

CITY-LITE REALTY CORPORATION, PETITIONER, VS. COURT OF APPEALS AND F.P. HOLDINGS & REALTY CORP., METRO DRUG INC., MELDIN AL G. ROY, VIEWMASTER CONSTRUCTION CORP., AND THE REGIST...

G.R. No. 138639. February 10, 2000

Ponente: BELLOSILLO, J.

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BELLOSILLO, J.:

This is a petition for review on certiorari filed by CITY-LITE REALTY CORPORATION (CITY-LITE) seeking to annul the 20 October 1998 Decision of the Court of Appeals[1] which reversed the Decision of the Regional Trial Court of Quezon City in its Civil Case No. Q-92-11068 declaring that a contract of sale over the subject property was perfected and that Metro Drug Inc. and Meldin Al G. Roy had the authority to sell the property.[2]

Private respondent F. P. HOLDINGS AND REALTY CORPORATION (F.P. HOLDINGS), formerly the Sparta Holdings Inc., was the registered owner of a parcel of land situated along E. Rodriguez Avenue, Quezon City, also known as the "Violago Property" or the "San Lorenzo Ruiz Commercial Center," with an area of 71,754 square meters, more or less, and covered by Transfer Certificate of Title No. T-19599. The property was offered for sale to the general public through the circulation of a sales brochure containing the following information:

A parcel of land including buildings and other improvements thereon located along E. Rodriguez Avenue, Quezon City, with a total lot area of 71,754 square meters - 9,192 square meters in front, 23,332 square meters in the middle, and 39,230 square meters at the back. But the total area for sale excludes 5,000 square meters covering the existing chapel and adjoining areas which will be donated to the Archdiocese of Manila thus reducing the total saleable area to 66,754 square meters. Asking price was P6,250.00/square meter with terms of payment negotiable. Broker's commission was 2.0% of selling price, net of withholding taxes and other charges. As advertised, contact person was Meldin Al G. Roy, Metro Drug Inc., with address at 5/F Metro House, 345 Sen. Gil Puyat Avenue, Makati City.

The front portion consisting of 9,192 square meters is the subject of this litigation.

On 22 August 1991 respondent Meldin Al G. Roy sent a sales brochure, together with the location plan and copy of the Transfer Certificate of Title No. T-19599 of the Register of Deeds of Quezon City, to Atty. Gelacio Mamaril, a practicing lawyer and a licensed real estate broker. Atty. Mamaril in turn passed on these documents to Antonio Teng, Executive Vice-President, and Atty. Victor P. Villanueva, Legal Counsel, of CITY-LITE.

In a letter dated 19 September 1991 sent to Metro Drug (ATTN: MELDIN AL ROY) after an initial meeting with Meldin Al Roy that day, CITY-LITE conveyed its interest to purchase a portion or one-half (1/2) of the front lot of the "Violago Property." Apparently, Roy subsequently informed CITY-LITE's representative that it would take time to subdivide the lot and respondent F. P. HOLDINGS was not receptive to the purchase of only half of the front lot. After a few days, Atty. Mamaril wrote Metro Drug (ATTN: MELDIN AL ROY) expressing CITY-LITE's desire to buy the entire front lot of the subject property instead of only half thereof provided the

asking price of P6,250.00/square meter was reduced and that payment be in installment for a certain period. Roy made a counter offer dated 25 September 1991 as follows:

Dear Atty. Mamaril,

This has reference to your letter dated September 24, 1991 in connection with the interest of your clients, Mr. Antonio Teng/City-Lite Realty Corporation and/or any of their subsidiaries to buy a portion of the Violago Property fronting E. Rodriguez Sr. Avenue with an area of 9,192 square meters.

