

JASMIN SOLER, PETITIONER, VS. COURT OF APPEALS, COMMERCIAL BANK OF MANILA, AND NIDA LOPEZ, RESPONDENTS.

G.R. No. 123892. May 21, 2001

Ponente: PARDO, J.

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PARDO, J.:

Appeal via certiorari from a decision of the Court of Appeals,[1] declaring that there was no perfected contract between petitioner Jazmin Soler and The Commercial Bank of Manila (COMBANK FOR BREVITY, formerly Boston Bank of the Philippines) for the renovation of its Ermita Branch, thereby denying her claim for payment of professional fees for services rendered.

The antecedent facts are as follows:

Petitioner Jazmin Soler is a Fine Arts graduate of the University of Sto. Tomas, Manila. She is a well known licensed professional interior designer. In November 1986, her friend Rosario Pardo asked her to talk to Nida Lopez, who was manager of the COMBANK Ermita Branch for they were planning to renovate the branch offices.[2]

Even prior to November 1986, petitioner and Nida Lopez knew each other because of Rosario Pardo, the latter's sister. During their meeting, petitioner was hesitant to accept the job because of her many out of town commitments, and also considering that Ms. Lopez was asking that the designs be submitted by December 1986, which was such a short notice. Ms. Lopez insisted, however, because she really wanted petitioner to do the design for renovation. Petitioner acceded to the request. Ms. Lopez assured her that she would be compensated for her services. Petitioner even told Ms. Lopez that her professional fee was ten thousand pesos (P10,000.00), to which Ms. Lopez acceded.[3]

During the November 1986 meeting between petitioner and Ms. Lopez, there were discussions as to what was to be renovated, which included a provision for a conference room, a change in the carpeting and wall paper, provisions for bookshelves, a clerical area in the second floor, dressing up the kitchen, change of the ceiling and renovation of the tellers booth. Ms. Lopez again assured petitioner that the bank would pay her fees.[4]

After a few days, petitioner requested for the blueprint of the building so that the proper design, plans and specifications could be given to Ms. Lopez in time for the board meeting in December 1986. Petitioner then asked her draftsman Jackie Barcelon to go to the jobsite to make the proper measurements using the blue print. Petitioner also did her research on the designs and individual drawings of what the bank wanted. Petitioner hired Engineer Ortanez to make the electrical layout, architects Frison Cruz and De Mesa to do the drafting. For the services rendered by these individuals, petitioner paid the engineer P4,000.00, architects Cruz and de Mesa P5,000.00 and architect Barcelon P6,000.00. Petitioner also contacted the suppliers of the wallpaper and the sash makers for their quotation. So come December 1986, the lay out and the design were submitted to Ms. Lopez. She even told petitioner that she liked the designs.[5]

Subsequently, petitioner repeatedly demanded payment for her services but Ms. Lopez just ignored the demands. In February 1987, by chance petitioner and Ms. Lopez saw each other in a concert at the Cultural Center of the Philippines. Petitioner inquired about the payment for her services, Ms. Lopez curtly replied that she was not entitled to it because her designs did not conform to the bank's policy of having a standard design, and that there was no agreement between her and the bank.[6]

To settle the controversy, petitioner referred the matter to her lawyers, who wrote Ms. Lopez on May 20, 1987, demanding payment for her professional fees in the amount of P10,000.00 which Ms. Lopez ignored. Hence, on June 18, 1987, the lawyers wrote Ms. Lopez once again demanding the return of the blueprint copies petitioner submitted which Ms. Lopez refused to return.[7]

On October 13, 1987, petitioner filed at the Regional Trial Court of Pasig, Branch 153 a complaint against COMBANK and Ms. Lopez for collection of professional fees and damages.[8]

In its answer, COMBANK stated that there was no contract between COMBANK and petitioner;[9] that Ms. Lopez merely invited petitioner to participate in a bid for the renovation of the COMBANK Ermita Branch; that any proposal was still subject to the approval of the COMBANK's head office.[10]

