

MANILA MEMORIAL PARK CEMETERY, INC., PETITIONER, VS. PEDRO L. LINSANGAN, RESPONDENT.

G.R. No. 151319. November 22, 2004

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-151319/>

TINGA, J.:

For resolution in this case is a classic and interesting textbook question in the law on agency.

This is a petition for review assailing the Decision[1] of the Court of Appeals dated 22 June 2001, and its Resolution[2] dated 12 December 2001 in CA G.R. CV No. 49802 entitled “Pedro L. Linsangan v. Manila Memorial Cemetery, Inc. et al.,” finding Manila Memorial Park Cemetery, Inc. (MMPCI) jointly and severally liable with Florencia C. Baluyot to respondent Atty. Pedro L. Linsangan.

The facts of the case are as follows:

Sometime in 1984, Florencia Baluyot offered Atty. Pedro L. Linsangan a lot called Garden State at the Holy Cross Memorial Park owned by petitioner (MMPCI). According to Baluyot, a former owner of a memorial lot under Contract No. 25012 was no longer interested in acquiring the lot and had opted to sell his rights subject to reimbursement of the amounts he already paid. The contract was for P95,000.00. Baluyot reassured Atty. Linsangan that once reimbursement is made to the former buyer, the contract would be transferred to him. Atty. Linsangan agreed and gave Baluyot P35,295.00 representing the amount to be reimbursed to the original buyer and to complete the down payment to MMPCI.[3] Baluyot issued handwritten and typewritten receipts for these payments.[4]

Sometime in March 1985, Baluyot informed Atty. Linsangan that he would be issued Contract No. 28660, a new contract covering the subject lot in the name of the latter instead of old Contract No. 25012. Atty. Linsangan protested, but Baluyot assured him that he would still be paying the old price of P95,000.00 with P19,838.00 credited as full down payment leaving a balance of about P75,000.00.[5]

Subsequently, on 8 April 1985, Baluyot brought an Offer to Purchase Lot No. A11 (15), Block 83, Garden Estate I denominated as Contract No. 28660 and the Official Receipt No. 118912 dated 6 April 1985 for the amount of P19,838.00. Contract No. 28660 has a listed price of P132,250.00. Atty. Linsangan objected to the new contract price, as the same was not the amount previously agreed upon. To convince Atty. Linsangan, Baluyot executed a document[6] confirming that while the contract price is P132,250.00, Atty. Linsangan would pay only the original price of P95,000.00.

The document reads in part:

The monthly installment will start April 6, 1985; the amount of P1,800.00 and the difference will be issued as discounted to conform to the previous price as previously agreed upon. --- P95,000.00

Prepared by:

(Signed)

(MRS.) FLORENCIA C. BALUYOT
Agency Manager
Holy Cross Memorial Park
4/18/85

Dear Atty. Linsangan:

This will confirm our agreement that while the offer to purchase under Contract No. 28660 states that the total price of P132,250.00 your undertaking is to pay only the total sum of P95,000.00 under the old price. Further the total sum of P19,838.00 already paid by you under O.R. # 118912 dated April 6, 1985 has been credited in the total purchase price thereby leaving a balance of P75,162.00 on a monthly installment of P1,800.00 including interests (sic) charges for a period of five (5) years.

(Signed)
FLORENCIA C. BALUYOT

By virtue of this letter, Atty. Linsangan signed Contract No. 28660 and accepted Official Receipt No. 118912. As requested by Baluyot, Atty. Linsangan issued twelve (12) postdated checks of P1,800.00 each in favor of MMPCI. The next year, or on 29 April 1986, Atty. Linsangan again issued twelve (12) postdated checks in favor of MMPCI.

On 25 May 1987, Baluyot verbally advised Atty. Linsangan that Contract No. 28660 was cancelled for reasons the latter could not explain, and presented to him another proposal for the purchase of an equivalent property. He refused the new proposal and insisted that Baluyot and MMPCI honor their undertaking.

