

LEONCIA MANUEL & MARINA S. MUDLONG, PETITIONERS, VS. LEONOR SARMIENTO, RESPONDENT.

G.R. No. 173857. March 21, 2012

Ponente: PERALTA, J.

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PERALTA, J.:

This is a petition for review on certiorari[1] of the Decision[2] of the Court of Appeals in CA-G.R. CV No. 64449 promulgated on July 14, 2006, which affirmed with modification the Decision of the Regional Trial Court of Malolos, Bulacan, Branch 81 (trial court) finding petitioners Leoncia Manuel and Marina Mudlong liable to pay respondent Leonor Sarmiento her broker's commission as well as moral and exemplary damages.

The facts, as culled from the decision of the Court of Appeals and the records, are as follows:

Petitioner Leoncia Manuel appointed her granddaughter, petitioner Marina Mudlong, as her attorney-in-fact,[3] granting her the authority to sell a parcel of land containing an area of 23,959 square meters located in Tigbe (Diliman), Norzagaray, Bulacan, registered in her (Leoncia Manuel) name. In turn, Marina Mudlong informed several real estate brokers that the said property was for sale, including respondent Leonor Sarmiento.

In anticipation of the sale of the property and her eventual reimbursement, respondent voluntarily undertook the reconstitution of the title over the subject property, its survey, as well as the payment of real estate taxes and tax clearances thereon.

In March 1997, Chiao Liong Tan, a businessman, was looking for a property to purchase in Norzagaray, Bulacan. Chiao Liong Tan's secretary, Antonia de Leon, told Josie Buluran, a broker, about it. Josie Buluran and other brokers, namely, Ernesto Sanchez and Lucy Eustaquio, started looking for a property for Chiao Liong Tan. Josie Buluran asked Rodolfo Santos, a former barangay captain of Partida, Norzagaray, if he knew of any property that might be for sale in the area. Rodolfo Santos told Josie Buluran that the property of Leoncia Manuel, which was adjacent to his land, was for sale, and that she should get in touch with respondent, because the title and other documents of the property were in her possession. He referred Josie Buluran to his wife, Teodora "Doray" Santos, to facilitate her introduction to respondent. Thus, Josie Buluran went to Doray Santos, who told respondent about Chiao Liong Tan's interest in the property of Leoncia Manuel.

On May 7, 1997, Chiao Liong Tan, Antonia de Leon, Josie Buluran and Lucy Eustaquio went to the property of petitioner Leoncia Manuel. Thereafter, they went to the house of the spouses Rodolfo and Doray Santos to meet respondent. Chiao Liong Tan asked respondent if she could give him the complete documents of Leoncia Manuel's property. Respondent showed Chiao Liong Tan the photocopy of the title of the said property and the old tax receipts. Chiao Liong Tan told respondent that he needed the new plan and new tax receipts plus the tax clearance. He asked respondent if she could provide the said documents by 2:00 p.m. of that day.

Hence, at 2:00 p.m. of March 7, 1997, respondent and Josie Buluran went to Chiao Liong Tan's office in Binondo to present the documents he requested. At the end of their meeting, Chiao Liong Tan agreed to buy the property of

Leoncia Manuel at P100.00 per square meter, and asked respondent to produce her authority to sell.

On March 8, 1997, respondent, the spouses Rodolfo and Doray Santos, and Lucy Eustaquio went to petitioner Marina Mudlong's house to ask her to execute an exclusive authority to sell in respondent's favor. It appears that respondent brought two blank authority to sell forms, which petitioner Marina Mudlong both signed.

