

REYNALDO VILLANUEVA, PETITIONER, VS. PHILIPPINE NATIONAL BANK (PNB), RESPONDENT.*G.R. NO. 154493. December 06, 2006*

Ponente: AUSTRIA-MARTINEZ, J.

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The Petition for Review on Certiorari under Rule 45 before this Court assails the January 29, 2002 Decision[1] and June 27, 2002 Resolution[2] of the Court of Appeals (CA) in CA-G.R. CV No. 52008[3] which reversed and set aside the September 14, 1995 Decision[4] of the Regional Trial Court, Branch 22, General Santos City (RTC) in Civil Case No. 4553.

As culled from the records, the facts are as follows:

The Special Assets Management Department (SAMD) of the Philippine National Bank (PNB) issued an advertisement for the sale thru bidding of certain PNB properties in Calumpang, General Santos City, including Lot No. 17, covered by TCT No. T-15042, consisting of 22,780 square meters, with an advertised floor price of P1,409,000.00, and Lot No. 19, covered by TCT No. T-15036, consisting of 41,190 square meters, with an advertised floor price of P2,268,000.00.[5] Bidding was subject to the following conditions: 1) that cash bids be submitted not later than April 27, 1989; 2) that said bids be accompanied by a 10% deposit in manager's or cashier's check; and 3) that all acceptable bids be subject to approval by PNB authorities.

In a June 28, 1990 letter[6] to the Manager, PNB-General Santos Branch, Reynaldo Villanueva (Villanueva) offered to purchase Lot Nos. 17 and 19 for P3,677,000.00. He also manifested that he was depositing P400,000.00 to show his good faith but with the understanding that said amount may be treated as part of the payment of the purchase price only when his offer is accepted by PNB. At the bottom of said letter there appears an unsigned marginal note stating that P400,000.00 was deposited into Villanueva's account (Savings Account No. 43612) with PNB-General Santos Branch. [7]

PNB-General Santos Branch forwarded the June 28, 1990 letter of Villanueva to Ramon Guevara (Guevara), Vice President, SAMD.[8] On July 6, 1990, Guevara informed Villanueva that only Lot No. 19 is available and that the asking price therefor is P2,883,300.00.[9] Guevara further wrote:

If our quoted price is acceptable to you, please submit a revised offer to purchase. Sale shall be subject to our Board of Director's approval and to other terms and conditions imposed by the Bank on sale of acquired assets. [10] (Emphasis ours)

Instead of submitting a revised offer, Villanueva merely inserted at the bottom of Guevara's letter a July 11, 1990 marginal note, which reads:

C O N F O R M E:

PRICE OF P2,883,300.00 (downpayment of P600,000.00 and the balance payable in two (2) years at quarterly amortizations.) [11]

Villanueva paid P200,000.00 to PNB which issued O.R. No. 16997 to acknowledge receipt of the "partial payment deposit on offer to purchase." [12] On the dorsal portion of Official Receipt No. 16997, Villanueva signed a typewritten note, stating:

This is a deposit made to show the sincerity of my purchase offer with the understanding that it shall be returned without interest if my offer is not favorably considered or be forfeited if my offer is approved but I fail/refuse to push through the purchase. [13]

Also, on July 24, 1990, P380,000.00 was debited from Villanueva's Savings Account No. 43612 and credited to SAMD. [14]

On October 11, 1990, however, Guevara wrote Villanueva that, upon orders of the PNB Board of Directors to conduct another appraisal and public bidding of Lot No. 19, SAMD is deferring negotiations with him over said property and returning his deposit of P580,000.00. [15] Undaunted, Villanueva attempted to deliver postdated checks covering the balance of the purchase price but PNB refused the same.