For the alleged failure of MMPCI and Baluyot to conform to their agreement, Atty. Linsangan filed a Complaint[7] for Breach of Contract and Damages against the former.

Baluyot did not present any evidence. For its part, MMPCI alleged that Contract No. 28660 was cancelled conformably with the terms of the contract[8] because of non-payment of arrearages.[9] MMPCI stated that Baluyot was not an agent but an independent contractor, and as such was not authorized to represent MMPCI or to use its name except as to the extent expressly stated in the Agency Manager Agreement.[10] Moreover, MMPCI was not aware of the arrangements entered into by Atty. Linsangan and Baluyot, as it in fact received a down payment and monthly installments as indicated in the contract.[11] Official receipts showing the application of payment were turned over to Baluyot whom Atty. Linsangan had from the beginning allowed to receive the same in his behalf. Furthermore, whatever misimpression that Atty. Linsangan may have had must have been rectified by the Account Updating Arrangement signed by Atty. Linsangan which states that he “expressly admits that Contract No. 28660 ‘on account of serious delinquency...is now due for cancellation under its terms and conditions.’”[12]

The trial court held MMPCI and Baluyot jointly and severally liable.[13] It found that Baluyot was an agent of MMPCI and that the latter was estopped from denying this agency, having received and encashed the checks issued by Atty. Linsangan and given to it by Baluyot. While MMPCI insisted that Baluyot was authorized to receive only the down payment, it allowed her to continue to receive postdated checks from Atty. Linsangan, which it in turn consistently encashed.[14]

The dispositive portion of the decision reads:

WHEREFORE, judgment by preponderance of evidence is hereby rendered in favor of plaintiff declaring Contract No. 28660 as valid and subsisting and ordering defendants to perform their undertakings thereof which covers burial lot No. A11 (15), Block 83, Section Garden I, Holy Cross Memorial Park located at Novaliches, Quezon City. All payments made by plaintiff to defendants should be credited for his accounts.

NO DAMAGES, NO ATTORNEY'S FEES but with costs against the defendants.

The cross claim of defendant Manila Memorial Cemetery Incorporated as against defendant Baluyot is GRANTED up to the extent of the costs.

SO ORDERED.[15]

MMPCI appealed the trial court's decision to the Court of Appeals.[16] It claimed that Atty. Linsangan is bound by the written contract with MMPCI, the terms of which were clearly set forth therein and read, understood, and signed by the former.[17] It also alleged that Atty. Linsangan, a practicing lawyer for over thirteen (13) years at the time he entered into the contract, is presumed to know his contractual obligations and is fully aware that he cannot belatedly and unilaterally change the terms of the contract without the consent, much less the knowledge of the other contracting party, which was MMPCI. And in this case, MMPCI did not agree to a change in the contract and in fact implemented the same pursuant to its clear terms. In view thereof, because of Atty. Linsangan's delinquency, MMPCI validly cancelled the contract.

MMPCI further alleged that it cannot be held jointly and solidarily liable with Baluyot as the latter exceeded the terms of her agency, neither did MMPCI ratify Baluyot's acts. It added that it cannot be charged with making any misrepresentation, nor of having allowed Baluyot to act as though she had full powers as the written contract expressly stated the terms and conditions which Atty. Linsangan accepted and understood. In canceling the contract, MMPCI merely enforced the terms and conditions imposed therein.[18]

Imputing negligence on the part of Atty. Linsangan, MMPCI claimed that it was the former's obligation, as a party knowingly dealing with an alleged agent, to determine the limitations of such agent's authority, particularly when such alleged agent's actions were patently questionable. According to MMPCI, Atty. Linsangan did not even bother to verify Baluyot's authority or ask copies of official receipts for his payments.[19]