Respondent filled in the first form to reflect her real agreement with petitioner Marina Mudlong: (1) the asking price for the property was P65.00 per square meter; (2) respondent's commission would be the difference between Marina Mudlong's asking price and the price agreed upon by the buyer; (3) the term of respondent's exclusive authority to sell was for one month, which was reckoned from the date the said document was notarized on March 8, 1997.[4]

On the other hand, the second form reflected the asking price as P120.00 per square meter, and respondent's commission was 5% of the agreed price. This was the unnotarized authority to sell that respondent submitted to Chiao Liong Tan as part of her selling strategy.[5]

Although respondent submitted all the documents required by Chiao Liong Tan, he did not get in touch with her again. On March 25, 1997, Chiao Liong Tan bought the property directly from petitioner Marina Mudlong at the price of P90.00 per square meter, or for the total price of P2,156,310.00.[6]

On April 7, 1997, after respondent learned that she had been excluded from the sale, she sent two demand letters[7] to petitioner Marina Mudlong, asking to be reimbursed the amount of P35,000.00 for the expenses she incurred in reconstituting the title over the subject property, having it surveyed, and in paying the real estate taxes and tax clearances thereon. In addition, respondent asked for 10% of the selling price obtained from Chiao Liong Tan as her commission, since the sale was consummated during the one-month validity of her exclusive authority to sell.

Marina Mudlong ignored respondent's demand. Thus, on June 5, 1997, respondent filed a Complaint[8] for collection of sum of money with damages against Marina Mudlong and her grandmother, Leoncia Manuel.

In their Answer,[9] petitioners denied having given respondent an exclusive authority to sell. They stated that the authority to sell form presented by respondent was blank, or without detail when petitioner Marina Mudlong signed it, and that they never intended respondent's authority to be exclusive for one month from March 8, 1997.

Further, petitioners explained that respondent's negotiation with the buyer bogged down, because the buyer lost trust and confidence in her for her misrepresentation and she ceased to be a party to the negotiations.

Petitioners alleged that the only brokers who are entitled to a commission from the sale are the spouses Rodolfo and Doray Santos, Josie Buluran, Antonia de Leon, and Lucy Eustaquio, as they were the ones who found the buyer, and pursued the sale to its conclusion.

During the trial, respondent presented some receipts for the expenses that she incurred in getting the documents for the property of petitioner Manuel, which receipts totalled P669.78. She admitted that she lost the receipts of her other expenses.

On the other hand, to show that respondent's authority to sell was not exclusive, petitioner Marina Mudlong presented two copies of authority to sell, both dated March 11, 1997, that she had granted to Antonia de Leon and Rodolfo Santos[10] as well as to Josie Buluran and Lucy Eustaquio.[11]

The main issue before the trial court was whether the plaintiff, herein respondent, being an exclusive agent, was entitled to her commission for the sale of the property of defendants, petitioners herein.

On June 4, 1999, the trial court rendered a Decision[12] in favor of respondent. The trial court held that the authority to sell clearly provides that the authority given by petitioner Marina Mudlong to respondent was exclusive in nature, which meant that the public would have to negotiate only with respondent for the sale of the property of Leoncia Manuel. The dispositive portion of the Decision reads:

WHEREFORE, judgment is hereby rendered —

1. ordering the defendants to, jointly and severally, pay the plaintiff the amount of P323,815.00 as actual and compensatory damages;
2. ordering the defendants to, jointly and severally, pay the plaintiff the amount of P10,000.00 as attorney's fees and P1,000.00 per appearance in court;
3. ordering the defendants to, jointly and severally, pay the plaintiff the amount of P50,000.00 as moral damages and another P50,000.00 as exemplary damages; and
4. pay the costs of the suit.[13]

Petitioners appealed the trial court's decision to the Court of Appeals, alleging that the trial court erred in finding that there was due execution of the authority to sell; in considering respondent as one of the agents entitled to a commission; in not finding that there were other agents in the transaction; in giving credence to the sole and uncorroborated testimony of respondent; and that the trial court erred in appreciating the facts of the case.

The Court of Appeals affirmed the decision of the trial court with modification. The dispositive portion of the Decision reads:

WHEREFORE, the decision appealed from is AFFIRMED with MODIFICATION, in that the amount of actual and compensatory damages awarded to Leonor Sarmiento is INCREASED to P599,644.78, while the award of attorney's fees is DELETED.[14]

