43 Phil. 270

[G. R. No. 16530. March 31, 1922]

MAMERTO LAUDICO AND FRED. M. HARDEN, PLAINTIFFS AND APPELLANTS, VS. MANUEL ARIAS RODRIGUEZ ET AL., DEFENDANTS AND APPELLANTS.

D E C I S I O N

AVANCEÃ‘A, J.:

On February 5, 1919, the defendant, Vicente Arias, who, with his codefendants, owned the building Nos. 205 to 221 on Carriedo Street, on his behalf and that of his coöwners, wrote a letter to the plaintiff, Mamerto Laudico, giving him an option to lease the building to a third person, and transmitting to him for that purpose a tentative contract in writing containing the conditions upon which the proposed lease should be made. Later Mr. Laudico presented his coplaintiff, Mr. Fred. M. Harden, as the party desiring to lease the building. On one hand, other conditions were added to those originally contained in the tentative contract, and, on the other, counter-propositions were made and explanations requested on certain points in order to make them clear. These negotiations were carried on by correspondence and verbally at interviews held with Mr. Vicente Arias, no definite agreement having been arrived at until the plaintiff, Mr. Laudico, finally wrote a letter to Mr. Arias on March 6, 1919, advising him that all his propositions, as amended and supplemented, were accepted. It is admitted that this letter was received by Mr. Arias by special delivery at 2.53 p. m. of that day. On that same day, at 11.25 in the morning, Mr. Arias had, in turn, written a letter to the plaintiff, Mr. Laudico, withdrawing the offer to lease the building.

The chief prayer of the plaintiff in this action is that the defendants be compelled to execute the contract of lease of the building in question. It thus results that when Arias sent his letter of withdrawal to Laudico, he had not yet received the letter of acceptance, and when it reached him, he had already sent his letter of withdrawal. Under these facts we believe that no contract was perfected between the plaintiffs and the defendants.

The parties agree that the circumstances under which that offer was made were such that

the offer could be withdrawn at any time before acceptance.

Under article 1262, paragraph 2, of the Civil Code, an acceptance by letter does not have any effect until it comes to the knowledge of the offerer. Therefore, before he learns of the acceptance, the latter is not yet bound by it and can still withdraw the offer. Consequently, when Mr. Arias wrote Mr. Laudico, withdrawing the offer, he had the right to do so, inasmuch as he had not yet received notice of the acceptance. And when the notice of the acceptance was received by Mr. Arias, it no longer had any effect, as the offer was not then in existence, the same having already been withdrawn. There was no meeting of the minds, through offer and acceptance, which is the essence of the contract. While there was an offer, there was no acceptance, and when the latter was made and could have a binding effect, the offer was then lacking. Though both the offer and the acceptance existed, they did not meet to give birth to a contract.

Our attention has been called to a doctrine laid down in some decisions to the effect that ordinarily notice of the revocation of an offer must be given to avoid an acceptance which may convert it into a binding contract, and that no such notice can be deemed to have been given to the person to whom the offer was made unless the revocation was in fact brought home to his knowledge.

This, however, has no application in the instant case, because when Arias received the letter of acceptance, his letter of revocation had already been received. The latter was sent through a messenger at 11.25 in the morning directly to the office of Laudico and should have been received immediately on that same morning, or at least, before Arias received the letter of acceptance. On this point we do not give any credence to the testimony of Laudico that he received this letter of revocation at 3.30 in the afternoon of that day, Laudico is interested in destroying the effect of this revocation so that the acceptance may be valid, which is the principal ground of his complaint.

But even supposing Laudico’s testimony to be true, still the doctrine invoked has no application here. With regard to contracts between absent persons there are two principal theories, to wit, one holding that an acceptance by letter of an offer has no effect until it comes to the knowledge of the offerer, and the other maintaining that it is effective from the time the letter is sent

The Civil Code, in paragraph 2 of article 1262, has adopted the first theory and, according to its most eminent commentators, it means that, before the acceptance is known, the offer

can be revoked, it not being necessary, in order for the revocation to have the effect of impeding the perfection of the contract, that it be known by the acceptant. Q. Mucius Scævola says apropos: "To our mind, the power to revoke is implied in the criterion that no contract exists until the acceptance is known. As the tie or bond springs from the meeting or concurrence of the minds, since up to that moment there exists only a unilateral act, it is evident that he who makes it must have the power to revoke it by withdrawing his proposition, although with the obligation to pay such damages as may have been sustained by the person or persons to whom the offer was made and by whom it was accepted, if he in turn failed to give them notice of the withdrawal of the offer. This view is confirmed by the provision of article 1257, paragraph 2, concerning the case where a stipulation is made in favor of a third person, which provision authorizes the contracting parties to revoke the stipulation before the notice of its acceptance. That case is quite similar to that under comment, as said stipulation in favor of a third person (who, for the very reason of being a third person, is not a contracting party) is tantamount to an offer made by the makers of the contract which may or may not be accepted by him, and which does not have any effect until the obligor is notified, and may, before it is accepted, be revoked by those who have made it; therefore, the case being similar, the same rule applies."

Under the second theory, the doctrine invoked by the plaintiffs is sound, because if the sending of the letter of acceptance in itself really perfects the contract, the revocation of the offer, in order to prevent it, must be known to the acceptor. But this consideration has no place in the first theory under which the forwarding of the letter of acceptance, in itself, does not have any effect until the acceptance is known by the person who has made the offer.

The judgment appealed from is reversed and the defendants are absolved from the complaint, without special finding as to costs. So ordered.

Araullo, C. J., Malcolm, Villamor, Johns, and *Romualdez, JJ.,* concur.

Date created: June 05, 2014