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SECOND DIVISION

[G.R. No. 125761, April 30, 2003]

SALVADOR P. MALBAROSA, PETITIONER, vs. HON. COURT OF APPEALS and S.E.A. DEVELOPMENT CORP., RESPONDENTS.

DECISION

CALLEJO, SR., J.:

Philtectic Corporation and Commonwealth Insurance Co., Inc. were only two of the group of companies wholly-owned and controlled by respondent S.E.A. Development Corporation (SEADC). The petitioner Salvador P. Malbarosa was the president and general manager of Philtectic Corporation, and an officer of other corporations belonging to the SEADC group of companies. The respondent assigned to the petitioner one of its vehicles covered by Certificate of Registration No. 04275865[1] described as a 1982 model Mitsubishi Gallant Super Saloon, with plate number PCA 180 for his use. He was also issued membership certificates in the Architectural Center, Inc. Louis Da Costa was the president of the respondent and Commonwealth Insurance Co., Inc., while Senen Valero was the Vice-Chairman of the Board of Directors of the respondent and Vice-Chairman of the Board of Directors of Philtectic Corporation.

Sometime in the first week of January 1990, the petitioner intimated to Senen Valero his desire to retire from the SEADC group of companies and requested that his 1989 incentive compensation as president of Philtectic Corporation be paid to him. On January 8, 1990, the petitioner sent a letter to Senen Valero tendering his resignation, effective February 28, 1990 from all his positions in the SEADC group of companies, and reiterating therein his request for the payment of his incentive compensation for 1989.[2]

Louis Da Costa met with the petitioner on two occasions, one of which was on February 5, 1990 to discuss the amount of the 1989 incentive compensation petitioner was entitled to, and the mode of payment thereof. Da Costa ventured that the petitioner would be entitled to an incentive compensation in the amount of around P395,000.

On March 14, 1990, the respondent, through Senen Valero, signed a letter-offer addressed to the petitioner[3] stating therein that petitioner's resignation from all the positions in the SEADC group of companies had been accepted by the respondent, and that he was entitled to an incentive compensation in the amount of P251,057.67, and proposing that the amount be satisfied, thus:

> - The 1982 Mitsubishi Super saloon car assigned to you by the company shall be transferred to you at a value of P220,000.00. (Although you have indicated a value of P180,000.00, our survey in the market indicates that P220,000.00 is a reasonable reflection of the value of the

car.)

- The membership share of our subsidiary, Tradestar International, Inc. in the Architectural Center, Inc. will be transferred to you. (Although we do not as yet have full information as to the value of these shares, we have been informed that the shares have traded recently in the vicinity of P60,000.00.)[4]

The respondent required that if the petitioner agreed to the offer, he had to affix his conformity on the space provided therefor and the date thereof on the right bottom portion of the letter, thus:

Agreed:

SALVADOR P. MALBAROSA
Date: _____[5]

On March 16, 1990, Da Costa met with the petitioner and handed to him the original copy of the March 14, 1990 Letter-offer for his consideration and conformity. The petitioner was dismayed when he read the letter and learned that he was being offered an incentive compensation of only P251,057.67. He told Da Costa that he was entitled to no less than P395,000 as incentive compensation. The petitioner refused to sign the letter-offer on the space provided therefor. He received the original of the letter and wrote on the duplicate copy of the letter-offer retained by Da Costa, the words: "Rec'd original for review purposes."[6] Despite the lapse of more than two weeks, the respondent had not received the original of the March 14, 1990 Letter-offer of the respondent with the conformity of the petitioner on the space provided therefor. The respondent decided to withdraw its March 14, 1990 Offer. On April 3, 1996, the Board of Directors of the respondent approved a resolution authorizing the Philtectic Corporation and/or Senen Valero to demand from the petitioner for the return of the car and to take such action against the petitioner including the institution of an action in court against the petitioner for the recovery of the motor vehicle.[7]

On April 4, 1990, Philtectic Corporation, through its counsel, wrote the petitioner withdrawing the March 14, 1990 Letter-offer of the respondent and demanding that the petitioner return the car and his membership certificate in the Architectural Center, Inc. within 24 hours from his receipt thereof.[8] The petitioner received the original copy of the letter on the same day.

