

SECOND DIVISION

[G.R. No. 138639, February 10, 2000]

CITY-LITE REALTY CORPORATION, PETITIONER, VS. COURT OF APPEALS AND F.P. HOLDINGS & REALTY CORP., METRO DRUG INC., MELDIN AL G. ROY, VIEWMASTER CONSTRUCTION CORP., AND THE REGISTER OF DEEDS OF QUEZON CITY, RESPONDENT.

DECISION

BELLOSILLO, J.:

This is a petition for review on *certiorari* filed by CITY-LITE REALTY CORPORATION (CITY-LITE) seeking to annul the 20 October 1998 Decision of the Court of Appeals^[1] which reversed the Decision of the Regional Trial Court of Quezon City in its Civil Case No. Q-92-11068 declaring that a contract of sale over the subject property was perfected and that Metro Drug Inc. and Meldin Al G. Roy had the authority to sell the property.^[2]

Private respondent F. P. HOLDINGS AND REALTY CORPORATION (F.P. HOLDINGS), formerly the Sparta Holdings Inc., was the registered owner of a parcel of land situated along E. Rodriguez Avenue, Quezon City, also known as the "Violago Property" or the "San Lorenzo Ruiz Commercial Center," with an area of 71,754 square meters, more or less, and covered by Transfer Certificate of Title No. T-19599. The property was offered for sale to the general public through the circulation of a sales brochure containing the following information:

A parcel of land including buildings and other improvements thereon located along E. Rodriguez Avenue, Quezon City, with a total lot area of 71,754 square meters - 9,192 square meters in front, 23,332 square meters in the middle, and 39,230 square meters at the back. But the total area for sale excludes 5,000 square meters covering the existing chapel and adjoining areas which will be donated to the Archdiocese of Manila thus reducing the total saleable area to 66,754 square meters. Asking price was P6,250.00/square meter with terms of payment negotiable. Broker's commission was 2.0% of selling price, net of withholding taxes and other charges. As advertised, contact person was Meldin Al G. Roy, Metro Drug Inc., with address at 5/F Metro House, 345 Sen. Gil Puyat Avenue, Makati City.

The front portion consisting of 9,192 square meters is the subject of this litigation.

On 22 August 1991 respondent Meldin Al G. Roy sent a sales brochure, together with the location plan and copy of the Transfer Certificate of Title No. T-19599 of the Register of Deeds of Quezon City, to Atty. Gelacio Mamaril, a practicing lawyer and a licensed real estate broker. Atty. Mamaril in turn passed on these documents to

Antonio Teng, Executive Vice-President, and Atty. Victor P. Villanueva, Legal Counsel, of CITY-LITE.

In a letter dated 19 September 1991 sent to Metro Drug (ATTN: MELDIN AL ROY) after an initial meeting with Meldin Al Roy that day, CITY-LITE conveyed its interest to purchase a portion or one-half (1/2) of the front lot of the "Violago Property." Apparently, Roy subsequently informed CITY-LITE's representative that it would take time to subdivide the lot and respondent F. P. HOLDINGS was not receptive to the purchase of only half of the front lot. After a few days, Atty. Mamaril wrote Metro Drug (ATTN: MELDIN AL ROY) expressing CITY-LITE's desire to buy the entire front lot of the subject property instead of only half thereof provided the asking price of P6,250.00/square meter was reduced and that payment be in installment for a certain period. Roy made a counter offer dated 25 September 1991 as follows:

Dear Atty. Mamaril,

This has reference to your letter dated September 24, 1991 in connection with the interest of your clients, Mr. Antonio Teng/City-Lite Realty Corporation and/or any of their subsidiaries to buy a portion of the Violago Property fronting E. Rodriguez Sr. Avenue with an area of 9,192 square meters.

We are pleased to inform you that we are prepared to consider the above offer subject to the following major terms and conditions: 1. The price shall be P6,250.00/square meter or a total of P57,450,000.00; 2. The above purchase price shall be paid to the owner as follows: (a) P15.0 Million downpayment; (b) balance payable within six (6) months from date of downpayment without interest. Should your client find the above major terms and conditions acceptable, please advise us in writing by tomorrow, September 26, 1991, so that we can start formal discussions on the matter x x x x

Very truly yours,

MELDIN AL G. ROY

On 26 September 1991 CITY-LITE's officers and Atty. Mamaril met with Roy at the Manila Mandarin Hotel in Makati to consummate the transaction. After some discussions, the parties finally reached an agreement and Roy agreed to sell the property to CITY-LITE provided only that the latter submit its acceptance in writing to the terms and conditions of the sale as contained in his letter of 25 September 1991. Later that afternoon after meeting with Roy at the Manila Mandarin Hotel, Atty. Mamaril and Antonio Teng of CITY-LITE conveyed their formal acceptance of the terms and conditions set forth by Roy in separate letters both dated 26 September 1991.

However, for some reason or another and despite demand, respondent F. P. HOLDINGS refused to execute the corresponding deed of sale in favor of CITY-LITE of the front lot of the property. Upon its claim of protecting its interest as vendee of the property in suit, CITY-LITE registered an adverse claim to the title of the property with the Register of Deeds of Quezon City which was annotated in the Memorandum of Encumbrance of Transfer Certificate of Title No. T-19599 under