The Court of Appeals affirmed the decision of the trial court. It upheld the trial court's finding that Baluyot was an agent of MMPCI at the time the disputed contract was entered into, having represented MMPCI's interest and acting on its behalf in the dealings with clients and customers. Hence, MMPCI is considered estopped when it allowed Baluyot to act and represent MMPCI even beyond her authority.[20] The appellate court likewise found that the acts of Baluyot bound MMPCI when the latter allowed the former to act for and in its behalf and stead. While Baluyot's authority "may not have been expressly conferred upon her, the same may have been derived impliedly by habit or custom, which may have been an accepted practice in the company for a long period of time." [21] Thus, the Court of Appeals noted, innocent third persons such as Atty. Linsangan should not be prejudiced where the principal failed to adopt the needed measures to prevent misrepresentation. Furthermore, if an agent misrepresents to a purchaser and the principal accepts the benefits of such misrepresentation, he cannot at the same time deny responsibility for such misrepresentation.[22] Finally, the Court of Appeals declared:

There being absolutely nothing on the record that would show that the court a quo overlooked, disregarded, or misinterpreted facts of weight and significance, its factual findings and conclusions must be given great weight and should not be disturbed by this Court on appeal.

WHEREFORE, in view of the foregoing, the appeal is hereby DENIED and the appealed decision in Civil Case No. 88-1253 of the Regional Trial Court, National Capital Judicial Region, Branch 57 of Makati, is hereby AFFIRMED in toto.

SO ORDERED.[23]

MMPCI filed its Motion for Reconsideration,[24] but the same was denied for lack of merit.[25]

In the instant Petition for Review, MMPCI claims that the Court of Appeals seriously erred in disregarding the

plain terms of the written contract and Atty. Linsangan's failure to abide by the terms thereof, which justified its cancellation. In addition, even assuming that Baluyot was an agent of MMPCI, she clearly exceeded her authority and Atty. Linsangan knew or should have known about this considering his status as a long-practicing lawyer. MMPCI likewise claims that the Court of Appeals erred in failing to consider that the facts and the applicable law do not support a judgment against Baluyot only "up to the extent of costs." [26]

Atty. Linsangan argues that he did not violate the terms and conditions of the contract, and in fact faithfully performed his contractual obligations and complied with them in good faith for at least two years. [27] He claims that contrary to MMPCI's position, his profession as a lawyer is immaterial to the validity of the subject contract and the case at bar. [28] According to him, MMPCI had practically admitted in its Petition that Baluyot was its agent, and thus, the only issue left to be resolved is whether MMPCI allowed Baluyot to act as though she had full powers to be held solidarily liable with the latter. [29]

We find for the petitioner MMPCI.

The jurisdiction of the Supreme Court in a petition for review under Rule 45 of the Rules of Court is limited to reviewing only errors of law, not fact, unless the factual findings complained of are devoid of support by the evidence on record or the assailed judgment is based on misapprehension of facts. [30] In *BPI Investment Corporation v. D.G. Carreon Commercial Corporation*, [31] this Court ruled:

There are instances when the findings of fact of the trial court and/or Court of Appeals may be reviewed by the Supreme Court, such as (1) when the conclusion is a finding grounded entirely on speculation, surmises and conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) where there is a grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) when the findings are contrary to those of the trial court; (8) when the findings of fact are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioners' main and reply briefs are not disputed by the respondents; and (10) the findings of fact of the Court of Appeals are premised on the supposed absence of evidence and contradicted by the evidence on record. [32]

In the case at bar, the Court of Appeals committed several errors in the apprehension of the facts of the case, as well as made conclusions devoid of evidentiary support, hence we review its findings of fact.

By the contract of agency, a person binds himself to render some service or to do something in representation or on behalf of another, with the consent or authority of the latter. [33] Thus, the elements of agency are (i) consent, express or implied, of the parties to establish the relationship; (ii) the object is the execution of a juridical act in relation to a third person; (iii) the agent acts as a representative and not for himself; and (iv) the agent acts within the scope of his authority. [34]

In an attempt to prove that Baluyot was not its agent, MMPCI pointed out that under its Agency Manager Agreement; an agency manager such as Baluyot is considered an independent contractor and not an agent. [35] However, in the same contract, Baluyot as agency manager was authorized to solicit and remit to MMPCI offers to purchase interment spaces belonging to and sold by the latter. [36] Notwithstanding the claim of MMPCI that Baluyot was an independent contractor, the fact remains that she was authorized to solicit solely for and in behalf of MMPCI. As properly found both by the trial court and the Court of Appeals, Baluyot was an agent of MMPCI, having represented the interest of the latter, and having been allowed by MMPCI to represent it in her dealings with its clients/prospective buyers.