On April 7, 1990, the petitioner wrote the counsel of Philtectic Corporation informing the latter that he cannot comply with said demand as he already accepted the March 14, 1990 Letter-offer of the respondent when he affixed on March 28, 1990 his signature on the original copy of the letter-offer.[9] The petitioner enclosed a xerox copy of the original copy of the March 14, 1990 Letter-offer of the respondent, bearing his signature on the space provided therefore dated March 28, 1990.[10]

With the refusal of the petitioner to return the vehicle, the respondent, as plaintiff, filed a complaint against the petitioner, as defendant, for recovery of personal property with replevin with damages and attorney's fees, thus:

WHEREFORE, PREMISES CONSIDERED, it is respectfully prayed before this Honorable Court that:

1. Before hearing and upon approval of plaintiff's bond, a writ be issued immediately for the seizure of the vehicle described in paragraph 3 hereof, wherever it may be found, and for its delivery to plaintiff;

2. After trial of the issues, judgment be rendered adjudging that plaintiff has the right to the possession of the said motor vehicle, and, in the alternative, that defendant must deliver such motor vehicle to plaintiff or pay to plaintiff the value thereof in case delivery cannot be made;

3. After trial, hold the defendant liable to plaintiff for the use of the motor vehicle in the amount of P1,000.00 per day from date of demand until the motor vehicle is returned to plaintiff.

4. After trial, hold the defendant liable to plaintiff for attorney's fees and costs of litigation in the amount of P100,000.00.

Plaintiffs likewise prays for such other reliefs as are just and equitable under the circumstances.[11]

On April 30, 1990, the trial court issued an order for the issuance of a writ of replevin.[12] Correspondingly, the writ of replevin was issued on May 8, 1990.[13]

On May 11, 1990, the Sheriff served the writ on the petitioner and was able to take possession of the vehicle in question. On May 15, 1990, the petitioner was able to recover the possession of the vehicle upon his filing of the counter-bond.[14]

In his Answer to the complaint, the petitioner, as defendant therein, alleged that he had already agreed on March 28, 1990 to the March 14, 1990 Letter-offer of the respondent, the plaintiff therein, and had notified the said plaintiff of his acceptance; hence, he had the right to the possession of the car. Philtectic Corporation had no right to withdraw the offer of the respondent SEADC. The petitioner testified that after conferring with his counsel, he had decided to accept the offer of the respondent, and had affixed his signature on the space below the word "Agree" in the March 14, 1990 Letter-offer, thus:

Agreed:

(Sgd.)
SALVADOR P. MALBAROSA
Date: 3 – 28 - 90[15]

The petitioner adduced evidence that on March 9, 1990, he had written Senen Valero that he was agreeable to an incentive compensation of P218,000 to be settled by the respondent by transferring the car to the petitioner valued at P180,000 and P38,000 worth of shares of the Architectural Center, Inc. on the claim of Da Costa that respondent was almost bankrupt. However, the petitioner learned that the respondent was financially sound; hence, he had decided to receive his

incentive compensation of P395,000 in cash.[16] On March 29, 1990, the petitioner called up the office of Louis Da Costa to inform the latter of his acceptance of the letter-offer of the respondent. However, the petitioner was told by Liwayway Dinglasan, the telephone receptionist of Commonwealth Insurance Co, that Da Costa was out of the office. The petitioner asked Liwayway to inform Da Costa that he had called him up and that he had already accepted the letter-offer. Liwayway promised to relay the message to Da Costa. Liwayway testified that she had relayed the petitioner's message to Da Costa and that the latter merely nodded his head.