After due trial, on November 19, 1990, the trial court rendered a decision, the dispositive portion of which reads:

"WHEREFORE, premises considered, judgment is hereby rendered in favor of plaintiff and against defendants, ordering defendants jointly and severally, to pay plaintiff the following, to wit:

"1. P15,000.00 representing the actual and compensatory damages or at least a reasonable compensation for the services rendered based on a quantum meruit;

"2. P5,000.00 as attorney's fees, and P2,000.00 as litigation expenses;

"3. P5,000.00 as exemplary damages; and

"4. The cost of suit.

"SO ORDERED." [11]

On November 29, 1990, COMBANK, and Ms. Nida Lopez, filed their notice of appeal.[12] On December 5, 1990, the trial court ordered[13] the records of the case elevated to the Court of Appeals.[14]

In the appeal, COMBANK reiterated that there was no contract between petitioner, Nida Lopez and the bank.[15] Whereas, petitioner maintained that there was a perfected contract between her and the bank which was facilitated through Nida Lopez. According to petitioner there was an offer and an acceptance of the service she rendered to the bank.[16]

On October 26, 1995, the Court of Appeals rendered its decision the relevant portions of which state:

"After going over the record of this case, including the transcribed notes taken during the course of the trial, We are convinced that the question here is not really whether the alleged contract purportedly entered into between the plaintiff and defendant Lopez is enforceable, but whether a contract even exists between the parties.

"Article 1318 of the Civil Code provides that 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.

xxx

"The defendant bank never gave its imprimatur or consent to the contract considering that the bidding or the question of renovating the ceiling of the branch office of defendant bank was deferred because the commercial bank is for sale. It is under privatization. xxx

"At any rate, we find that the appellee failed to prove the allegations in her complaint. xxx

"WHEREFORE, premises considered, the appealed decision (dated November 19, 1990) of the Regional Trial Court (Branch 153) in Pasig (now 55238, is hereby REVERSED. No pronouncement as to costs.

"SO ORDERED." [17]

Hence, this petition. [18]

Petitioner forwards the argument that:

1. The Court of Appeals erred in ruling that there was no contract between petitioner and respondents, in the absence of the element of consent;
2. The Court of Appeals erred in ruling that respondents merely invited petitioner to present her proposal;
3. The Court of Appeals erred in ruling that petitioner knew that her proposal was still subject to bidding and approval of the board of directors of the bank;
4. The Court of Appeals erred in reversing the decision of the trial court.

We find the petition meritorious.

We see that the issues raised boil down to whether or not there was a perfected contract between petitioner Jazmin Soler and respondents COMBANK and Nida Lopez, and whether or not Nida Lopez, the manager of the bank branch, had authority to bind the bank in the transaction.

The discussions between petitioner and Ms. Lopez was to the effect that she had authority to engage the services of petitioner. During their meeting, she even gave petitioner specifications as to what was to be renovated in the branch premises and when petitioners requested for the blueprints of the building, Ms. Lopez supplied the same.

Ms. Lopez was aware that petitioner hired the services of people to help her come up with the designs for the December, 1986 board meeting of the bank. Ms. Lopez even insisted that the designs be rushed in time for presentation to the bank. With all these discussion and transactions, it was apparent to petitioner that Ms. Lopez indeed had authority to engage the services of petitioner.

The next issue is whether there was a perfected contract between petitioner and the Bank.

"A contract is a meeting of the minds between two persons whereby one binds himself to give something or to render some service to bind himself to give something to render some service to another for consideration. 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; and 3. Cause of the obligation which is established. [19]

"A contract undergoes three stages:

"(a) preparation, conception, or generation, which is the period of negotiation and bargaining, ending at the moment of agreement of the parties;

"(b) perfection or birth of the contract, which is the moment when the parties come to agree on the terms of the

contract; and

"(c) consummation or death, which is the fulfillment or performance of the terms agreed upon in the contract." [20]

In the case at bar, there was a perfected oral contract. When Ms. Lopez and petitioner met in November 1986, and discussed the details of the work, the first stage of the contract commenced. When they agreed to the payment of the ten thousand pesos (P10,000.00) as professional fees of petitioner and that she should give the designs before the December 1986 board meeting of the bank, the second stage of the contract proceeded, and when finally petitioner gave the designs to Ms. Lopez, the contract was consummated.

