

ROCKLAND CONSTRUCTION COMPANY, INC., Petitioner, vs. MID-PASIG LAND DEVELOPMENT CORPORATION, Respondent.*G.R. No. 164587. February 04, 2008*

Ponente: QUISUMBING, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-164587/>**QUISUMBING, J.:**

This petition for review seeks the reversal of the Decision[1] and Resolution[2] dated February 27, 2004 and July 21, 2004, respectively, of the Court of Appeals in CA-G.R. CV No. 76370. The appellate court had reversed and set aside the Decision[3] dated September 2, 2002 of the Regional Trial Court (RTC), Branch 67 of Pasig City, in Civil Case No. 68350; dismissed petitioner's complaint; and held that there was no perfected contract of lease between the parties.

The antecedents facts, culled from the records, are as follows:

Rockland Construction Company, Inc. (Rockland), in a letter[4] dated March 1, 2000, offered to lease from Mid-Pasig Land Development Corporation (Mid-Pasig) the latter's 3.1-hectare property in Pasig City. This property is covered by Transfer Certificate of Title Nos. 469702 and 337158 under the control of the Presidential Commission on Good Government (PCGG). Upon instruction of Mid-Pasig to address the offer to the PCGG, Rockland wrote the PCGG on April 15, 2000. The letter,[5] addressed to PCGG Chairman Magdangal Elma, included Rockland's proposed terms and conditions for the lease. This letter was also received by Mid-Pasig on April 18, 2000, but Mid-Pasig made no response.

Again, in another letter[6] dated June 8, 2000 addressed to the Chairman of Mid-Pasig, Mr. Ronaldo Salonga, Rockland sent a Metropolitan Bank and Trust Company Check No. 2930050168[7] for P1 million as a sign of its good faith and readiness to enter into the lease agreement under the certain terms and conditions stipulated in the letter. Mid-Pasig received this letter on July 28, 2000.

In a subsequent follow-up letter[8] dated February 2, 2001, Rockland then said that it presumed that Mid-Pasig had accepted its offer because the P1 million check it issued had been credited to Mid-Pasig's account on December 5, 2000.[9]

Mid-Pasig, however, denied it accepted Rockland's offer and claimed that no check was attached to the said letter. It also vehemently denied receiving the P1 million check, much less depositing it in its account.

In its letter[10] dated February 6, 2001, Mid-Pasig replied to Rockland that it was only upon receipt of the latter's February 2 letter that the former came to know where the check came from and what it was for. Nevertheless, it categorically informed Rockland that it could not entertain the latter's lease application. Mid-Pasig reiterated its refusal of Rockland's offer in a letter[11] dated February 13, 2001.

Rockland then filed an action for specific performance docketed as Civil Case No. 68350 in the RTC, Branch 67 of Pasig City. Rockland sought to compel Mid-Pasig to execute in Rockland's favor, a contract of lease over a 3.1-hectare portion[12] of Mid-Pasig's property in Pasig City.

On September 2, 2002, the trial court rendered a decision, the dispositive portion of which reads in part:

WHEREFORE, judgment is rendered, as follows:

- Declaring that the plaintiff and the defendant have duly agreed upon a valid and enforceable lease agreement of subject portions of [defendant's] properties designated in Exh. A as areas "A", "B" and "C", comprising an area of 5,000 square meters, 11,000 square meters and 15,000 square meters, or a total of 31,000 square meters;

- Holding that the principal terms and conditions of the aforesaid lease agreement are as stated in plaintiff's June 8, 2000 letter (Exh. D), to wit:

x x x x

- Ordering the defendant to execute a written lease contract in favor of the plaintiff containing the principal terms and conditions mentioned in the next-preceding paragraph, within sixty (60) days from finality of this judgment, and likewise ordering the plaintiff to pay rent to the defendant as specified in said terms and conditions;

- Ordering the defendant to keep and maintain the plaintiff in the peaceful possession and enjoyment of the leased premises during the term of said contract;

- Ordering the defendant to pay plaintiff [attorney's] fees in the sum of One Million Pesos (P1,000,000.00), plus P2,000.00 for every appearance made by counsel in court;

- The temporary restraining order dated April 2, 2001 is hereby made PERMANENT;

- Dismissing defendant's counterclaim.

With costs against the defendant.

SO ORDERED.[13]

On appeal, the Court of Appeals reversed and set aside the trial court's decision on the following grounds: (1) there was no meeting of the minds as to the offer and acceptance between the parties; (2) there was no implied acceptance of the P1 million check as Mid-Pasig was not aware of its source at the time Mid-Pasig discovered the existence of the P1 million in its account; and (3) Rockland's subsequent acts and/or omissions contradicted its claim that there was already a contract of lease, as it neither took possession of the property, nor did it pay for the corresponding monthly rentals. Accordingly, the Court of Appeals dismissed Rockland's complaint, as well as Mid-Pasig's counterclaim. Rockland sought reconsideration, but it was denied.

Petitioner Rockland now comes before us raising a complex issue:

. . . WHETHER OR NOT RESPONDENT'S ACT OF DEPOSITING INTO ITS CORPORATE BANK ACCOUNT PETITIONER'S P1 MILLION CHECK AND COLLECTING THE PROCEEDS THEREOF: (A) PRODUCES THE LEGAL EFFECT OF AN ACCEPTANCE OF PETITIONER'S OFFER AND CONSIDERED AS CONSENT TO THE PAYMENT FOR WHICH IT WAS INTENDED; AND/OR [(B)] CONSTITUTES IN LEGAL CONTEMPLATION ESTOPPEL IN PAIS, SUFFICIENT TO APPRECIATE RESPONDENT'S CONSENT TO THE LEASE.[14]

Simply stated, the issue may be rephrased into two questions: Was there a perfected contract of lease? Had estoppel in pais set in?