Nevertheless, contrary to the findings of the Court of Appeals, MMPCI cannot be bound by the contract procured

by Atty. Linsangan and solicited by Baluyot.

Baluyot was authorized to solicit and remit to MMPCI offers to purchase interment spaces obtained on forms provided by MMPCI. The terms of the offer to purchase, therefore, are contained in such forms and, when signed by the buyer and an authorized officer of MMPCI, becomes binding on both parties.

The Offer to Purchase duly signed by Atty. Linsangan, and accepted and validated by MMPCI showed a total list price of P132,250.00. Likewise, it was clearly stated therein that “Purchaser agrees that he has read or has had read to him this agreement, that he understands its terms and conditions, and that there are no covenants, conditions, warranties or representations other than those contained herein.”[37] By signing the Offer to Purchase, Atty. Linsangan signified that he understood its contents. That he and Baluyot had an agreement different from that contained in the Offer to Purchase is of no moment, and should not affect MMPCI, as it was obviously made outside Baluyot’s authority. To repeat, Baluyot’s authority was limited only to soliciting purchasers. She had no authority to alter the terms of the written contract provided by MMPCI. The document/letter “confirming” the agreement that Atty. Linsangan would have to pay the old price was executed by Baluyot alone. Nowhere is there any indication that the same came from MMPCI or any of its officers.

It is a settled rule that persons dealing with an agent are bound at their peril, if they would hold the principal liable, to ascertain not only the fact of agency but also the nature and extent of authority, and in case either is controverted, the burden of proof is upon them to establish it.[38] The basis for agency is representation and a person dealing with an agent is put upon inquiry and must discover upon his peril the authority of the agent.[39] If he does not make such an inquiry, he is chargeable with knowledge of the agent’s authority and his ignorance of that authority will not be any excuse.[40]

As noted by one author, the ignorance of a person dealing with an agent as to the scope of the latter’s authority is no excuse to such person and the fault cannot be thrown upon the principal.[41] A person dealing with an agent assumes the risk of lack of authority in the agent. He cannot charge the principal by relying upon the agent’s assumption of authority that proves to be unfounded. The principal, on the other hand, may act on the presumption that third persons dealing with his agent will not be negligent in failing to ascertain the extent of his authority as well as the existence of his agency.[42]

In the instant case, it has not been established that Atty. Linsangan even bothered to inquire whether Baluyot was authorized to agree to terms contrary to those indicated in the written contract, much less bind MMPCI by her commitment with respect to such agreements. Even if Baluyot was Atty. Linsangan’s friend and known to be an agent of MMPCI, her declarations and actions alone are not sufficient to establish the fact or extent of her authority.[43] Atty. Linsangan as a practicing lawyer for a relatively long period of time when he signed the contract should have been put on guard when their agreement was not reflected in the contract. More importantly, Atty. Linsangan should have been alerted by the fact that Baluyot failed to effect the transfer of rights earlier promised, and was unable to make good her written commitment, nor convince MMPCI to assent thereto, as evidenced by several attempts to induce him to enter into other contracts for a higher consideration. As properly pointed out by MMPCI, as a lawyer, a greater degree of caution should be expected of Atty. Linsangan especially in dealings involving legal documents. He did not even bother to ask for official receipts of his payments, nor inquire from MMPCI directly to ascertain the real status of the contract, blindly relying on the representations of Baluyot. A lawyer by profession, he knew what he was doing when he signed the written contract, knew the meaning and value of every word or phrase used in the contract, and more importantly, knew the legal effects which said document produced. He is bound to accept responsibility for his negligence.