Hence, Villanueva filed with the RTC a Complaint [16] for specific performance and damages against PNB. In its September 14, 1995 Decision, the RTC granted the Complaint, thus:

WHEREFORE, judgment is rendered in favor of the plaintiff and against the defendant directing it to do the following:

- To execute a deed of sale in favor of the plaintiff over Lot 19 comprising 41,190 square meters situated at Calumpang, General Santos City covered by TCT No. T-15036 after payment of the balance in cash in the amount of P2,303,300.00;
- To pay the plaintiff P1,000,000.00 as moral damages; P500,000.00 as attorney's fees, plus litigation expenses and costs of the suit.

SO ORDERED. [17]

The RTC anchored its judgment on the finding that there existed a perfected contract of sale between PNB and Villanueva. It found:

The following facts are either admitted or undisputed:

x x x

The defendant through Vice-President Guevara negotiated with the plaintiff in connection with the offer of the plaintiff to buy Lots 17 & 19. The offer of plaintiff to buy, however, was accepted by the defendant only insofar as Lot 19 is concerned as exemplified by its letter dated July 6, 1990 where the plaintiff signified his concurrence after conferring with the defendant's vice-president. The conformity of the plaintiff was typewritten by the defendant's own people where the plaintiff accepted the price of P2,883,300.00. The defendant also issued a receipt to the plaintiff on the same day when the plaintiff paid the amount of P200,000.00 to complete the downpayment of P600,000.00 (Exhibit "F" & Exhibit "I"). With this development, the plaintiff was also given the go signal by the defendant to improve Lot 19 because it was already in effect sold to him and because of that the defendant fenced the lot and completed his two houses on the property. [18]

The RTC also pointed out that Villanueva's P580,000.00 downpayment was actually in the nature of earnest money acceptance of which by PNB signified that there was already a sale. [19] The RTC further cited contemporaneous acts of PNB purportedly indicating that, as early as July 25, 1990, it considered Lot 19 already sold, as shown by Guevara's July 25, 1990 letter (Exh. "H") [20] to another interested buyer.

PNB appealed to the CA which reversed and set aside the September 14, 1995 RTC Decision, thus:

WHEREFORE, the appealed decision is REVERSED and SET ASIDE and another rendered DISMISSING the complaint.

SO ORDERED.[21]

According to the CA, there was no perfected contract of sale because the July 6, 1990 letter of Guevara constituted a qualified acceptance of the June 28, 1990 offer of Villanueva, and to which Villanueva replied on July 11, 1990 with a modified offer. The CA held:

In the case at bench, consent, in respect to the price and manner of its payment, is lacking. The record shows that appellant, thru Guevara's July 6, 1990 letter, made a qualified acceptance of appellee's letter-offer dated June 28, 1990 by imposing an asking price of P2,883,300.00 in cash for Lot 19. The letter dated July 6, 1990 constituted a counter-offer (Art. 1319, Civil Code), to which appellee made a new proposal, i.e., to pay the amount of P2,883,300.00 in staggered amounts, that is, P600,000.00 as downpayment and the balance within two years in quarterly amortizations.

A qualified acceptance, or one that involves a new proposal, constitutes a counter-offer and a rejection of the original offer (Art. 1319, id.). Consequently, when something is desired which is not exactly what is proposed in the offer, such acceptance is not sufficient to generate consent because any modification or variation from the terms of the offer annuls the offer (Tolentino, Commentaries and Jurisprudence on the Civil Code of the Philippines, 6[th] ed., 1996, p. 450, cited in ABS-CBN Broadcasting Corporation v. Court of Appeals, et al., 301 SCRA 572).

Appellee's new proposal, which constitutes a counter-offer, was not accepted by appellant, its board having decided to have Lot 19 reappraised and sold thru public bidding.

Moreover, it was clearly stated in Guevara's July 6, 1990 letter that "the sale shall be subject to our Board of Director's approval and to other terms and conditions imposed by the Bank on sale of acquired assets." [22]

Villanueva's Motion for Reconsideration [23] was denied by the CA in its Resolution of June 27, 2002.