Rockland contends that the contract of lease had been perfected and that Mid-Pasig is in estoppel in pais because it impliedly accepted its offer when the P1 million check was credited to Mid-Pasig's account.

Mid-Pasig counters that it never accepted Rockland's offer. It avers it immediately rejected Rockland's offer upon learning of the mysterious deposit of the P1 million check in its account.

Since the re-stated issues are intertwined, we shall discuss them jointly.

A contract has three distinct stages: preparation, perfection, and consummation. Preparation or negotiation begins when the prospective contracting parties manifest their interest in the contract and ends at the moment of their agreement. Perfection or birth of the contract occurs when they agree upon the essential elements thereof. Consummation, the last stage, occurs when the parties "fulfill or perform the terms agreed upon in the contract, culminating in the extinguishment thereof." [15]

Negotiation is formally initiated by an offer. Accordingly, an offer that is not accepted, either expressly or impliedly, [16] precludes the existence of consent, which is one of the essential elements [17] of a contract. Consent, under Article 1319 of the Civil Code, is manifested by the meeting of the offer and acceptance upon the thing which are to constitute a contract. To produce a contract, the offer must be certain and the acceptance absolute. [18]

A close review of the events in this case, in the light of the parties' evidence, shows that there was no perfected contract of lease between the parties. Mid-Pasig was not aware that Rockland deposited the P1 million check in its account. It only learned of Rockland's check when it received Rockland's February 2, 2001 letter. Mid-Pasig, upon investigation, also learned that the check was deposited at the Philippine National Bank (PNB) San Juan Branch, instead of PNB Ortigas Branch where Mid-Pasig maintains its account. Immediately, Mid-Pasig wrote Rockland on February 6, 2001 rejecting the offer, and proposed that Rockland apply the P1 million to its other existing lease instead. These circumstances clearly show that there was no concurrence of Rockland's offer and Mid-Pasig's acceptance.

Mid-Pasig is also not in estoppel in pais. The doctrine of estoppel is based on the grounds of public policy, fair dealing, good faith and justice, and its purpose is to forbid one to speak against his own act, representations, or commitments to the injury of one to whom they were directed and who reasonably relied thereon. [19] Since estoppel is based on equity and justice, it is essential that before a person can be barred from asserting a fact contrary to his act or conduct, it must be shown that such act or conduct has been intended and would unjustly cause harm to those who are misled if the principle were not applied against him. [20]

From the start, Mid-Pasig never falsely represented its intention that could lead Rockland to believe that Mid-Pasig had accepted Rockland's offer. Mid-Pasig consistently rejected Rockland's offer. Further, Rockland never secured the approval of Mid-Pasig's Board of Directors and the PCGG to lease the subject property to Rockland. As noted by the Court of Appeals, if indeed Rockland believed that Mid-Pasig impliedly accepted the offer, then it should have taken possession of the property and paid the monthly rentals. But it did not. For estoppel to apply, the action giving rise thereto must be unequivocal and intentional because, if misapplied, estoppel may become a tool of injustice. [21]

WHEREFORE, the instant petition is DENIED. The Decision and Resolution dated February 27, 2004 and July 21, 2004, respectively, of the Court of Appeals in CA-G.R. CV No. 76370 are AFFIRMED. Costs against the petitioner.

SO ORDERED.

Carpio, Carpio-Morales, Tinga, and Velasco, Jr., JJ., concur.

- [1] Rollo, pp. 24-36. Penned by Associate Justice Edgardo F. Sundiam, with Associate Justices Eubulo G. Verzola and Remedios Salazar-Fernando concurring.
- [2] Id. at 49. Penned by Associate Justice Edgardo F. Sundiam, with Associate Justices Remedios Salazar-Fernando and Danilo B. Pine concurring.
- [3] Id. at 51-65. Penned by Judge Mariano M. Singzon, Jr.
- [4] Records, folder no. 1, p. 152.
- [5] Id. at 153-154.
- [6] Id. at 155.
- [7] Id. at 156.
- [8] Id. at 157.
- [9] Id. at 3.
- [10] Records, folder no. 2, pp. 457-458.
- [11] Id. at 459-460.
- [12] Records, folder no. 1, p. 151. Comprising 5,000 square meters, 11,000 square meters and 15,000 square meters.
- [13] Rollo, pp. 64-65.
- [14] Id. at 212.
- [15] Swedish Match, AB v. Court of Appeals, G.R. No. 128120, October 20, 2004, 441 SCRA 1, 18.
- [16] CIVIL CODE, Art. 1320.
- [17] Id. at Art. 1318. 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.
- [18] Swedish Match, AB v. Court of Appeals, supra at 19.
- [19] Philippine National Bank v. Court of Appeals, Nos. L-30831 & L-31176, November 21, 1979, 94 SCRA 357, 368.
- [20] III J. Vitug, CIVIL LAW ANNOTATED 166-167 (2003 ed.).
- [21] La Naval Drug Corporation v. Court of Appeals, G.R. No. 103200, August 31, 1994, 236 SCRA 78, 87.

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.