

MANOTOK BROTHERS, INC., PETITIONER, VS. THE HONORABLE COURT OF APPEALS, THE HONORABLE JUDGE OF THE REGIONAL TRIAL COURT OF MANILA (BRANCH VI), AND SALVADOR SALIGUMBA, RESPONDENTS.

G.R. No. 94753. April 07, 1993

Ponente: CAMPOS, JR., J.

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CAMPOS, JR., J.:

Petitioner Manotok Brothers., Inc., by way of the instant Petition docketed as G.R. No. 94753 sought relief from this Court's Resolution dated May 3, 1989, which reads:

"G.R. No. 78898 (Manotok Brothers, Inc. vs. Salvador Saligumba and Court of Appeals). - Considering the manifestation of compliance by counsel for petitioner dated April 14, 1989 with the resolution of March 13, 1989 which required the petitioner to locate private respondent and to inform this Court of the Present address of said private respondent, the Court Resolved to DISMISS this case, as the issues cannot be joined as private respondent's and counsel's addresses cannot be furnished by the petitioner to this court." [1]

In addition, petitioner prayed for the issuance of a preliminary injunction to prevent irreparable injury to itself pending resolution by this Court of its cause. Petitioner likewise urged this Court to hold in contempt private respondent for allegedly adopting sinister ploy to deprive petitioner of its constitutional right to due process.

Acting on said Petition, this Court in a Resolution[2] dated October 1, 1990 set aside the entry of judgment made on May 3, 1989 in case G.R. No. 78898; admitted the amended petition; and issued a temporary restraining order to restrain the execution of the judgment appealed from.

The amended petition[3] admitted by this Court sought relief from this Court's Resolution abovequoted. In the alternative, petitioner begged leave of court to re-file its Petition for Certiorari[4] (G.R. No. 78898) grounded on the allegation that petitioner was deprived of its opportunity to be heard.

The facts as found by the appellate court, revealed that petitioner herein (then defendant-appellant) is the owner of a certain parcel of land and building which were formerly leased by the City of Manila and used by the Claro M. Recto High School, at M.F. Jhocson Street, Sampaloc Manila.

By means of a letter[5] dated July 5, 1966, petitioner authorized herein private respondent Salvador Saligumba to negotiate with the City of Manila the sale of the aforementioned property for not less than P425,000.00. In the same writing, petitioner agreed to pay private respondent a five percent (5%) commission in the event the sale is finally consummated and paid.

Petitioner, on March 4, 1967, executed another letter[6] extending the authority of private respondent for 120 days. Thereafter, another extension was granted to him for 120 more days, as evidenced by another letter[7] dated June 26, 1967.

Finally, through another letter^[8] dated November 16, 1967, the corporation with Rufino Manotok, its President, as signatory, authorized private respondent to finalize and consummate the sale of the property to the City of Manila for not less than P410,000.00. With this letter came another extension of 180 days.

The Municipal Board of the City of Manila eventually, on April 26, 1968, passed Ordinance No. 6603, appropriating the sum of P410,816.00 for the purchase of the property which private respondent was authorized to sell. Said ordinance however, was signed by the City Mayor only on May 17, 1968, one hundred eighty three (183) days after the last letter of authorization.

On January 14, 1969, the parties signed the deed of sale of the subject property. The initial payment of P200,000.00 having been made, the purchase price was fully satisfied with a second payment on April 8, 1969 by a check in the amount of P210,816.00.

Notwithstanding the realization of the sale, private respondent never received any commission, which should have amounted to P20,554.50. This was due to the refusal of petitioner to pay private respondent said amount as the former does not recognize the latter's role as agent in the transaction.

Consequently, on June 29, 1969, private respondent filed a complaint against petitioner, alleging that he had successfully negotiated the sale of the property. He claimed that it was because of his efforts that the Municipal Board of Manila passed Ordinance No. 6603 which appropriated the sum for the payment of the property subject of the sale.

Petitioner claimed otherwise. It denied the claim of private respondent on the following grounds: (1) private respondent would be entitled to a commission only if the sale was consummated and the price paid within the period given in the respective letters of authority; and (2) private respondent was not the person responsible for the negotiation and consummation of the sale, instead it was Filomeno E. Huelgas, the PTA president for 1967-1968 of the Claro M. Recto High School. As a counterclaim, petitioner (then defendant-appellant) demanded the sum of P4,000.00 as attorney's fees and for moral damages.

