

SECOND DIVISION

[G.R. No. 173622, March 11, 2013]

ROBERN DEVELOPMENT CORPORATION AND RODOLFO M. BERNARDO, JR., PETITIONERS, VS. PEOPLE'S LANDLESS ASSOCIATION REPRESENTED BY FLORIDA RAMOS AND NARDO LABORA, RESPONDENT.

DECISION

DEL CASTILLO, J.:

"This Court cannot presume the existence of a sale of land, absent any direct proof of it."^[1]

Challenged in this Petition for Review on *Certiorari* are the August 16, 2005 Decision^[2] and May 30, 2006 Resolution^[3] of the Court of Appeals (CA) in CA-G.R. CV No. 66071, which ordered petitioner Robern Development Corporation (Robern) to reconvey the 2,000-square meter lot it bought from Al-Amanah Islamic Development Bank of the Philippines (Al-Amanah) to respondent People's Landless Association (PELA).

Factual Antecedents

Al-Amanah owned a 2000-square meter lot located in Magtu-od, Davao City and covered by Transfer Certificate of Title (TCT) No. 138914.^[4] On December 12, 1992, Al-Amanah Davao Branch, thru its officer-in-charge Febe O. Dalig (OIC Dalig), asked^[5] some of the members of PELA^[6] to desist from building their houses on the lot and to vacate the same, unless they are interested to buy it. The informal settlers thus expressed their interest to buy the lot at P100.00 per square meter, which Al-Amanah turned down for being far below its asking price.^[7] Consequently, Al-Amanah reiterated its demand to the informal settlers to vacate the lot.^[8]

In a letter^[9] dated March 18, 1993, the informal settlers together with other members comprising PELA offered to purchase the lot for P300,000.00, half of which shall be paid as down payment and the remaining half to be paid within one year. In the lower portion of the said letter, Al-Amanah made the following annotation:

Note:

Subject offer has been acknowledged/received but processing to take effect upon putting up of the partial amt. of P150,000.00 on or before April 15, 1993.

By May 3, 1993, PELA had deposited P150,000.00 as evidenced by four bank receipts.^[10] For the first three receipts, the bank labelled the payments as "Partial deposit on sale of TCT No. 138914", while it noted the 4th receipt as "Partial/Full payment on deposit on sale of A/asset TCT No. 138914."

In the meantime, the PELA members remained in the property and introduced further improvements.

On November 29, 1993, Al-Amanah, thru Davao Branch Manager Abraham D. Ututalum-Al Haj, wrote then PELA President Bonifacio Cuizon, Sr. informing him of the Head Office's disapproval of PELA's offer to buy the said 2,000-square meter lot, viz:

Dear Mr. Cuizon[,] Sr.,

Please be inform[ed] that your offer to purchase the lot covered by TCT No. T-138914, containing an area of 2,000 square meters, located at Bakingan, Barangay Magtuod, Davao City for P300,000.00 has been turned down by the top management, due to the reason that your offered price is way below the selling price of the Bank which is P500.00 per square meter, or negotiate but on Cash basis only.

You had been told regarding this matter, but you failed to counter offer since you have [conferred] with the Bank's local management. Despite x x x the time given to you to counter offer or to vacate the lot presently and illegally occupied by you and the members of the association, still you refrain to hear our previous notices. You even deliberately construct more residential structures without our permission. As such, you are finally instructed to vacate the lot and remove all the house structures erected on the said lot within 15 days upon receipt of this letter. Failure on your part including that of the members, the Bank will be constrained to take legal action against you.

Furthermore, you can withdraw the amount deposited in the name of your association anytime during banking hours.^[11]

Subsequently, Al-Amanah sent similarly worded letters,^[12] all dated December 14, 1993, to 19 PELA members demanding that they vacate the lot.

In a letter^[13] dated December 20, 1993, PELA, through Atty. Pedro S. Castillo, replied that it had already reached an agreement with Al-Amanah regarding the sale of the subject lot based on their offered price:

Dear Mr. Ututalum-Al-Haj,

The People's Landless Association, Inc., through Mr. Bonifacio Cuizon, Sr. has requested us to assist them in communicating with you anent your letter of 29 November 1993. According to Mr. Cuizon the present

occupants of the lot covered by T.C.T. No. T-138914 with an area of 2,000 square meters, had a definite agreement with the Islamic Bank through its previous Manager or Officer[-]in[-]Charge to buy this foreclosed property at P300,000.00. As a matter of fact their deposit of P150,000.00 was on that basis. For this reason, the occupants, who are members of the association, have already made lot allocations among themselves and have improved their respective houses.

It would be most unfair if the Bank would now renege on its [commitment] and eject these occupants. In line with the national policy of granting landless members of our society the opportunity of owning [land] and providing shelter to their families, it would be equitable and socially justifiable to grant these occupants their occupied areas pursuant to the earlier agreement with the Bank.

For the foregoing reasons we hope that the Islamic Bank, for legal, moral and social grounds would reconsider.

Meanwhile, acting on Robern's undated written offer,^[14] Al-Amanah issued a Recommendation Sheet^[15] dated December 27, 1993 addressed to its Board Operations Committee, indicating therein that Robern is interested to buy the lot for P400,000.00; that it has already deposited 20% of the offered purchase price; that it is buying the lot on "as is" basis; and, that it is willing to shoulder the relocation of all informal settlers therein. On December 29, 1993, the Head Office informed the Davao Branch Manager that the Board Operations Committee had accepted Robern's offer.^[16]

Eight days later, Robern was informed of the acceptance. Al-Amanah stressed that it is Robern's responsibility to eject the occupants in the subject lot, if any, as well as the payment of the remaining amount within 15 days; otherwise, the P80,000.00 deposit shall be forfeited.^[17]

In a letter^[18] dated January 13, 1994, Robern expressed to Al-Amanah its uncertainty on the status of the subject lot, viz.:

This is in connection with TCT No. 138914 which your bank offered to sell to us and which we committed to buy.

