

FIRST DIVISION

[G.R. No. 76969, June 09, 1997]

INLAND REALTY INVESTMENT SERVICE, INC. AND ROMAN M. DE LOS REYES, PETITIONERS, VS. HON. COURT OF APPEALS, GREGORIO ARANETA, INC. AND J. ARMANDO EDUQUE, RESPONDENTS.

D E C I S I O N

HERMOSISIMA, JR., J.:

Herein petitioners Inland Realty Investment Service, Inc. (hereafter, "Inland Realty") and Roman M. de los Reyes seek the reversal of the Decision^[1] of the Intermediate Appellate Court (now Court of Appeals)^[2] which affirmed the trial court's dismissal^[3] of petitioners' claim for unpaid agent's commission for brokering the sales transaction involving 9,800 shares of stock in Architects' Bldg., Inc. (hereafter, "Architects") between private respondent Gregorio Araneta, Inc. (hereafter, "Araneta, Inc.") as seller and Stanford Microsystems, Inc. (hereafter, "Stanford") as buyer.

Petitioners come to us with a two-fold agenda: (1) to obtain from us a declaration that the trial court and the respondent appellate court gravely erred when appreciating the facts of the case by disregarding Exhibits "L," a Letter dated October 28, 1976 signed by Gregorio Araneta II, renewing petitioners' authority to act as sales agent for a period of thirty (30) days from same date, and Exhibit "M," a Letter dated November 16, 1976 signed by petitioner de los Reyes, naming four (4) other prospective buyers, respectively; and (2) to obtain from us a categorical ruling that a broker is automatically entitled to the stipulated commission merely upon securing for, and introducing to, the seller the particular buyer who ultimately purchases from the former the object of the sale, regardless of the expiration of the broker's contract of agency and authority to sell.

Before we proceed to address petitioners' objectives, there is a need to unfold the facts of the case. For that purpose, we quote hereunder the findings of fact of the Court of Appeals with which petitioners agree, except as to the respondent appellate court's non-inclusion of the aforementioned Exhibits "L" and "M":

"From the evidence, the following facts appear undisputed: On September 16, 1975, defendant corporation thru its co-defendant Assistant General Manager J. Armando Eduque, granted to plaintiffs a 30-day authority to sell its x x x 9,800 shares of stock in Architects' Bldg., Inc. as follows:

'September 16, 1975

TO WHOM IT MAY CONCERN:

This is to authorize Mr. R.M. de los Reyes, representing Inland Realty, to sell on a first come first served basis the total holdings of Gregorio Araneta, Inc. in Architects' [Bldg.], Inc. equivalent to 98% or 9,800 shares of stock at the price of P1,500.00 per share for a period of 30 days.

(SGD.) J. ARMANDO EDUQUE

Asst. General Manager'

Plaintiff Inland Realty Investment Service, Inc. (Inland Realty for short) is a corporation engaged [in], among others x x x the real estate business [and] brokerages, duly licensed by the Bureau of Domestic Trade x x x. [Inland Realty] planned their sales campaign, sending proposal letters to prospective buyers. One such prospective buyer to whom a proposal letter was sent to was Stanford Microsystems, Inc. x x x [that] counter-proposed to buy 9,800 shares offered at P1,000.00 per share or for a total of P9,800,000.00, P4,900,000.00 payable in five years at 12% per annum interest until fully paid.

Upon plaintiffs' receipt of the said counter-proposal, it immediately [sic] wrote defendant a letter to register Stanford Microsystems, Inc. as one of its prospective buyers x x x. Defendant Araneta, Inc., thru its Assistant General Manager J. Armando Eduque, replied that the price offered by Stanford was too low and suggested that plaintiffs see if the price and terms of payment can be improved upon by Stanford x x x. Other prospective buyers were submitted to defendants among whom were Atty. Maximo F. Belmonte and Mr. Joselito Hernandez. The authority to sell given to plaintiffs by defendants was extended several times: the first being on October 2, 1975, for 30 days from said date (Exh. 'J'), the second on October 28, 1975 for 30 days from said date (Exh. 'L') and on December 2, 1975 for 30 days from said date (Exh. 'K').

Plaintiff Roman de los Reyes, manager of Inland Realty's brokerage division, who by contract with Inland Realty would be entitled to 1/2 of the claim asserted herein, testified that when his company was initially granted the authority to sell, he asked for an exclusive authority and for a longer period but Armando Eduque would not give, but according to this witness, the life of the authority could always be extended for the purpose of negotiation that would be continuing.

On July 8, 1977, plaintiffs finally sold the 9,800 shares of stock [in] Architects' [Bldg.], Inc. to Stanford Microsystems, Inc. for P13,500,000.00 x x x.

On September 6, 1977, plaintiffs demanded formally [from] defendants, through a letter of demand, for payment of their 5% broker['s] commission at P13,500,000.00 or a total amount of P675,000.00 x x x which was declined by [defendants] on the ground that the claim has no factual or legal basis."^[4]

Ascribing merit to private respondents' defense that, after their authority to sell expired thirty (30) days from December 2, 1975, or on January 1, 1976, petitioners abandoned the sales transaction and were no longer privy to the consummation and documentation thereof, the trial court dismissed petitioners' complaint for collection of unpaid broker's commission.

Petitioners appealed, but the Court of Appeals was unswayed in the face of evidence of the expiration of petitioners' agency contract and authority to sell on January 1, 1976 and the consummation of the sale to Stanford on July 8, 1977 or more than one (1) year and five (5) months after petitioners' agency contract and authority to sell expired. Respondent appellate court dismissed petitioners' appeal in this wise:

" x x x The resolution would seem to hinge on the question of whether plaintiff was instrumental in the final consummation of the sale to Stanford which was the same name of the company submitted to defendants as a prospective buyer although their price was considered by defendant to be too low and defendants wrote to plaintiff if the price may be improved upon by Stanford x x x. This was on October 13, 1975. After that, there was an extension for 30 days from October 28, 1975 of the authority (Exh. 'L') and another on December 2, 1975 for another 30 days from the said date x x x. x x x There is nothing in the record or in the testimonial evidence that the authority extended 30 days from the last date of extension was ever reserved nor extended, nor has there been any communication made to defendants that the plaintiff was actually negotiating with Stanford a better price than what was previously offered by it x x x.

In fact there was no longer any agency after the last extension. Certainly, the length of time which had transpired from the date of last extension of authority to the final consummation of the sale with Stanford of about one (1) year and five (5) months without any communication at all from plaintiffs to defendants with respect to the suggestion of defendants that Stanford's offer was too low and suggested if plaintiffs may make it better. We have a case of proposal and counter-proposal which would not constitute a definite closing of the transaction just because it was plaintiff who solely suggested to defendants the name of Stanford as buyer x x x." ^[5]

Unable to accept the dismissal of its claim for unpaid broker's commission, petitioners filed the instant petition for review asking us (1) to pass upon the factual issue of the alleged extension of their agency contract and authority to sell and (2) to rule in favor of a broker's automatic entitlement to the stipulated commission merely upon securing for, and introducing to, the seller, the particular buyer who ultimately purchases from the former the object of the sale, regardless of the expiration of the broker's contract of agency and authority to sell.

We find for private respondents.

I

Petitioners take exception to the finding of the respondent Court of Appeals that