The trial and appellate courts found MMPCI liable based on ratification and estoppel. For the trial court,

MMPCI's acts of accepting and encashing the checks issued by Atty. Linsangan as well as allowing Baluyot to receive checks drawn in the name of MMPCI confirm and ratify the contract of agency. On the other hand, the Court of Appeals faulted MMPCI in failing to adopt measures to prevent misrepresentation, and declared that in view of MMPCI's acceptance of the benefits of Baluyot's misrepresentation, it can no longer deny responsibility therefor.

The Court does not agree. Pertinent to this case are the following provisions of the Civil Code:

Art. 1898. If the agent contracts in the name of the principal, exceeding the scope of his authority, and the principal does not ratify the contract, it shall be void if the party with whom the agent contracted is aware of the limits of the powers granted by the principal. In this case, however, the agent is liable if he undertook to secure the principal's ratification.

Art. 1910. The principal must comply with all the obligations that the agent may have contracted within the scope of his authority.

As for any obligation wherein the agent has exceeded his power, the principal is not bound except when he ratifies it expressly or tacitly.

Art. 1911. Even when the agent has exceeded his authority, the principal is solidarily liable with the agent if the former allowed the latter to act as though he had full powers.

Thus, the acts of an agent beyond the scope of his authority do not bind the principal, unless he ratifies them, expressly or impliedly. Only the principal can ratify; the agent cannot ratify his own unauthorized acts. Moreover, the principal must have knowledge of the acts he is to ratify.[44]

Ratification in agency is the adoption or confirmation by one person of an act performed on his behalf by another without authority. The substance of the doctrine is confirmation after conduct, amounting to a substitute for a prior authority. Ordinarily, the principal must have full knowledge at the time of ratification of all the material facts and circumstances relating to the unauthorized act of the person who assumed to act as agent. Thus, if material facts were suppressed or unknown, there can be no valid ratification and this regardless of the purpose or lack thereof in concealing such facts and regardless of the parties between whom the question of ratification may arise.[45] Nevertheless, this principle does not apply if the principal's ignorance of the material facts and circumstances was willful, or that the principal chooses to act in ignorance of the facts.[46] However, in the absence of circumstances putting a reasonably prudent man on inquiry, ratification cannot be implied as against the principal who is ignorant of the facts.[47]

No ratification can be implied in the instant case.

A perusal of Baluyot's Answer[48] reveals that the real arrangement between her and Atty. Linsangan was for the latter to pay a monthly installment of P1,800.00 whereas Baluyot was to shoulder the counterpart amount of P1,455.00 to meet the P3,255.00 monthly installments as indicated in the contract. Thus, every time an installment falls due, payment was to be made through a check from Atty. Linsangan for P1,800.00 and a cash component of P1,455.00 from Baluyot.[49] However, it appears that while Atty. Linsangan issued the post-dated checks, Baluyot failed to come up with her part of the bargain. This was supported by Baluyot's statements in her letter[50] to Mr. Clyde Williams, Jr., Sales Manager of MMPCI, two days after she received the copy of the Complaint. In the letter, she admitted that she was remiss in her duties when she consented to Atty. Linsangan's proposal that he will pay the old price while the difference will be shouldered by her. She likewise admitted that the contract suffered arrearages because while Atty. Linsangan issued the agreed checks, she was unable to give her share of P1,455.00 due to her own financial difficulties. Baluyot even asked for compassion from MMPCI for the error she committed.

Atty. Linsangan failed to show that MMPCI had knowledge of the arrangement. As far as MMPCI is concerned, the contract price was P132,250.00, as stated in the Offer to Purchase signed by Atty. Linsangan and MMPCI's authorized officer. The down payment of P19,838.00 given by Atty. Linsangan was in accordance with the contract as well. Payments of P3,235.00 for at least two installments were likewise in accord with the contract, albeit made through a check and partly in cash. In view of Baluyot's failure to give her share in the payment, MMPCI received only P1,800.00 checks, which were clearly insufficient payment. In fact, Atty. Linsangan would have incurred arrearages that could have caused the earlier cancellation of the contract, if not for MMPCI's application of some of the checks to his account. However, the checks alone were not sufficient to cover his obligations.