The Court of Appeals held that the trial court correctly found that the notarized authority to sell executed by petitioner Marina Mudlong, in favor of respondent, was validly executed; hence, its terms must be given effect. Since the sale to the buyer was consummated within the period of respondent's exclusive authority to sell, respondent was entitled to a commission of P25.00 per square meter, or a total of P598,975.00. The appellate court found that respondent worked on the sale of the property, and provided the buyer with the documents that facilitated the sale of the property. It held that the presence of the other agents, namely, Rodolfo Santos, Josie Buluran, Antonia de Leon, and Lucy Eustaquio, did not detract from the exclusive nature of the authority to sell that petitioner Marina Mudlong had granted to respondent. It stated that the fact that Marina Mudlong granted the other brokers an authority to sell on March 11, 1997, after she had already constituted respondent as her exclusive agent on March 8, 1997, and during the validity of respondent's exclusive authority to sell, underscores Marina Mudlong's bad faith and intentional breach of her contract with respondent.

The Court of Appeals upheld the award of P50,000.00 as moral damages to respondent, as it found that the breach of contract by petitioner Marina Mudlong was attended by bad faith, citing Article 2220 of the Civil Code. The appellate court stated that it was apparent that respondent suffered from wounded feelings, because despite all the work that she had put into the sale of the subject property, petitioner Mudlong excluded respondent from the sale, granted authorities to sell to the other brokers during the effectivity of respondent's exclusive authority to sell, and withheld respondent's rightful commission from her.

The appellate court also upheld the award of exemplary damages in the amount of P50,000.00 to set an example for the public good.[15] It ruled that the exclusive authority to sell granted by petitioner Marina Mudlong to respondent is a valid contract that has the effect of law between the parties, and Mudlong's wanton breach thereof

should not be countenanced lest it set a bad precedent in the community.

However, the appellate court deleted the grant of attorney's fees by the trial court, as the reasons or grounds therefor were not stated in the body of the decision.[16]

Thereafter, petitioners filed this petition before this Court, raising the following issues:

I

[THE] COURT OF APPEALS GRAVELY ERRED AND ABUSED ITS DISCRETION IN FINDING RESPONDENT AS EXCLUSIVE AGENT/BROKER OF THE PETITIONERS NOTWITHSTANDING EVIDENCE TO THE CONTRARY.

II

[THE] COURT OF APPEALS SERIOUSLY ERRED IN HOLDING EXCLUSIVE APPOINTMENT OF RESPONDENT IN THE AUTHORITY GRANTED, SHALL EXCLUDE OTHER AGENTS OR CO-AGENTS TO A FEE OR COMMISSION, GRANTING ARGUENDO, THAT SAID AUTHORITY REMAINS VALID AND EFFECTIVE AS AGAINST THE PETITIONERS.[17]

Petitioners contend that the Court of Appeals erred in finding respondent as exclusive agent of petitioners despite evidence to the contrary, that is, there were two sets of authority to sell, one notarized, while the other was unnotarized; the unnotarized authority to sell was presented to the buyer, while the notarized authority to sell was presented to the court as the basis for respondent's action. According to petitioners, the only authority to sell that should be recognized is the unnotarized authority to sell presented to the buyer, as the said authority played a vital and determining role, without which there could be no meeting of the minds between the buyer and the seller with respect to the sale of the property.

Petitioners also contend that the Court of Appeals erred in upholding the finding of the trial court that respondent was entitled to the payment of commission by reason of the exclusive nature of the notarized authority to sell granted to respondent, even if respondent was not able to close the sale of the property between petitioners and the buyer. They argue that the Court of Appeals erred in holding that the presence of the other agents did not detract from the exclusive nature of the authority to sell granted to respondent.

The main issues raised are: (1) whether or not the notarized exclusive authority to sell granted to respondent is valid; and (2) whether or not respondent is entitled to her broker's commission.

Under Section 1, Rule 45 of the Rules of Court, providing for appeals by certiorari before the Supreme Court, it is clearly enunciated that only questions of law may be set forth.[18] The Court may resolve questions of fact only in exceptional cases[19] as follows:

(1) when the findings are grounded entirely on speculation, surmises, or conjectures; (2) when the inference made is manifestly mistaken, absurd, or impossible; (3) when there is 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 in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) when the findings are contrary to those of the trial court; (8) when the findings 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 petitioner's main and reply briefs, are not disputed by the respondent; and (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record.[20]

Petitioners contend that (1) the Court of Appeals committed errors in its findings of facts as the appellate court delved on speculations; (2) the inferences it made are mistaken or absurd; (3) there was misapprehension of facts;

and (4) the facts are conflicting, contrary to the admission of respondent, and contradicted by the evidence on record.