Petitioner believed that once she submitted the designs she would be paid her professional fees. Ms. Lopez assured petitioner that she would be paid.

It is familiar doctrine that if a corporation knowingly permits one of its officers, or any other agent, to act within the scope of an apparent authority, it holds him out to the public as possessing the power to do those acts; and thus, the corporation will, as against anyone who has in good faith dealt with it through such agent, be estopped from denying the agent's authority. [21]

Also, petitioner may be paid on the basis of quantum meruit. "It is essential for the proper operation of the principle that there is an acceptance of the benefits by one sought to be charged for the services rendered under circumstances as reasonably to notify him that the lawyer performing the task was expecting to be paid compensation therefor. The doctrine of quantum meruit is a device to prevent undue enrichment based on the equitable postulate that it is unjust for a person to retain benefit without paying for it." [22]

We note that the designs petitioner submitted to Ms. Lopez were not returned. Ms. Lopez, an officer of the bank as branch manager used such designs for presentation to the board of the bank. Thus, the designs were in fact useful to Ms. Lopez for she did not appear to the board without any designs at the time of the deadline set by the board.

IN VIEW WHEREOF, the decision appealed from is REVERSED and SET ASIDE.

The decision of the trial court [23] is REVIVED, REINSTATED and AFFIRMED.

No costs.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Puno, Kapunan, and Ynares-Santiago, JJ., concur.

[1] CA Rollo, Decision, promulgated on October 26, 1995, Mabutas, Jr., J., ponente, Elbinias and Valdez, JJ., concurring, pp. 159-172.

[2] SC Rollo, Petition, p. 17.

[3] Ibid., pp. 17-18.

[4] Original Record, TSN, April 7, 1989, pp. 15-16.

[5] SC Rollo, Petition, pp. 20-21.

[6] Ibid., p. 21.

- [7] Ibid., pp. 21-22.
- [8] Docketed as Civil Case No. 55238, Original Record, Complaint, pp. 1-5.
- [9] Original Record, Memorandum for Defendants, p. 104.
- [10] Ibid., p. 105.
- [11] Original Record, Decision, Judge Armie E. Elma, presiding, November 19, 1990.
- [12] Ibid., pp. 127-128.
- [13] Ibid., p. 129.
- [14] Docketed as CA-G. R. CV No. 31784.
- [15] CA Record, Brief for Defendant-Appellants, p. 19.
- [16] Ibid., Brief for Plaintiff-Appellee, pp. 41-42.
- [17] Petition, Annex "A", Decision promulgated on October 26, 1995. Rollo, pp. 34-47, Mabutas, Jr., J., ponente, Elbinias and Valdez, JJ., concurring.
- [18] Petition filed on April 11, 1996, Rollo, pp. 12-32. On June 30, 1997, we gave due course to the petition, Rollo, p. 162.
- [19] ABS-CBN Broadcasting Corporation v. Court of Appeals, 301 SCRA 572, 592 [1999].
- [20] Toyota Shaw, Inc. v. Court of Appeals, 314 Phil. 201, 203-204 [1995].
- [21] Rural Bank of Milaor (Camarines Sur) v. Ocfemenia, G. R. No. 137687, Feb. 8, 2000; People's Aircargo and Warehousing Co. Inc. v. Court of Appeals, 357 Phil. 850, 865 [1998].
- [22] Traders Royal Bank Employees Union-Independent v. NLRC, 336 Phil. 705, 723 [1997].
- [23] In Civil Case No. 55238, Regional Trial Court, Pasig, Metro Manila.

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