Thereafter, trial ensued. Private respondent, then plaintiff, testified as to the efforts undertaken by him to ensure the consummation of the sale. He recounted that it first began at a meeting with Rufino Manotok at the office of Fructuoso Ancheta, principal of C.M. Recto High School. Atty. Dominador Bisbal, then president of the PTA, was also present. The meeting was set precisely to ask private respondent to negotiate the sale of the school lot and building to the City of Manila. Private respondent then went to Councilor Mariano Magsalin, the author of the Ordinance which appropriated the money for the purchase of said property, to present the project. He also went to the Assessor's Office for appraisal of the value of the property. While these transpired and his letters of authority expired, Rufino Manotok always renewed the former's authorization until the last was given, which was to remain in force until May 14, 1968. After securing the report of the appraisal committee, he went to the City Mayor's Office, which indorsed the matter to the Superintendent of City Schools of Manila. The latter office approved the report and so private respondent went back to the City Mayor's Office, which thereafter indorsed the same to the Municipal Board for appropriation. Subsequently, on April 26, 1968, Ordinance No. 6603 was passed by the Municipal Board for the appropriation of the sum corresponding to the purchase price. Petitioner received the full payment of the purchase price, but private respondent did not receive a single centavo as commission.

Fructuoso Ancheta and Atty. Dominador Bisbal both testified acknowledging the authority of private respondent regarding the transaction.

Petitioner presented as its witnesses Filomeno Huelgas and the petitioner's President, Rufino Manotok.

Huelgas testified to the effect that after being inducted as PTA president in August, 1967 he followed up the sale from the start with Councilor Magsalin until after it was approved by the Mayor on May 17, 1968. He also said that he came to know Rufino Manotok only in August, 1968, at which meeting the latter told him that he would be given a “gratification” in the amount of P20,000.00 if the sale was expedited.

Rufino Manotok confirmed that he knew Huelgas and that there was an agreement between the two of them regarding the “gratification”.

On rebuttal, Atty. Bisbal said that Huelgas was present in the PTA meetings from 1965 to 1967 but he never offered to help in the acquisition of said property. Moreover, he testified that Huelgas was aware of the fact that it was private respondent who was negotiating the sale of the subject property.

Thereafter, the then Court of First Instance (now, Regional Trial Court) rendered judgment sentencing petitioner and/or Rufino Manotok to pay unto private respondent the sum of P20,540.00 by way of his commission fees with legal interest thereon from the date of the filing of the complaint until payment. The lower court also ordered petitioner to pay private respondent the amount of P4,000.00 as and for attorney’s fees.[9]

Petitioner appealed said decision, but to no avail. Respondent Court of Appeals affirmed the said ruling of the trial court.[10]

Its Motion for Reconsideration having been denied by respondent appellate court in a Resolution dated June 22, 1987, petitioner seasonably elevated its case on Petition for Review on Certiorari on August 10, 1987 before this Court, docketed as G.R. No. 78898.

Acting on said Petition, this Court issued a Minute Resolution[11] dated August 31, 1987 ordering private respondent to comment on said Petition.

It appearing that the abovementioned Resolution was returned unserved with the postmaster’s notation “unclaimed”, this Court in another Resolution[12] dated March 13, 1989, required petitioner to locate private respondent and to inform this Court of the present address of private respondent within ten (10) days from notice. As petitioner was unsuccessful in its efforts to locate private respondent, it opted to manifest that private respondent’s last address was the same as that address to which this Court’s Resolution was forwarded.

Subsequently, this Court issued a Resolution dated May 3, 1989 dismissing petitioner’s case on the ground that the issues raised in the case at bar cannot be joined. Thus, the above-entitled case became final and executory by the entry of judgment on May 3, 1989.

Thereafter, on January 9, 1990 private respondent filed a Motion to Execute the said judgment before the court of origin. Upon discovery of said development, petitioner verified with the court of origin the circumstances by which private respondent obtained knowledge of the resolution of this Court. Sensing a fraudulent scheme employed by private respondent, petitioner then instituted this instant Petition for Relief, on August 30, 1990. On September 13, 1990, said petition was amended to include, in the alternative, its petition to re-file its Petition for Certiorari (G.R. No. 78898).

The sole issue to be addressed in this petition is whether or not private respondent is entitled to the five percent (5%) agent’s commission.

It is petitioner’s contention that as a broker, private respondent’s job is to bring together the parties to a transaction. Accordingly, if the broker does not succeed in bringing the minds of the purchaser and the vendor to an agreement with respect to the sale, he is not entitled to a commission.

Private respondent, on the other hand, opposes petitioner’s position maintaining that it was because of his efforts

that a purchase actually materialized between the parties.

We rule in favor of private respondent.

At first sight, it would seem that private respondent is not entitled to any commission as he was not successful in consummating the sale between the parties, for the sole reason that when the Deed of Sale was finally executed, his extended authority had already expired. By this alone, one might be misled to believe that this case squarely falls within the ambit of the established principle that a broker or agent is not entitled to any commission until he has successfully done the job given to him.[13]

Going deeper however into the case would reveal that it is within the coverage of the exception rather than of the general rule, the exception being that enunciated in the case of *Prats vs. Court of Appeals*.^[14] In the said case, this Court ruled in favor of claimant-agent, despite the expiration of his authority, when a sale was finally consummated.

