

NATIONAL GRAINS AUTHORITY AND WILLIAM CABAL, PETITIONERS, VS. THE INTERMEDIATE APPELLATE COURT AND LEON SORIANO, RESPONDENTS.

G.R. No. 74470, March 08, 1989

Ponente: MEDIALDEA, J.

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MEDIALDEA, J.:

This is a petition for review of the decision (pp. 9-21, Rollo) of the Intermediate Appellate Court (now Court of Appeals) dated December 23, 1985 in A.C.- G.R. CV No. 03812 entitled, "Leon Soriano, Plaintiff--Appellee versus National Grains Authority and William Cabal, Defendants-Appellants", which affirmed the decision of the Court of First Instance of Cagayan, in Civil Case No. 2754 and its resolution (p. 28, Rollo) dated April 17, 1986 which denied the Motion for Reconsideration filed therein.

The antecedent facts of the instant case are as follows:

Petitioner National Grains Authority (now National Food Authority, NFA for short) is a government agency created under Presidential Decree No. 4. One of its incidental functions is the buying of palay grains from qualified farmers.

On August 23, 1979, private respondent Leon Soriano offered to sell palay grains to the NFA, through William Cabal, the Provincial Manager of NFA stationed at Tuguegarao, Cagayan. He submitted the documents required by the NFA for pre-qualifying as a seller, namely: (1) Farmer's Information Sheet accomplished by Soriano and certified by a Bureau of Agricultural Extension (BAEX) technician, Napoleon Callangan, (2) Xerox copies of four (4) tax declarations of the riceland leased to him and copies of the lease contract between him and Judge Concepcion Salud, and (3) his Residence Tax Certificate. Private respondent Soriano's documents were processed and accordingly, he was given a quota of 2,640 cavans of palay. The quota noted in the Farmer's Information Sheet represented the maximum number of cavans of palay that Soriano may sell to the NFA.

In the afternoon of August 23, 1979 and on the following day, August 24, 1979, Soriano delivered 630 cavans of palay. The palay delivered during these two days were not rebagged, classified and weighed. When Soriano demanded payment of the 630 cavans of palay, he was informed that its payment will be held in abeyance since Mr. Cabal was still investigating on an information he received that Soriano was not a bona fide farmer and the palay delivered by him was not produced from his farmland but was taken from the warehouse of a rice trader, Ben de Guzman. On August 28, 1979, Cabal wrote Soriano advising him to withdraw from the NFA warehouse the 630 cavans Soriano delivered stating that NFA cannot legally accept the said delivery on the basis of the subsequent certification of the BAEX technician, Napoleon Callangan that Soriano is not a bona fide farmer.

Instead of withdrawing the 630 cavans of palay, private respondent Soriano insisted that the palay grains delivered be paid. He then filed a complaint for specific performance and/or collection of money with damages on November 2, 1979, against the National Food Authority and Mr. William Cabal, Provincial Manager of NFA with the Court of First Instance of Tuguegarao, and docketed as Case No. 2754.

Meanwhile, by agreement of the parties and upon order of the trial court, the 630 cavans of palay in question were withdrawn from the warehouse of NFA. An inventory was made by the sheriff as representative of the Court, a representative of Soriano and a representative of NFA (p. 13, Rollo).

On September 30, 1982, the trial court rendered judgment ordering petitioner National Food Authority, its officers and agents to pay respondent Soriano (as plaintiff in Civil Case No. 2754) the amount of P47,250.00 representing the unpaid price of the 630 cavans of palay plus legal interest thereof (p. 1-2, CA Decision). The dispositive portion reads as follows:

"WHEREFORE, the Court renders judgment in favor of the plaintiff and against the defendants National Grains Authority, and William Cabal and hereby orders:

"1. The National Grains Authority, now the National Food Authority, its officers and agents, and Mr. William Cabal, the Provincial Manager of the National Grains Authority at the time of the filing of this case, assigned at Tuguegarao, Cagayan, whomsoever is his successors, to pay to the plaintiff Leon T. Soriano, the amount of P47,250.00, representing the unpaid price of the palay deliveries made by the plaintiff to the defendants consisting of 630 cavans at the rate P1.50 per kilo of 50 kilos per cavan of palay;

"2. That the defendants National Grains Authority, now National Food Authority, its officer and/or agents, and Mr. William Cabal, the Provincial Manager of the National Grains Authority, at the time of the filing of this case assigned at Tuguegarao, Cagayan or whomsoever is his successors, are likewise ordered to pay the plaintiff Leon T. Soriano, the legal interest at the rate of TWELVE (12%) percent per annum, of the amount of P47,250.00 from the filing of the complaint on November 20, 1979, up to the final payment of the price of P47,250.00;

"3. That the defendants National Grains Authority, now National Food Authority, or their agents and duly authorized representatives can now withdraw the total number of bags (630 bags with an excess of 13 bags) now on deposit in the bonded warehouse of Eng. Ben de Guzman at Tuguegarao, Cagayan pursuant to the order of this court, and as appearing in the written inventory dated October 10, 1980, (Exhibit F for the plaintiff and Exhibit 20 for the defendants) upon payment of the price of P47,250.00 and TWELVE PERCENT (12%) legal interest to the plaintiff;

"4. That the counterclaim of the defendants is hereby dismissed;

"5. That there is no pronouncement as to the award of moral and exemplary damages and attorneys fees; and

"6. That there is no pronouncement as to costs.