If MMPCI was aware of the arrangement, it would have refused the latter's check payments for being insufficient. It would not have applied to his account the P1,800.00 checks. Moreover, the fact that Baluyot had to practically explain to MMPCI's Sales Manager the details of her "arrangement" with Atty. Linsangan and admit to having made an error in entering such arrangement confirm that MMPCI had no knowledge of the said agreement. It was only when Baluyot filed her Answer that she claimed that MMPCI was fully aware of the agreement.

Neither is there estoppel in the instant case. The essential elements of estoppel are (i) conduct of a party amounting to false representation or concealment of material facts or at least calculated to convey the impression that the facts are otherwise than, and inconsistent with, those which the party subsequently attempts to assert; (ii) intent, or at least expectation, that this conduct shall be acted upon by, or at least influence, the other party; and (iii) knowledge, actual or constructive, of the real facts.[51]

While there is no more question as to the agency relationship between Baluyot and MMPCI, there is no indication that MMPCI let the public, or specifically, Atty. Linsangan to believe that Baluyot had the authority to alter the standard contracts of the company. Neither is there any showing that prior to signing Contract No. 28660, MMPCI had any knowledge of Baluyot's commitment to Atty. Linsangan. One who claims the benefit of an estoppel on the ground that he has been misled by the representations of another must not have been misled through his own want of reasonable care and circumspection.[52] Even assuming that Atty. Linsangan was misled by MMPCI's actuations, he still cannot invoke the principle of estoppel, as he was clearly negligent in his dealings with Baluyot, and could have easily determined, had he only been cautious and prudent, whether said agent was clothed with the authority to change the terms of the principal's written contract. Estoppel must be intentional and unequivocal, for when misapplied, it can easily become a most convenient and effective means of injustice.[53] In view of the lack of sufficient proof showing estoppel, we refuse to hold MMPCI liable on this score.

Likewise, this Court does not find favor in the Court of Appeals' findings that "the authority of defendant Baluyot may not have been expressly conferred upon her; however, the same may have been derived impliedly by habit or custom which may have been an accepted practice in their company in a long period of time." A perusal of the records of the case fails to show any indication that there was such a habit or custom in MMPCI that allows its agents to enter into agreements for lower prices of its interment spaces, nor to assume a portion of the purchase price of the interment spaces sold at such lower price. No evidence was ever presented to this effect.

As the Court sees it, there are two obligations in the instant case. One is the Contract No. 28660 between MMPCI and by Atty. Linsangan for the purchase of an interment space in the former's cemetery. The other is the agreement between Baluyot and Atty. Linsangan for the former to shoulder the amount P1,455.00, or the difference between P95,000.00, the original price, and P132,250.00, the actual contract price.

To repeat, the acts of the agent beyond the scope of his authority do not bind the principal unless the latter ratifies the same. It also bears emphasis that when the third person knows that the agent was acting beyond his power or authority, the principal cannot be held liable for the acts of the agent. If the said third person was aware of such limits of authority, he is to blame and is not entitled to recover damages from the agent, unless the latter undertook to secure the principal's ratification.[54]

This Court finds that Contract No. 28660 was validly entered into both by MMPCI and Atty. Linsangan. By affixing his signature in the contract, Atty. Linsangan assented to the terms and conditions thereof. When Atty. Linsangan incurred delinquencies in payment, MMPCI merely enforced its rights under the said contract by canceling the same.