However, a careful review by this Court of the records of this case would show that the appellate court did not err in its factual findings. The appellate court correctly stated that respondent was able to prove her case against petitioners by a preponderance of evidence. It found respondent's testimony to be credible, positive and supported by documentary evidence.

The validity of the notarized authority to sell which granted respondent exclusive authority to sell the property of Leoncia Manuel for one month, which was reckoned from the date of notarization of the document on March 8, 1997, is a factual issue, which had been determined by the trial court and the Court of Appeals with the same finding. This Court also reviewed the subject authority to sell, and agrees that the Court of Appeals correctly held, thus:

The trial court correctly found that the authority to sell executed by Marina in favor of Leonor was validly executed. First, Leonor's authority to sell was notarized. Thus, there is a presumption that it had been validly executed. A notarized document has in its favor the presumption of regularity, and can be contradicted only by clear and convincing evidence. Second, while insisting that the authority to sell form had been blank when she signed it, Marina does not deny the genuineness of her signature thereon. Third, the authority to sell presented by Leonor to Marina was a pre-printed form, with the title "Authority to Sell" clearly spelled out on top of the document. Even if it were true that the details of the form were not yet inserted therein when Marina signed it, she knew, or should have known, from its title, that she had signed an authority to sell in favor of Leonor. Thus, her having signed it in blank was an implied authorization for Leonor to fill it up according to their agreement. In the absence of clear and convincing evidence that Marina and Leonor had an agreement different from that appearing in the signed authority to sell, it is presumed that the signed contract embodies their complete and true agreement. The presumption of regularity, the evidentiary weight conferred upon public documents with respect to its execution, as well as the statements and the authenticity of the signatures thereon, therefore, stand.

Since the authority to sell is valid and binding, its terms must be given effect. Under the authority to sell, Marina instituted Leonor, for 1 month from 8 March 1997, to be the exclusive selling agent of the subject property, with the right to earn a commission equivalent to the difference between Marina's asking price of P65.00 per square meter and the actual selling price. Since the sale to Chiao Liong Tan was consummated at P90.00 per square meter, and executed on 25 March 1997, within the period of Leonor's exclusive authority to sell, it follows that she is entitled to a commission of P25.00 per square meter, or a total of P598,975.00.

Moreover, it is beyond cavil that Leonor had worked on the sale of the subject property, as shown by her efforts to have its title reconstituted, to have it surveyed, to pay its real estate taxes, and to secure a tax clearance thereon. Marina cannot deny that Leonor had talked to Chiao Liong Tan and produced the documents that enabled the sale to push through. Without those documents, Chiao Liong Tan would not have purchased the property.

Unfortunately, Leonor was not able to produce all the receipts pertaining to the expenses that she had incurred in relation to the documentation of the subject property. All the same, she is entitled to be reimbursed for those expenses that she was able to prove, in the amount of P669.78.

The presence of the other agents, namely, Rodolfo, Josie, Antonia de Leon, and Lucy Eustaquio does not detract from the exclusive nature of the authority to sell that Marina had granted to Leonor. As Leonor explained, these other brokers were merely her informants. In fact, from the record, it would appear that these other brokers were not even necessary to the sale, as Chiao Liong Tan had already made up his mind to purchase the property even without their help. As Chiao Liong Tan told Leonor, he only needed to see the documents of the subject property and he was all set to buy it. The fact that Marina also granted the other

brokers an authority to sell on 11 March 1997, after she had already constituted Leonor as her exclusive agent on 8 March 1997, and during the validity of Leonor's exclusive authority to sell, underscores Marina's bad faith and intentional breach of her contract with Leonor.[21]