"SO ORDERED." (pp. 9-10, Rollo)

Petitioners' motion for reconsideration of the decision was denied on December 6, 1982.

Petitioners' appealed the trial court's decision to the Intermediate Appellate Court. In a decision promulgated on December 23, 1986 (pp. 9-21, Rollo) the then Intermediate Appellate Court upheld the findings of the trial court and affirmed the decision ordering NFA and its officers to pay Soriano the price of the 630 cavans of rice plus interest. Petitioners' motion for reconsideration of the appellate court's decision was denied in a resolution dated April 17, 1986 (p. 28, Rollo).

Hence, this petition for review filed by the National Food Authority and Mr. William Cabal on May 15, 1986 assailing the decision of the Intermediate Appellate Court on the sole issue of whether or not there was a contract of sale in the case at bar.

Petitioners contend that the 630 cavans of palay delivered by Soriano on August 23, 1979 was made only for purposes of having it offered for sale. Further, petitioners stated that the procedure then prevailing in matters of

palay procurement from qualified farmers were: firstly, there is a rebagging wherein the palay is transferred from a private sack of a farmer to the NFA sack; secondly, after the rebagging has been undertaken, classification of the palay is made to determine its variety; thirdly, after the determination of its variety and convinced that it passed the quality standard, the same will be weighed to determine the number of kilos; and finally, it will be piled inside the warehouse after the preparation of the Warehouse Stock Receipt (WSP) indicating therein the number of kilos, the variety and the number of bags. Under this procedure, rebagging is the initial operative act signifying acceptance, and acceptance will be considered complete only after the preparation of the Warehouse Stock Receipt (WSR). When the 630 cavans of palay were brought by Soriano to the Carig warehouse of NFA, they were only offered for sale. Since the same were not rebagged, classified and weighed in accordance with the palay procurement program of NFA, there was no acceptance of the offer which, to petitioners' mind is a clear case of policitacion or an unaccepted offer to sell.

The petition is not impressed with merit.

Article 1458 of the Civil Code of the Philippines defines sale as a contract whereby one of the contracting parties obligates himself to transfer the ownership of and to deliver a determinate thing, and the other party to pay therefore a price certain in money or its equivalent. A contract, on the other hand, is a meeting of minds between two (2) persons whereby one binds himself, with respect to the other, to give something or to render some service (Art. 1305, Civil Code of the Philippines). The essential requisites of contracts are: (1) consent of the contracting parties, (2) object certain which is subject matter of the contract, and (3) cause of the obligation which is established (Art. 1318, Civil Code of the Philippines).

In the case at bar, Soriano initially offered to sell palay grains produced in his farmland to NFA. When the latter accepted the offer by noting in Soriano's Farmer's Information Sheet a quota of 2,640 cavans, there was already a meeting of the minds between the parties. The object of the contract, being the palay grains produced in Soriano's farmland and the NFA was to pay the same depending upon its quality. The fact that the exact number of cavans of palay to be delivered has not been determined does not affect the perfection of the contract. Article 1349 of the New Civil Code provides: "x x x. The fact that the quantity is not determinate shall not be an obstacle to the existence of the contract, provided it is possible to determine the same, without the need of a new contract between the parties." In this case, there was no need for NFA and Soriano to enter into a new contract to determine the exact number of cavans of palay to be sold. Soriano can deliver so much of his produce as long as it does not exceed 2,640 cavans.

In its memorandum (pp. 66-71, Rollo) dated December 4, 1986, petitioners further contend that there was no contract of sale because of the absence of an essential requisite in contracts, namely, consent. It cited Section 1319 of the Civil Code which states: "Consent is manifested by the meeting of the offer and the acceptance of the thing and the cause which are to constitute the contract. xxx ." Following this line, petitioners contend that there was no consent because there was no acceptance of the 630 cavans of palay in question.

The above contention of petitioner is not correct. Sale is a consensual contract, "xxx, there is perfection when there is consent upon the subject matter and price, even if neither is delivered." (Obana vs. C.A., L-36249, March 29, 1985, 135 SCRA 557, 560). This is provided by Article 1475 of the Civil Code which states:

"Art. 1475. The contract of sale is perfected at the moment there is a meeting of minds upon the thing which is the object of the contract and upon the price.

"x x x."

The acceptance referred to which determines consent is the acceptance of the offer of one party by the other and not of the goods delivered as contended by petitioners.

From the moment the contract of sale is perfected, it is incumbent upon the parties to comply with their mutual obligations or “the parties may reciprocally demand performance” thereof. (Article 1475, Civil Code, 2nd par.).

The reason why NFA initially refused acceptance of the 630 cavans of palay delivered by Soriano is that it (NFA) cannot legally accept the said delivery because Soriano is allegedly not a bona fide farmer. The trial court and the appellate court found that Soriano was a bona fide farmer and therefore, he was qualified to sell palay grains to NFA. Both courts likewise agree that NFA's refusal to accept was without just cause. The above factual findings which are supported by the record should not be disturbed on appeal.

ACCORDINGLY, the instant petition for review is DISMISSED. The assailed decision of the then Intermediate Appellate Court (now Court of Appeals) is affirmed. No costs.

SO ORDERED.

Narvasa, (Chairman), Cruz, Gancayco, and Griño-Aquino, JJ., concur.

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