although the other private respondents were not parties to the lease contract between PRC and Maglente, the former could freely enter into a contract with them.

So also, the contract of sale having been perfected, the parties thereto are already bound thereby and petitioners can no longer assert their right to buy. It is well-settled that a contract of sale is perfected the moment there is a meeting of the minds of the contracting parties upon the thing which is the object of the contract and upon the price.[2] From the time a party accepts the other party's offer to sell within the stipulated period without qualification, a contract of sale is deemed perfected.[3]

In the case under consideration, the contract of sale was already perfected - PRC offered the subject lot for sale to respondent Maglente and her group through its Junior Trust and Property Officers. Respondent Maglente and her group accepted such offer through a letter addressed to the Roman Catholic Archbishop of Manila, dated February 2, 1988, manifesting their intention to purchase the property as provided for under the lease contract. Thus, there was already an offer and acceptance giving rise to a valid contract. As a matter of fact, respondents have already completed payment of their downpayment of P100,000.00. Therefore, as borne by evidence on record, the requisites under Article 1318 of the Civil Code[4] for a perfected contract have been met.

Anent petitioners' submission that the sale has not been perfected because the parties have not affixed their signatures thereto, suffice it to state that under the law, the meeting of the minds between the parties gives rise to a binding contract although they have not affixed their signatures to its written form.[5]

WHEREFORE, the petition is hereby DENIED for lack of merit and the decision of the Court of Appeals in CA-G.R. CV No. 33178 AFFIRMED. No pronouncement as to costs.

SO ORDERED.

Melo, Acting C.J., (Chairman), Vitug, Panganiban, and Gonzaga-Reyes, JJ., concur.

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[1] "...Thereafter, the parties delineated the issue which is whether Consolacion Berja and Antonio Ngo, actually occupied the premises belonging to the plaintiff and therefore entitled to purchase the lots respectively possessed by them." (Rollo, p. 116)

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[2] C and C Commercial Corporation vs. PNB, 175 SCRA 1.

[3] Uraca vs. CA, 278 SCRA 702.

[4] Art. 1318. There is no contract unless the following requisites concur:

(1) Consent of the contracting parties:

(2) Object certain which is the subject matter of the contract;

(3) Cause of the obligation which is established.

[5] People's Industrial and Commercial Corp. vs. CA, 281 SCRA 206.

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