Petitioner Villanueva now assails before this Court the January 29, 2002 Decision and June 27, 2002 Resolution of the CA. He assigns five issues which may be condensed into two: first, whether a perfected contract of sale exists between petitioner and respondent PNB; and second, whether the conduct and actuation of respondent constitutes bad faith as to entitle petitioner to moral and exemplary damages and attorney's fees.

The Court sustains the CA on both issues.

Contracts of sale are perfected by mutual consent whereby the seller obligates himself, for a price certain, to deliver and transfer ownership of a specified thing or right to the buyer over which the latter agrees. [24] Mutual consent being a state of mind, its existence may only be inferred from the confluence of two acts of the parties: an offer certain as to the object of the contract and its consideration, and an acceptance of the offer which is absolute in that it refers to the exact object and consideration embodied in said offer. [25] While it is impossible to expect the acceptance to echo every nuance of the offer, it is imperative that it assents to those points in the offer which, under the operative facts of each contract, are not only material but motivating as well. Anything short of that level of mutuality produces not a contract but a mere counter-offer awaiting acceptance. [26] More particularly on the matter of the consideration of the contract, the offer and its acceptance must be unanimous both on the rate of the payment and on its term. An acceptance of an offer which agrees to the rate but varies the term is ineffective. [27]

To determine whether there was mutual consent between the parties herein, it is necessary to retrace each offer

and acceptance they made.

Respondent began with an invitation to bid issued in April 1989 covering several of its acquired assets in Calumpang, General Santos City, including Lot No. 19 for which the floor price was P2,268,000.00. The offer was subject to the condition that sealed bids, accompanied by a 10% deposit in manager's or cashier's check, be submitted not later than 10 o'clock in the morning of April 27, 1989.

On June 28, 1990, petitioner made an offer to buy Lot No. 17 and Lot No. 19 for an aggregate price of P3,677,000.00. It is noted that this offer exactly corresponded to the April 1989 invitation to bid issued by respondent in that the proposed aggregate purchase price for Lot Nos. 17 and 19 matched the advertised floor prices for the same properties. However, it cannot be said that the June 28, 1990 letter of petitioner was an effective acceptance of the April 1989 invitation to bid for, by its express terms, said invitation lapsed on April 27, 1989.[28] More than that, the April 1989 invitation was subject to the condition that all sealed bids submitted and accepted be approved by respondent's higher authorities.

Thus, the June 28, 1990 letter of petitioner was an offer to buy independent of the April 1989 invitation to bid. It was a definite offer as it identified with certainty the properties sought to be purchased and fixed the contract price.

However, respondent replied to the June 28, 1990 offer with a July 6, 1990 letter that only Lot No. 19 is available and that the price therefor is now P2,883,300.00. As the CA pointed out, this reply was certainly not an acceptance of the June 28, 1990 offer but a mere counter-offer. It deviated from the original offer on three material points: first, the object of the proposed sale is now only Lot No. 19 rather than Lot Nos. 17 and 19; second, the area of the property to be sold is still 41,190 sq. m but an 8,797-sq. m portion is now part of a public road; and third, the consideration is P2,883,300 for one lot rather than P3,677,000.00 for two lots. More important, this July 6, 1990 counter-offer imposed two conditions: one, that petitioner submit a revised offer to purchase based on the quoted price; and two, that the sale of the property be approved by the Board of Directors and subjected to other terms and conditions imposed by the Bank on the sale of acquired assets.

In reply to the July 6, 1990 counter-offer, petitioner signed his July 11, 1990 conformity to the quoted price of P2,883,300.00 but inserted the term "downpayment of P600,000.00 and the balance payable in two years at quarterly amortization." The CA viewed this July 11, 1990 conformity not as an acceptance of the July 6, 1990 counter-offer but a further counter-offer for, while petitioner accepted the P2,883,300.00 price for Lot No. 19, he qualified his acceptance by proposing a two-year payment term.