We are pleased to inform you that we are prepared to consider the above offer subject to the following major terms and conditions: 1. The price shall be P6,250.00/square meter or a total of P57,450,000.00; 2. The above purchase price shall be paid to the owner as follows: (a) P15.0 Million downpayment; (b) balance payable within six (6) months from date of downpayment without interest. Should your client find the above major terms and conditions acceptable, please advise us in writing by tomorrow, September 26, 1991, so that we can start formal discussions on the matter x x x x

Very truly yours,

MELDIN AL G. ROY

On 26 September 1991 CITY-LITE's officers and Atty. Mamaril met with Roy at the Manila Mandarin Hotel in Makati to consummate the transaction. After some discussions, the parties finally reached an agreement and Roy agreed to sell the property to CITY-LITE provided only that the latter submit its acceptance in writing to the terms and conditions of the sale as contained in his letter of 25 September 1991. Later that afternoon after meeting with Roy at the Manila Mandarin Hotel, Atty. Mamaril and Antonio Teng of CITY-LITE conveyed their formal acceptance of the terms and conditions set forth by Roy in separate letters both dated 26 September 1991.

However, for some reason or another and despite demand, respondent F. P. HOLDINGS refused to execute the corresponding deed of sale in favor of CITY-LITE of the front lot of the property. Upon its claim of protecting its interest as vendee of the property in suit, CITY-LITE registered an adverse claim to the title of the property with the Register of Deeds of Quezon City which was annotated in the Memorandum of Encumbrance of Transfer Certificate of Title No. T-19599 under Entry No. PE-1001 dated 27 September 1991.

On 30 September 1991 CITY-LITE's counsel demanded in writing that Metro Drug (ATTN: MELDIN AL G. ROY) comply with its commitment to CITY-LITE by executing the proper deed of conveyance of the property under pain of court action. On 4 October 1991 F. P. HOLDINGS filed a petition for the cancellation of the adverse claim against CITY-LITE with the Regional Trial Court of Quezon City, docketed as LRC Case No. 91-10257, which was raffled to Br. 84.

On 8 October 1991 Edwin Fernandez, President of F. P. HOLDINGS, in a move to amicably settle with CITY-LITE, met with the latter's officers during which he offered properties located in Caloocan City and in Quezon Boulevard, Quezon City, as substitute for the property, but CITY-LITE refused the offer because "it did not suit its business needs." With the filing of the petition of F. P. HOLDINGS for the cancellation of the adverse claim, CITY-LITE caused the annotation of the first notice of lis pendens which was recorded in the title of the property under Entry No. 4605.

On 2 December 1991 the RTC-Br. 84 of Quezon City dismissed F. P. HOLDINGS' petition declaring that CITY-LITE's adverse claim had factual basis and was not "sham and frivolous." Meanwhile, F. P. HOLDINGS caused the resurvey and segregation of the property and asked the Register of Deeds of Quezon City to issue separate titles which the latter did on 17 January 1992 by issuing Transfer Certificate of Title No. T-51671.

Following the dismissal of F. P. HOLDINGS' petition for the cancellation of the adverse claim, CITY-LITE instituted a complaint against F. P. HOLDINGS originally for specific performance and damages and caused the annotation of the second notice of lis pendens on the new certificate of title. After the annotation of the second lis pendens, the property was transferred to defendant VIEWMASTER CONSTRUCTION CORP. (VIEWMASTER) for which Transfer Certificate of Title No. T-52398 was issued. However the notice of lis pendens was carried over and annotated on the new certificate of title.

In view of the conveyance during the pendency of the suit, the original complaint for specific performance and damages was amended with leave of court to implead VIEWMASTER as a necessary party and the Register of Deeds of Quezon City as nominal defendant with the additional prayer for the cancellation of VIEWMASTER's certificate of title. The case was thereafter raffled to Br. 85 of the Regional Trial Court of Quezon City.

On 4 October 1995 the court a quo rendered its decision in favor of CITY-LITE ordering F. P. HOLDINGS to execute a deed of sale of the property in favor of CITY-LITE for the total consideration of P55,056,250.00 payable as follows: P15 Million as downpayment to be payable immediately upon execution of the deed of sale and the balance within six (6) months from downpayment, without interest. The court also directed the Register of Deeds of Quezon City to cancel Transfer Certificate of Title No. T-52398 or any subsequent title it had issued affecting the subject property, and to issue a new one in the name of CITY-LITE upon the presentation of the deed of sale and other requirements for the transfer. It likewise ordered the defendants, except VIEWMASTER and the Register of Deeds of Quezon City, to pay CITY-LITE jointly and severally P800,000.00 by way of nominal damages, P250,000.00 for attorney's fees, and to pay the costs.