The notarized exclusive authority to sell entitles respondent to the amount of commission stated therein, which is the difference between petitioner Marina Mudlong's asking price of P65.00 per square meter and the actual selling price of P90.00 per square meter. Thus, the difference of P25.00 per square meters multiplied by the land area of 23,959 square meters amounts to the commission of P598,975.00, which amount the Court of Appeals awarded to respondent. The sale of the property was consummated on March 25, 1997 as evidenced by the Deed of Absolute Sale,[22] which date is within the period of respondent's exclusive authority to sell. Moreover, the Court of Appeals found that respondent worked on the sale of the property, as she had the title of the property reconstituted, had the property surveyed, paid the real estate taxes, and secured a tax clearance thereon. Further, respondent talked to the buyer, provided the documents he requested, and they even agreed on the selling price of P100.00 per square meter. However, the buyer later went directly to the owner of the property, and the selling price was lowered to P90.00 per square meter. These circumstances show that the Court of Appeals did not err in affirming the trial court's decision that respondent was entitled to the payment of her commission for the sale of the subject property within the period of respondent's exclusive authority to sell.

The unnotarized authority to sell presented to the buyer with a higher asking price of P120.00 was, as the Court of Appeals stated, a selling strategy[23] that already included the commission that respondent would gain from the sale. Respondent testified that the buyer agreed to the price of P100.00 per square meter.[24] However, the buyer no longer contacted her and went straight to the seller, and the final selling price agreed upon was P90.00 per square meter. Hence, contrary to the contention of petitioners, the variation in the unnotarized authority to sell cannot affect the validity of the notarized authority to sell, which is the basis of respondent's commission. The alleged revocation of the authority to sell of respondent was not raised in the lower court; hence, it could not be raised for the first time on appeal.[25]

As regards the informants of respondent, namely, Josie Buluran, the spouses Rodolfo and Doray Santos, and Lucy Eustaquio, respondent testified that they will get their commission from her.[26]

Factual findings of the Court of Appeals are conclusive on the parties and carry even more weight when the said court affirms the factual findings of the trial court.[27] The Court has carefully reviewed the records of this case and finds no cogent reason to overturn the finding of the Court of Appeals.

WHEREFORE, the petition is DENIED. The Decision of the Court of Appeals in CA-G.R. CV No. 64449, dated July 14, 2006, is AFFIRMED.

Costs against petitioners.

SO ORDERED.

Velasco, Jr., (Chairperson), Abad, Mendoza, and Perlas-Bernabe, JJ., concur.

[1] Under Rule 45 of the Rules of Court.

[2] Penned by Associate Justice Santiago Javier Ranada, with Associate Justices Portia Aliño Hormachuelos and Amelita G. Tolentino, concurring; rollo pp. 38-49.

[3] Kasunduan, Exhibit "8," records, p. 37.

- [4] Exhibit "A," id. at 6.
- [5] Exhibit "8," id. at 126.
- [6] Exhibit "B," id. at 9.
- [7] Records, pp. 14-15.
- [8] Id. at 2.
- [9] Id. at 29.
- [10] Exhibit "1," id. at 35.
- [11] Exhibit "2," id. at 36.
- [12] Rollo, pp. 32-37.
- [13] Id. at 36-37.
- [14] Id. at 48.
- [15] Citing *Lamis v. Ong*, G.R. No. 148923, August 11, 2005, 466 SCRA 510.
- [16] Citing *Delos Santos v. Jebsen Maritime, Inc.*, G.R. No. 154185, November 22, 2005, 475 SCRA 656.
- [17] Rollo, p. 22.
- [18] *Tayco v. Heirs of Concepcion Tayco-Flores*, G.R. No. 168692, December 13, 2010, 637 SCRA 742.
- [19] Id.
- [20] Id. at 748.
- [21] Rollo, pp. 44-46.
- [22] Exhibit "B," records, p. 9
- [23] TSN, March 10, 1998, pp. 11-21.
- [24] TSN, February 3, 1998, pp. 38-39.
- [25] *De la Rama Steamship Co. v. National Development Co.*, G.R. No. L-26966, October 30, 1970, 35 SCRA 567.
- [26] TSN, January 15, 1998, pp. 20-28.
- [27] *Marquez v. Court of Appeals*, G.R. No. 116689, April 3, 2000, 329 SCRA 567, 577.

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