After trial, the court *a quo* rendered its Decision[17] on July 28, 1992, the dispositive portion of which reads as follows:

> WHEREFORE, in view of all the foregoing, judgment is rendered ordering the defendant:
>
> 1. To deliver the motor vehicle prescribed [*sic*] in the complaint to plaintiff SEADC, or pay its value of P220,000 in case delivery cannot be made;
>
> 2. pay plaintiff SEADC P50,000 as and for attorney's fees; and
>
> 3. Cost of litigation.
>
> SO ORDERED.[18]

The trial court stated that there existed no perfected contract between the petitioner and the respondent on the latter's March 14, 1990 Letter-offer for failure of the petitioner to effectively notify the respondent of his acceptance of said letter-offer before the respondent withdrew the same. The respondent filed a motion for the amendment of the decision of the trial court, praying that the petitioner should be ordered to pay to the respondent reasonable rentals for the car. On October 10, 1992, the court *a quo* issued an order, granting plaintiff's motion and amending the dispositive portion of its July 28, 1992 Decision:

> 1. Ordering defendant to pay to plaintiff lease rentals for the use of the motor vehicle at the rate of P1,000.00 per Day from May 8, 1990 up to the date of actual delivery to the plaintiff of the motor vehicle; and
>
> 2. Ordering First Integrated Bonding & Insurance Co. to make good on its obligations to plaintiff under the Counterbond issued pursuant to this case.
>
> SO ORDERED.[19]

The petitioner appealed from the decision and the order of the court *a quo* to the Court of Appeals.

On February 8, 1996, the Court of Appeals rendered its Decision,[20] affirming the decision of the trial court. The dispositive portion of the decision reads:

> WHEREFORE, the Decision dated July 28, 1992 and the Order dated October 10, 1992 of the Regional Trial Court of Pasig (Branch 158) are

> hereby AFFIRMED with the MODIFICATION that the period of payment of rentals at the rate of P1,000.00 per day shall be from the time this decision becomes final until actual delivery of the motor vehicle to plaintiff-appellee is made.
>
> Costs against the defendant-appellant.
>
> SO ORDERED.[21]

The Court of Appeals stated that the petitioner had not accepted the respondent's March 14, 1990 Letter-offer before the respondent withdrew said offer on April 4, 1990.

The petitioner filed a petition for review on certiorari of the decision of the Court of Appeals.

The petitioner raises two issues, namely: (a) whether or not there was a valid acceptance on his part of the March 14, 1990 Letter-offer of the respondent;[22] and (b) whether or not there was an effective withdrawal by the respondent of said letter-offer.

The petition is dismissed.

Anent the first issue, the petitioner posits that the respondent had given him a reasonable time from March 14, 1990 within which to accept or reject its March 14, 1990 Letter-offer. He had already accepted the offer of the respondent when he affixed his conformity thereto on the space provided therefor on March 28, 1990[23] and had sent to the respondent corporation on April 7, 1990 a copy of said March 14, 1990 Letter-offer bearing his conformity to the offer of the respondent; hence, the respondent can no longer demand the return of the vehicle in question. He further avers that he had already impliedly accepted the offer when after said respondent's offer, he retained possession of the car.

For its part, the respondent contends that the issues raised by the petitioner are factual. The jurisdiction of the Court under Rule 45 of the Rules of Court, as amended, is limited to revising and correcting errors of law of the CA. As concluded by the Court of Appeals, there had been no acceptance by the petitioner of its March 14, 1990 Letter-offer. The receipt by the petitioner of the original of the March 14, 1990 Letter-offer for review purposes amounted merely to a counter-offer of the petitioner. The findings of the Court of Appeals are binding on the petitioner. The petitioner adduced no proof that the respondent had granted him a period within which to accept its offer. The latter deemed its offer as not accepted by the petitioner in light of petitioner's ambivalence and indecision on March 16, 1990 when he received the letter-offer of respondent.

We do not agree with the petitioner.

Under Article 1318 of the Civil Code, the essential requisites of a contract are as follows:

> Art. 1318. There is no contract unless the following requisites concur: