

JOVAN LAND, PETITIONER, VS. COURT OF APPEALS AND EUGENIO QUESADA, INC., RESPONDENTS.

G.R. No. 125531. February 12, 1997

Ponente: HERMOSISIMA, JR. J.

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HERMOSISIMA, JR. J.:

This is a petition for review on certiorari to reverse and set aside the decision of the Court of Appeals in C.A.-G.R. CV No. 47515.

Petitioner Jovan Land, Inc. is a corporation engaged in the real estate business. Its President and Chairman of the Board of Directors is one Joseph Sy.

Private respondent Eugenio Quesada is the owner of the Q Building located on an 801 sq. m. lot at the corner of Mayhaligue Street and Rizal Avenue, Sta. Cruz, Manila. The property is covered by TCT No. 77796 of the Registry of Deeds of Manila.

Petitioner learned from co-petitioner Consolacion P. Mendoza that private respondent was selling the aforesaid Mayhaligue property. Thus, petitioner through Joseph Sy made a written offer, dated July 27, 1987 for P10.25 million. This first offer was not accepted by Conrado Quesada, the General Manager of private respondent. Joseph Sy sent a second written offer dated July 31, 1989 for the same price but inclusive of an undertaking to pay the documentary stamp tax, transfer tax, registration fees and notarial charges. Check No. 247048, dated July 31, 1989, for one million pesos drawn against the Philippine Commercial and Industrial Bank (PCIB) was enclosed therewith as earnest money. This second offer, with earnest money, was again rejected by Conrado Quesada. Undaunted, Joseph Sy, on August 10, 1989, sent a third written offer for twelve million pesos with a similar check for one million pesos as earnest money. Annotated on this third letter-offer was the phrase "Received original, 9-4-89" beside which appears the signature of Conrado Quesada.

On the basis of this annotation which petitioner insists is the proof that there already exists a valid, perfected agreement to sell the Mayhaligue property, petitioner filed with the trial court, a complaint for specific performance and collection of sum of money with damages. However, the trial court held that:

"x x x the business encounters between Joseph Sy and Conrado Quesada had not passed the negotiation stage relating to the intended sale by the defendant corporation of the property in question. x x x As the court finds, there is nothing in the record to point that a contract was ever perfected. In fact, there is nothing in writing which is indispensably necessary in order that the perfected contract could be enforced under the Statute of Frauds." [1]

Since the trial court dismissed petitioner's complaint for lack of cause of action, petitioner appealed [2] to respondent Court of Appeals before which it assigned the following errors:

"1. The Court a quo failed to appreciate that there was already a perfected contract of sale between Jovan Land, Inc. and the private respondent];

2. The Court a quo erred in its conclusion that there was no implied acceptance of the offer by appellants to appellee [private respondent];
3. The Court a quo was in error where it concluded that the contract of sale was unenforceable;
4. The Court a quo failed to rule that appellant [petitioner] Mendoza is entitled to her broker's commission."

Respondent court placed petitioner to task on their assignment of errors and concluded that not any of them justifies a reversal of the trial court decision.

We agree.

In the case of *Ang Yu Asuncion v. Court of Appeals*,^[4] we held that:

"xxx [A] contract (Art. 1157, Civil Code), x x x is a meeting of minds between two persons whereby one binds himself, with respect to the other, to give something or to render some service xxx. A contract undergoes various stages that include its negotiation or preparation, its perfection and, finally, its consummation. Negotiation covers the period from the time the prospective contracting parties indicate interest in the contract to the time the contract is concluded xxx. The perfection of the contract takes place upon the concurrence of the essential elements thereof."

Moreover, it is a fundamental principle that before contract of sale can be valid, the following elements must be present, viz: (a) consent or meeting of the minds; (b) determinate subject matter; (3) price certain in money or its equivalent. Until the contract of sale is perfected, it cannot, as an independent source of obligation, serve as a binding juridical relation between the parties.

In the case at bench, petitioner, anchors its main argument on the annotation on its third letter-offer of the phrase "Received original, 9-4-89," beside which appears the signature of Conrado Quesada. It also contends that the said annotation is evidence to show that there was already a perfected agreement to sell as respondent can be said to have accepted petitioner's payment in the form of a check which was enclosed in the third letter.

However, as correctly elucidated by the Court of Appeals:

"Sy insisted in his testimony that this offer of P12M was accepted by Conrado Quesada but there is nothing written or documentary to show that such offer was accepted by Conrado Quesada. While Sy claimed that the acceptance could be gleaned from the notation in the third written offer, the court is not impressed thereon however because the notation merely states as follows: "Received Original, (S)-Conrado Quesada" and below this signature is "9-4-89". As explained by Conrado Quesada in his testimony what was received by him was the original of the written offer.

The court cannot believe that this notation marked as Exhibit D-2 would signify the acceptance of the offer. Neither does it signify, as Sy had testified that the check was duly received on said date. If this were true Sy, who appears to be an intelligent businessman could have easily asked Conrado Quesada to indicate on Exhibit D the alleged fact of acceptance of said check. And better still, Sy could have asked Quesada the acceptance in writing separate of the written offer if indeed there was an agreement as to the price of the proposed sale of the property in question."^[5]

Clearly then, a punctilious examination of the receipt reveals that the same can neither be regarded as a contract of sale nor a promise to sell. Such an annotation by Conrado Quesada amounts to neither a written nor an implied acceptance of the offer of Joseph Sy. It is merely a memorandum of the receipt by the former of the latter's offer. The requisites of a valid contract of sale are lacking in said receipt and therefore the "sale" is neither valid nor enforceable.

Although there was a series of communications through letter-offers and rejections as evident from the facts of

this case, still it is undeniable that no written agreement was reached between petitioner and private respondent with regard to the sale of the realty. Hence, the alleged transaction is unenforceable as the requirements under the Statute of Frauds have not been complied with. Under the said provision, an agreement for the sale of real property or of an interest therein, to be enforceable, must be in writing and subscribed by the party charged or by an agent thereof

Petitioner also asseverates that the failure of Conrado Quesada to return the check for one million pesos, translates to implied acceptance of its third letter-offer. It, however, does not rebut the finding of the trial court that private respondent was returning the check but petitioner refused to accept the same and that when Conrado Quesada subsequently sent it back to petitioner through registered mail, the latter failed to claim its mail from the post office.

Finally, we fittingly apply here the oft-repeated doctrine that the factual findings of the trial court, especially as regards the credibility of witnesses, are conclusive upon this court, unless the case falls under the jurisprudentially established exceptions. But this is a case that tenders no exceptional circumstance; rather, we find the observations of the trial court to be legally sound and valid:

"x x x Joseph Sy's testimony is not impressive because of several inconsistencies herein pointed out. On the matter of earnest money, the same appears to be the idea solely of the [petitioner], assuming that he had intended to bind the [petitioner] corporation. In the written second offer x x x he had stated that the check of P1M had been enclosed (attached) therewith. The same check x x x was again mentioned to be enclosed (attached) in the third written offer under date August 10, 1989 x x x. Sy testified in his direct examination that he had personally given this check to Conrado Quesada. But on cross examination, he reversed himself by saying that the check was given thru his [co-petitioner] Mendoza. Examining the third written offer, it appears that when it was first typewritten, this P11M was noted to have been corrected, and that as per his testimony, Sy had increased it to P12M. This is the reason according to Sy why there was a superimposition of the number '12' over the number '11' to mean P12M as the revised consideration for the sale of the property in question." [6]

Respondent court thus concluded that:

"x x x [since] the matter of evaluation of the credibility of witness[es] is addressed to the trial court and unless clearly contrary to the records before Us, the findings of the said court are entitled to great respondent on appeal, x x x it was Joseph Sy's idea to offer the earnest money, and the evidence to show that Joseph Sy accepted the same, is wanting. x x x" [7]

and accordingly affirmed the trial court judgment appealed from.

As shown elucidated above, we agree with the findings and conclusions of the trial court and the respondent court. Neither has petitioner posited any new issues in the instant petition that warrant the further exercise by this court of its review powers.

WHEREFORE, premises considered, this petition is DENIED.

Costs against petitioner.

SO ORDERED.

Padilla (Chairman), Bellosillo, Vitug, and Kapunan, JJ., concur.

[1] As quoted in the Decision of the Court of Appeals dated June 28, 1996, pp. 3-4, Rollo, pp. 9-10.

[2] Appeal was docketed as CA-G.R. CV No. 47515 and raffled to the Eleventh Division with members:

Associate Justices Minerva P. Gonzaga-Reyes, Ramon U. Mabutas, Jr. and Salvador J. Valdez, Jr.

[3] Decision of the Court of Appeals, *supra*, p. 4, Rollo, p. 10.

[4] 238 SCRA 602 (1994).

[5] Rollo, p. 55.

[6] *Id.*, p. 7, Rollo, p. 13.

[7] *Id.*, p. 9, Rollo, p. 15.

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