Petitioner does not directly impugn such reasoning of the CA. He merely questions it for taking up the issue of whether his July 11, 1990 conformity modified the July 6, 1990 counter-offer as this was allegedly never raised during the trial nor on appeal.[29]

Such argument is not well taken. From beginning to end, respondent denied that a contract of sale with petitioner was ever perfected.[30] Its defense was broad enough to encompass every issue relating to the concurrence of the elements of contract, specifically on whether it consented to the object of the sale and its consideration. There was nothing to prevent the CA from inquiring into the offers and counter-offers of the parties to determine whether there was indeed a perfected contract between them.

Moreover, there is merit in the ruling of the CA that the July 11, 1990 marginal note was a further counter-offer which did not lead to the perfection of a contract of sale between the parties. Petitioner's own June 28, 1990 offer quoted the price of P3,677,000.00 for two lots but was silent on the term of payment. Respondent's July 6, 1990 counter-offer quoted the price of P2,833,300.00 and was also silent on the term of payment. Up to that point, the

term or schedule of payment was not on the negotiation table. Thus, when petitioner suddenly introduced a term of payment in his July 11, 1990 counter-offer, he interjected into the negotiations a new substantial matter on which the parties had no prior discussion and over which they must yet agree.[31] Petitioner's July 11, 1990 counter-offer, therefore, did not usher the parties beyond the negotiation stage of contract making towards its perfection. He made a counter-offer that required acceptance by respondent.

As it were, respondent, through its Board of Directors, did not accept this last counter-offer. As stated in its October 11, 1990 letter to petitioner, respondent ordered the reappraisal of the property, in clear repudiation not only of the proposed price but also the term of payment thereof.

Petitioner insists, however, that the October 11, 1990 repudiation was belated as respondent had already agreed to his July 11, 1990 counter-offer when it accepted his "downpayment" or "earnest money" of P580,000.00.[32] He cites Article 1482 of the Civil Code where it says that acceptance of "downpayment" or "earnest money" presupposes the perfection of a contract.

Not so. Acceptance of petitioner's payments did not amount to an implied acceptance of his last counter-offer.

To begin with, PNB-General Santos Branch, which accepted petitioner's P380,000.00 payment, and PNB-SAMD, which accepted his P200,000.00 payment, had no authority to bind respondent to a contract of sale with petitioner.[33] Petitioner is well aware of this. To recall, petitioner sent his June 28, 1990 offer to PNB-General Santos Branch. Said branch did not act on his offer except to endorse it to Guevarra. Thereafter, petitioner transacted directly with Guevarra. Petitioner then cannot pretend that PNB-General Santos Branch had authority to accept his July 11, 1990 counter-offer by merely accepting his P380,000.00 payment.

Neither did SAMD have authority to bind PNB. In its April 1989 invitation to bid, as well as its July 6, 1990 counter-offer, SAMD was always careful to emphasize that whatever offer is made and entertained will be subject to the approval of respondent's higher authorities. This is a reasonable disclaimer considering the corporate nature of respondent. [34]

Moreover, petitioner's payment of P200,000.00 was with the clear understanding that his July 11, 1990 counter-offer was still subject to approval by respondent. This is borne out by respondent's Exhibits "2-a" and "2-b", which petitioner never controverted, where it appears on the dorsal portion of O.R. No. 16997 that petitioner acceded that the amount he paid was a mere "x x x deposit made to show the sincerity of [his] purchase offer with the understanding that it shall be returned without interest if [his] offer is not favorably considered x x x." [35] This was a clear acknowledgment on his part that there was yet no perfected contract with respondent and that even with the payments he had advanced, his July 11, 1990 counter-offer was still subject to consideration by respondent.

Not only that, in the same Exh. "2-a" as well as in his June 28, 1990 offer, petitioner referred to his payments as mere "deposits." Even O.R. No. 16997 refers to petitioner's payment as mere deposit. It is only in the debit notice issued by PNB-General Santos Branch where petitioner's payment is referred to as "downpayment". But then, as we said, PNB-General Santos Branch has no authority to bind respondent by its interpretation of the nature of the payment made by petitioner.