Being aware of the limits of Baluyot's authority, Atty. Linsangan cannot insist on what he claims to be the terms of Contract No. 28660. The agreement, insofar as the P95,000.00 contract price is concerned, is void and cannot be enforced as against MMPCI. Neither can he hold Baluyot liable for damages under the same contract, since there is no evidence showing that Baluyot undertook to secure MMPCI's ratification. At best, the "agreement" between Baluyot and Atty. Linsangan bound only the two of them. As far as MMPCI is concerned, it bound itself to sell its interment space to Atty. Linsangan for P132,250.00 under Contract No. 28660, and had in fact received several payments in accordance with the same contract. If the contract was cancelled due to arrearages, Atty. Linsangan's recourse should only be against Baluyot who personally undertook to pay the difference between the true contract price of P132,250.00 and the original proposed price of P95,000.00. To surmise that Baluyot was acting on behalf of MMPCI when she promised to shoulder the said difference would be to conclude that MMPCI undertook to pay itself the difference, a conclusion that is very illogical, if not antithetical to its business interests.

However, this does not preclude Atty. Linsangan from instituting a separate action to recover damages from Baluyot, not as an agent of MMPCI, but in view of the latter's breach of their separate agreement. To review, Baluyot obligated herself to pay P1,455.00 in addition to Atty. Linsangan's P1,800.00 to complete the monthly installment payment under the contract, which, by her own admission, she was unable to do due to personal financial difficulties. It is undisputed that Atty. Linsangan issued the P1,800.00 as agreed upon, and were it not for Baluyot's failure to provide the balance, Contract No. 28660 would not have been cancelled. Thus, Atty. Linsangan has a cause of action against Baluyot, which he can pursue in another case.

WHEREFORE, the instant petition is GRANTED. The Decision of the Court of Appeals dated 22 June 2001 and its Resolution dated 12 December 2001 in CA- G.R. CV No. 49802, as well as the Decision in Civil Case No. 88-1253 of the Regional Trial Court, Makati City Branch 57, are hereby REVERSED and SET ASIDE. The Complaint in Civil Case No. 88-1253 is DISMISSED for lack of cause of action. No pronouncement as to costs.

SO ORDERED.

Puno, (Chairman), Austria-Martinez, Callejo, Sr., and Chico-Nazario, JJ., concur.

[1] Promulgated by the Eighth Division, penned by Associate Justice Perlita J. Tria Tirona, with Justices Eugenio S. Labitoria and Eloy R. Bello, Jr., concurring; Rollo. pp. 91-98.

[2] Id. at 101.

[3] Id. at 92.

[4] RTC Records, pp. 242-246.

[5] Id. at 247.

[6] Id. at 128.

[7] Docketed as CV-88-1253, raffled to Regional Trial Court of Makati, Branch 27, presided by Judge Arsenio Magpale. Id. at 1.

[8] Id. at 247; the contract provides in part:

Time is of the essence of this agreement and Purchaser agrees that should any of the foregoing payments, including accrued interest, remain unpaid or should any of the covenants or conditions contained herein remain unperformed by him for a period of 30 days after the same was to have been paid or performed under this Offer to Purchase, Purchaser shall forthwith and without demand be in default and in that event this agreement shall, at the option of Seller, become automatically null and void, and Seller may re-enter the above-described property and hold, sell, or dispose the same without any liability to Purchaser, and retain all payments made by Purchaser prior to such re-entry as liquidated damages. Should Purchaser default in the payment of any one of the above-stated downpayments or installments, then the entire obligation shall automatically become due and demandable, and in that event, all discounts and interest-free concessions previously granted shall be deemed nullified and the discounts shall be added back to the above purchase price and interest shall be charged at the rate of twenty-four percent (24%) per annum on the declining balance. Purchaser further agrees that waiver by Seller of any breach of any of the covenants or conditions contained herein shall not be construed as a waiver of any subsequent breach. Purchaser agrees that the exercise by the Seller of any remedy to protect its rights shall not be a waiver of any other remedy by law.

[9] Rollo, p. 56.

[10] RTC Records, p. 29.

[11] Id. at 36.

[12] Id. at 33.

[13] Decision dated 27 February 1995, Rollo, pp. 156-161.

[14] Id. at 160-161.

[15] Id. at 161.

[16] Docketed as CA- G.R. CV No.49802.

[17] CA Records, pp. 190-191.

[18] Rollo, pp. 207-218.