In its decision in the abovesited case, this Court said, that while it was respondent court's (referring to the Court of Appeals) factual findings that petitioner *Prats* (claimant-agent) was not the efficient procuring cause in bringing about the sale (prescinding from the fact of expiration of his exclusive authority), still petitioner was awarded compensation for his services. And We quote:

“In equity, however, the Court notes that petitioner had diligently taken steps to bring back together respondent *Doronila* and the SSS,

x x x x x

The court has noted on the other hand that *Doronila* finally sold the property to the Social Security System at P3.25 per square meter which was the very same price counter-offered by the Social Security System and accepted by him in July, 1967 when he alone was dealing exclusively with the said buyer long before *Prats* came into the picture but that on the other hand *Prats*' efforts somehow were instrumental in bringing them together again and finally consummating the transaction at the same price of P3.25 per square meter, although such finalization was after the expiration of *Prats*' extended exclusive authority.

x x x x x

Under the circumstances, the Court grants in equity the sum of One Hundred Thousand Pesos (P100,000.00) by way of compensation for his efforts and assistance in the transaction, which however was finalized and consummated after the expiration of his exclusive authority x x x.”^[15] (Underscoring supplied.)

From the foregoing, it follows then that private respondent herein, with more reason, should be paid his commission. While in *Prats vs. Court of Appeals*, the agent was not even the efficient procuring cause in bringing about the sale, unlike in the case at bar, it was still held therein that the agent was entitled to compensation. In the case at bar, private respondent is the efficient procuring cause for without his efforts, the municipality would not have anything to pass and the Mayor would not have anything to approve.

In an earlier case,^[16] this Court ruled that when there is a close, proximate and causal connection between the agent's efforts and labor and the principal's sale of his property, the agent is entitled to a commission.

We agree with respondent Court that the City of Manila ultimately became the purchaser of petitioner's property mainly through the efforts of private respondent. Without discounting the fact that when Municipal Ordinance No. 6603 was signed by the City Mayor on May 17, 1968, private respondent's authority had already expired, it is to be noted that the ordinance was approved on April 26, 1968 when private respondent's authorization was still in force. Moreover, the approval by the City Mayor came only three days after the expiration of private respondent's

authority. It is also worth emphasizing that from the records, the only party given a written authority by petitioner to negotiate the sale from July 5, 1966 to May 14, 1968 was private respondent.

Contrary to what petitioner advances, the case of *Danon vs. Brimo*,^[17] on which it heavily anchors its justification for the denial of private respondent's claim, does not apply squarely to the instant petition. Claimant-agent in said case fully comprehended the possibility that he may not realize the agent's commission as he was informed that another agent was also negotiating the sale and thus, compensation will pertain to the one who finds a purchaser and eventually effects the sale. Such is not the case herein. On the contrary, private respondent pursued with his goal of seeing that the parties reach an agreement, on the belief that he alone was transacting the business with the City Government as this was what petitioner made it to appear.

While it may be true that Filomeno Huelgas followed up the matter with Councilor Magsalin, the author of Municipal Ordinance No. 6603 and Mayor Villegas, his intervention regarding the purchase came only after the ordinance had already been passed -- when the buyer has already agreed to the purchase and to the price for which said property is to be paid. Without the efforts of private respondent then, Mayor Villegas would have nothing to approve in the first place. It was actually private respondent's labor that had set in motion the intervention of the third party that produced the sale, hence he should be amply compensated.

WHEREFORE, in the light of the foregoing and finding no reversible error committed by respondent Court, the decision of the Court of Appeals is hereby **AFFIRMED**. The temporary restraining order issued by this Court in its Resolution dated October 1, 1990 is hereby lifted.

SO ORDERED.

Narvasa, C.J., (Chairman), Padilla, Regalado, and Nocon, JJ., concur.

[1] Rollo of G.R. No. 94753, p. 12.

[2] *Ibid.*, p. 77.

[3] *Ibid.*, p. 47.

[4] Rollo of G.R. No. 78898, p. 12.

[5] *Supra*, note 1 at p. 156.

[6] *Ibid.*, p. 160.

[7] *Ibid.*, p. 161.

[8] *Ibid.*, p. 162.

[9] Decision rendered by then Court of Instance, Branch VI, Manila in Civil Case No. 76997, Rollo, pp. 13-18.

[10] Penned by Associate Justice Vicente V. Mendoza and concurred in by Associate Justices Manuel C. Herrera and Jorge S. Imperial. Rollo, pp. 19-28.

[11] *Supra*, note 4 at p. 67.

[12] *Ibid.*, p. 69.

[13] *Ramos vs. Court of Appeals*, 63 SCRA 331 (1975).

[14] 81 SCRA 360 (1978).

[15] Ibid., pp. 383-385.

[16] Reyes vs. Manaoat, et al., 8 C.A. Rep. 2d 368 (1965).

[17] 42 Phil. 133 (1921).

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