In sum, the amounts paid by petitioner were not in the nature of downpayment or earnest money but were mere deposits or proof of his interest in the purchase of Lot No. 19. Acceptance of said amounts by respondent does not presuppose perfection of any contract.[36]

It must be noted that petitioner has expressly admitted that he had withdrawn the entire amount of P580,000.00 deposit from PNB-General Santos Branch.[37]

With the foregoing disquisition, the Court foregoes resolution of the second issue as it is evident that respondent acted well within its rights when it rejected the last counter-offer of petitioner.

In fine, petitioner's petition lacks merit.

WHEREFORE, the petition is DENIED. The Decision dated January 29, 2002 and Resolution dated June 27, 2002 of the Court of Appeals are AFFIRMED.

No costs.

SO ORDERED.

Panganiban, C.J., (Chairperson), Ynares-Santiago, Callejo, Sr., and Chico-Nazario, JJ., concur.

[1] Penned by Associate Justice Edgardo P. Cruz and concurred in by Associate Justices Hilarion L. Aquino and Amelita G. Tolentino.

[2] CA rollo, p. 132.

[3] Entitled "Reynaldo Villanueva, Plaintiff-Appellee v. Philippine National Bank, Defendant-Appellant."

[4] Records, p. 151.

[5] Exhibit "B", Plaintiff's Folder of Exhibits, p. 2.

[6] Exhibit "C", id. at 3.

[7] Exhibit "C-1", id.

[8] Exhibit "D", id. at 5.

[9] Exhibit "F", id. at 7.

[10] Id.

[11] Exhibit "F-1", id.

[12] Exhibit "E", id. at 6.

[13] Exhibit "2-a" and "2-b", id. (dorsal portion).

[14] Exhibit "G", id. at 8.

[15] Exhibit "J", id. at 12.

[16] Records, p. 1.

[17] Id. at 157-158.

[18] Id. at 155.

[19] Id. at 156.

[20] Plaintiff's Folder of Exhibits, p. 9.

[21] CA rollo, p. 105.

[22] Id. at 102-103.

[23] Id. at 112.

[24] Blas v. Angeles-Hutalla, G.R. No. 155594. September 27, 2004, 439 SCRA 273, 292.

[25] Banco Filipino Savings and Mortgage Bank v. Court of Appeals, G.R. No. 143896, July 8, 2005, 463 SCRA 64, 77; San Lorenzo Development Corporation v. Court of Appeals, G.R. No. 124242, January 21, 2005, 449 SCRA 99, 111.

[26] Swedish Match, et al. v. Court of Appeals, G.R. No. 128120, October 20, 2004, 441 SCRA 1, 19.

[27] Marnelego v. Banco Filipino Savings and Mortgage Bank, G.R. No. 161524, January 27, 2006, 480 SCRA 399, 408.

[28] Villegas v. Court of Appeals, G.R. No. 111495, August 18, 2006.

[29] Rollo, pp. 27-28.

[30] Records, pp. 23 and 38.

[31] Marnelego v. Banco Filipino Savings and Mortgage Bank, supra note 27.

[32] Rollo, pp. 28-30.

[33] Firme v. Bukal Enterprises and Development Corporation, G.R. No. 146608, October 23, 2003, 414 SCRA 190, 207.

[34] Development Bank of the Philippines v. Ong, G.R. Nos. 144661 and 144797, June 15, 2005, 460 SCRA 170, 183; Spouses Firme v. Bukal, supra note 33.

[35] See note 13.

[36] San Miguel Properties Philippines, Inc. v. Spouses Huang, 391 Phil. 636, 646, (2000), citing Navarro v. Sugar Producers Cooperative Marketing Association, Inc., 111 Phil. 820 (1961); Toyota Shaw, Inc. v. Court of Appeals, 314 Phil. 201, 214 (1995); Velasco v. Court of Appeals, 151-A Phil. 868 (1973).

[37] TSN, October 18, 1997, p. 27.

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