On 30 October 1995 VIEWMASTER filed a motion for reconsideration of the decision of the lower court questioning its ruling that a perfected contract of sale existed between CITY-LITE and F. P. HOLDINGS as there was no definite agreement over the manner of payment of the purchase price, citing in support thereof *Toyota Shaw Inc. v. Court of Appeals*.^[3] However the motion for reconsideration was denied.

In the challenged Decision of 20 October 1998 the Court of Appeals reversed and set aside the judgment of the Regional Trial Court of Quezon City. On 10 May 1999 the Court of Appeals denied CITY-LITE's motion to reconsider its decision.

Petitioner CITY-LITE is now before us assailing the Court of Appeals for declaring that no contract of sale was perfected between it and respondent F. P. HOLDINGS because of lack of a definite agreement on the manner of paying the purchase price and that respondents Metro Drug and Meldin Al G. Roy were not authorized to sell the property to CITY-LITE, and that the authority of Roy was only limited to that of a mere liaison or contact person.

We cannot sustain petitioner. On the issue of whether a contract of sale was perfected between petitioner CITY-LITE and respondent F. P. HOLDINGS acting through its agent Meldin Al G. Roy of Metro Drug, Art. 1874 of the Civil Code provides: "When the sale of a piece of land or any interest therein is through an agent, the authority of the latter shall be in writing; otherwise, the sale shall be void." Petitioner anchors the authority of Metro Drug and Meldin Al G. Roy on (a) the testimonies of petitioner's three (3) witnesses and the admissions of Roy and the lawyer of Metro Drug; (b) the sales brochure specifying Meldin Al G. Roy as a contact person; (c) the guard posted at the property saying that Metro Drug was the authorized agent; and, (d) the common knowledge among brokers that Metro Drug through Meldin Al G. Roy was the authorized agent of F. P. HOLDINGS to sell the property. However, and more importantly, the Civil Code requires that an authority to sell a piece of land shall be in writing. The absence of authority to sell can be determined from the written memorandum issued by respondent F. P. HOLDINGS' President requesting Metro Drug's assistance in finding buyers for the property. The memorandum in part stated: "We will appreciate Metro Drug's assistance in referring

to us buyers for the property. Please proceed to hold preliminary negotiations with interested buyers and endorse formal offers to us for our final evaluation and appraisal." This obviously meant that Meldin Al G. Roy and/or Metro Drug was only to assist F. P. HOLDINGS in looking for buyers and referring to them possible prospects whom they were supposed to endorse to F. P. HOLDINGS. But the final evaluation, appraisal and acceptance of the transaction could be made only by F. P. HOLDINGS. In other words, Meldin Al G. Roy and/or Metro Drug was only a contact person with no authority to conclude a sale of the property. In fact, a witness for petitioner even admitted that Roy and/or Metro Drug was a mere broker,[4] and Roy's only job was to bring the parties together for a possible transaction.[5] Consequently, we hold that for lack of a written authority to sell the "Violago Property" on the part of Meldin Al G. Roy and/or Metro Drug, the sale should be as it is declared null and void. Therefore the sale could not produce any legal effect as to transfer the subject property from its lawful owner, F. P. HOLDINGS, to any interested party including petitioner CITY-LITE.

WHEREFORE, the appealed Decision of the Court of Appeals being in accord with law and the evidence is AFFIRMED. Costs against petitioner CITY-LITE REALTY CORPORATION.

SO ORDERED.

Mendoza, Quisumbing, Buena, and De Leon, Jr., JJ., concur.

[1] Decision penned by Justice Eloy R. Bello Jr., concurred in by Justices Salome A. Montoja and Ruben T. Reyes, 7th Div., Court of Appeals; Rollo. pp. 34-52

[2] Decision penned by Judge Pedro M. Areola, RTC-Br. 85, Quezon City.

[3] G.R. No. 116650, 23 May 1995, 244 SCRA 320.

[4] TSN, 10 March 1994, pp. 29-31.

[5] Paras, Civil Code of the Philippines Annotated, Vol. V, p. 634, citing Pac. Com. Co v. Yatco, 68 Phil 398.

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