

FIRST DIVISION

[G.R. No. 125531, February 12, 1997]

**JOVAN LAND, PETITIONER, VS. COURT OF APPEALS AND
EUGENIO QUESADA, INC., RESPONDENTS.
D E C I S I O N**

HERMOSISIMA, JR. J.:

This is a petition for review on *certiorari* to reverse and set aside the decision of the Court of Appeals in C.A.-G.R. CV No. 47515.

Petitioner Jovan Land, Inc. is a corporation engaged in the real estate business. Its President and Chairman of the Board of Directors is one Joseph Sy.

Private respondent Eugenio Quesada is the owner of the Q Building located on an 801 sq. m. lot at the corner of Mayhaligue Street and Rizal Avenue, Sta. Cruz, Manila. The property is covered by TCT No. 77796 of the Registry of Deeds of Manila.

Petitioner learned from co-petitioner Consolacion P. Mendoza that private respondent was selling the aforesaid Mayhaligue property. Thus, petitioner through Joseph Sy made a written offer, dated July 27, 1987 for P10.25 million. This first offer was not accepted by Conrado Quesada, the General Manager of private respondent. Joseph Sy sent a second written offer dated July 31, 1989 for the same price but inclusive of an undertaking to pay the documentary stamp tax, transfer tax, registration fees and notarial charges. Check No. 247048, dated July 31, 1989, for one million pesos drawn against the Philippine Commercial and Industrial Bank (PCIB) was enclosed therewith as earnest money. This second offer, with earnest money, was again rejected by Conrado Quesada. Undaunted, Joseph Sy, on August 10, 1989, sent a third written offer for twelve million pesos with a similar check for one million pesos as earnest money. Annotated on this third letter-offer was the phrase "Received original, 9-4-89" beside which appears the signature of Conrado Quesada.

On the basis of this annotation which petitioner insists is the proof that there already exists a valid, perfected agreement to sell the Mayhaligue property, petitioner filed with the trial court, a complaint for specific performance and collection of sum of money with damages. However, the trial court held that:

"x x x the business encounters between Joseph Sy and Conrado Quesada had not passed the negotiation stage relating to the intended sale by the defendant corporation of the property in question. x x x As the court finds, there is nothing in the record to point that a contract was ever perfected. In fact, there is nothing in writing which is indispensably necessary in order that the perfected contract could be enforced under the Statute of Frauds."^[1]

Since the trial court dismissed petitioner's complaint for lack of cause of action, petitioner appealed^[2] to respondent Court of Appeals before which it assigned the following errors:

"1. The Court a quo failed to appreciate that there was already a perfected contract of sale between Jovan Land, Inc. and the private respondent];

2. The Court a quo erred in its conclusion that there was no implied acceptance of the offer by appellants to appellee [private respondent];

3. The Court a quo was in error where it concluded that the contract of sale was unenforceable;

4.The Court a quo failed to rule that appellant [petitioner] Mendoza is entitled to her broker's commission."^[3]

Respondent court placed petitioner to task on their assignment of errors and concluded that not any of them justifies a reversal of the trial court decision.

We agree.

In the case of Ang Yu Asuncion v. Court of Appeals,^[4] we held that:

"xxx [A] contract (Art. 1157, Civil Code), x x x is a meeting of minds between two persons whereby one binds himself, with respect to the other, to give something or to render some service xxx. A contract undergoes various stages that include its negotiation or preparation, its perfection and, finally, its consummation. Negotiation covers the period from the time the prospective contracting parties indicate interest in the contract to the time the contract is concluded xxx. The perfection of the contract takes place upon the concurrence of the essential elements thereof."

Moreover, it is a fundamental principle that before contract of sale can be valid, the following elements must be present, viz: (a) consent or meeting of the minds; (b) determinate subject matter; (3) price certain in money or its equivalent. Until the contract of sale is perfected, it cannot, as an independent source of obligation, serve as a binding juridical relation between the parties.

In the case at bench, petitioner, anchors its main argument on the annotation on its third letter-offer of the phrase "Received original, 9-4-89," beside which appears the signature of Conrado Quesada. It also contends that the said annotation is evidence to show that there was already a perfected agreement to sell as respondent can be said to have accepted petitioner's payment in the form of a check which was enclosed in the third letter.

However, as correctly elucidated by the Court of Appeals:

"Sy insisted in his testimony that this offer of P12M was accepted by Conrado Quesada but there is nothing written or documentary to show