[19] Id. at 220-227.

[20] Id. at 95.

[21] Id. at 96.

[22] Id. at 97.

[23] Id. at 97.

[24] Id. at 136-152.

[25] Id. at 154.

[26] Id. at 58-60.

[26] Id. at 60.

[27] Id. at 277.

[28] Id. at 273.

[29] Id. at 280.

[30] Tsai v. Court of Appeals, G.R. No. 120098, 2 October 2001, 366 SCRA 324, 335, citing Congregation of the Religious of the Virgin Mary v. Court of Appeals, 291 SCRA 385 (1998).

[31] 422 Phil. 367 (2001).

[32] Id. at 378 citing Cebu Shipyard and Engineering Works, Inc. v. William Lines, Inc., 366 Phil. 439 (1999), citing Misa v. Court of Appeals, 212 SCRA 217.

[33] Article 1868, Civil Code.

[34] A. TOLENTINO, THE CIVIL CODE 396 (1992).

[35] RTC Records, p. 462.

[36] Art. IV of the Agency Manager Agreement provides in part :

Subject to the terms and conditions hereinafter set forth and effective as of the date set forth above, the COMPANY authorizes AGENCY MANAGER to solicit and remit to COMPANY offers to purchase interment spaces belonging to and sold by the COMPANY. Such offers to purchase shall be obtained on forms provided by the COMPANY which, on execution by a duly authorized officer of the COMPANY, and not before, will bind the COMPANY. (RTC Records, pp. 459.)

[37] Id. at 247.

[38] Yu Eng Cho v. Pan American World Airways, Inc. 385 Phil. 453, 465 (2000).

[39] Safic Alcan & Cie v. Imperial Vegetable Oil Co., Inc. G.R. No. 126751, 28 March 2001, 355 SCRA 559, 568, citations omitted.

[40] Bacaltos Coal Mines v. Court of Appeals, G.R. No. 114091, June 29, 1995, 245 SCRA 460, 467.

[41] V. J. FRANCISCO, AGENCY 265 (1952).

[42] Id. citing 2 AM. JUR. 76-77

[43] Supra note 38 at 467.

[44] Supra note 34 citing Brownell v. Parreño, (C.A.) 54 Off. Gaz. 7419.

[45] J. NOLLEDO AND CAPISTRANO, THE PHILIPPINE LAW OF AGENCY, 47 (1960) citing 2 C.J.S. 1081.

[46] Id. at 47 citing Hutchinson Co. v. Gould, 181 p. 651, 180 Cal. 356.

[47] Id. at 48.

[48] RTC Records, pp. 48-52.

[49] Id. at 50.

[50] Id. at 466.

[51] *Lim v. Queensland Tokyo Commodities, Inc.*, 424 Phil. 35, 43-44 (2002) (citing *Philippine National Bank v. Court of Appeals*, 308 SCRA 229 (1999)).

[52] *Mijares v. Court of Appeals*, G.R. No. 113558, 338 Phil. 274, 286 (1997) citing 28 AM JUR 2d Estoppel § 80, citations omitted:

One who claims the benefit of an estoppel on the ground that he has been misled by the representations of another must not have been misled through his own want of reasonable care and circumspection. A lack of diligence by a party claiming estoppel is generally fatal. If the party conducts himself with careless indifference to means of information reasonable at hand, or ignores highly suspicious circumstances, he may not invoke the doctrine of estoppel. Good faith is generally regarded as requiring the exercise of reasonable diligence to learn the truth, and accordingly, estoppel is denied where the party claiming it was put on inquiry as to the truth and had available means for ascertaining it, at least where actual fraud has not been practiced on the party claiming the estoppel ...

[53] *Arcelona v. Court of Appeals*, 345 Phil. 250 (1997) citing *La Naval Drug Corporation v. Court of Appeals*, 236 SCRA 78 (1994).

[54] *Supra* note 39 at 569 citing *Cervantes v. Court of Appeals*, 304 SCRA 25 (1999).

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.