A group calling itself PEOPLE[']S LANDLESS ASSOCIATION, INC. made representation with our office bringing with them copies of official receipts totalling P150,000.00 issued by your bank which stated--- "PARTIAL PAYMENT/DEPOSIT on sale of TCT #138914".

While condition no. 6 in the sale of property to us states that the buyer shall be responsible for ejecting the squatters of the property, the occupants of the said lot could hardly be categorized as squatters considering the supposed transaction previously entered by your bank with them. We were greatly appalled that we should learn about this not from the bank but from outside sources.

My company is ready to finalize our transaction provided, however, that the problem with this group is cleared. In this connection, we are requesting for a definite statement from your bank on whether the official receipts being brandished by this group are genuine or not, and if they were, were they ever invalidated by virtue of the return of their deposit and whether there was a cancellation of your agreement with them.

In the meantime, please consider the 15-day period for us to pay the amount of P320,000.00 imposed by your bank suspended until such time that the legal problem with the lot occupants is settled.

To convince Robern that it has no existing contract with PELA, Al-Amanah furnished it with copies of the Head Office's rejection letter of PELA's bid, the demand letters to vacate, and the proof of consignment of PELA's P150,000.00 deposit to the Regional Trial Court (RTC) of Davao City that PELA refused to withdraw.^[19] Thereafter, on February 2, 1994, it informed Robern that should the latter fail to pay the balance by February 9, 1994, its P80,000.00 deposit will be forfeited and the lot shall be up for sale to other prospective buyers.^[20] Meanwhile, Al-Amanah requested for assistance for the removal of the houses not only from the Office of the City Engineer of Davao City^[21] but also from Mayor Rodrigo Duterte. Gaining a favorable legal opinion from the City Legal Officer, the matter was indorsed to the Chief of Demolition Consensus of the Department of Public Services for action.^[22]

On March 4, 1994, Robern paid the balance of the purchase price.^[23] The Deed of Sale^[24] over the realty was executed on April 6, 1994 and TCT No. T-212983^[25] was issued in Robern's name the following day.

A week later, PELA consigned P150,000.00 in the RTC of Davao City.^[26] Then on April 14, 1994, it wrote^[27] Al-Amanah asking the latter to withdraw the amount consigned. Part of the letter states:

x x x x

On March 21, 1994 (almost one month before the April 15, 1994 deadline) we came to your bank to remit the balance and full payment [for] the abovementioned lot. [Inasmuch] as you refuse[d] to accept the payment, we have decided to deposit the amount consigned to your bank.

In our dialogue at your office in 1993, we have agreed that documents will be processed as soon as we pay the P150,000.00 initial deposit. [Inasmuch] as we have not only paid the deposit but have also made full payment of the account, kindly facilitate processing of the documents to finalize transaction.

We have not been remiss in doing our part of the transaction; please do your share.

Thank you.

Very truly yours,

For the occupants/claimants

T.C.T. No. T-138914^[28]

Three months later, as its members were already facing eviction and possible demolition of their houses, and in order to protect their rights as vendees, PELA filed a suit for Annulment and Cancellation of Void Deed of Sale^[29] against Al-Amanah, its Director Engr. Farouk Carpizo (Engr. Carpizo), OIC Dalig, Robern, and Robern's President and General Manager, petitioner Rodolfo Bernardo (Bernardo) before the RTC of Davao City. It insisted that as early as March 1993 it has a perfected contract of sale with Al-Amanah. However, in an apparent act of bad faith and in cahoots with Robern, Al-Amanah proceeded with the sale of the lot despite the prior sale to PELA.

Incidentally, the trial court granted PELA's prayer for a temporary restraining order.^[30] Subsequently, it issued on August 12, 1994 an Order^[31] finding merit in the issuance of the writ of preliminary injunction, *inter alia*. The RTC's grant of injunctive relief was affirmed by the CA in CA-G.R. SP No. 35238^[32] when the factual and legal bases for its issuance were questioned before the appellate court.

The respondents in the annulment case filed their respective Answers.^[33] Al-Amanah and Engr. Carpizo claimed that the bank has every right to sell its lot to any interested buyer with the best offer and thus they chose Robern. They clarified that the P150,000.00 PELA handed to them is not part of the payment but merely a deposit in connection with its offer. They asserted that PELA was properly apprised that its offer to buy was subject to the approval of Al-Amanah's Head Office. They stressed that Al-Amanah never entered into a sale with PELA for there was no perfected agreement as to the price since the Head Office rejected PELA's offer.

For their part, Robern and Bernardo asserted the corporation's standing as a purchaser in good faith and for value in the sale of the property, having relied on the clean title of Al-Amanah. They also alleged that the purported sale to PELA is violative of the Statute of Frauds^[34] as there is no written agreement covering the same.

Ruling of the Regional Trial Court

In its August 10, 1999 Decision,^[35] the RTC dismissed PELA's Complaint. It opined that the March 18, 1993 letter PELA has been relying upon as proof of a perfected contract of sale was a mere offer which was already rejected. Furthermore, the annotation appearing in the bottom part of the said letter could not be construed as an acceptance because the same is a mere acknowledgment of receipt of the letter (not the offer) which will still be subject to processing. The RTC likewise ruled that being a corporation, only Al-Amanah's board of directors can bind the bank with third persons involving the sale of its property. Thus, the purported offer made by Al-Amanah's OIC, who was never conferred authority by the board of directors to sell the lot, cannot bind the bank. In contrast, when the Head Office accepted