



Republic of the Philippines  
**Supreme Court**  
Baguio City

**FIRST DIVISION**

**KAMERAWORLD INC.,**

*Petitioner,*

**G.R. No. 248256**

**Present:**

- versus -

**GESMUNDO, C.J., Chairperson,**  
**HERNANDO,**  
**ZALAMEDA,**  
**ROSARIO, and**  
**MARQUEZ, JJ.**

**REDDOT**  
**PHILIPPINES, INC.,**

**IMAGING**

*Respondent.*

**Promulgated:**

**APR 17 2023**

*subscribed*

X ----- X

**DECISION**

**ROSARIO, J.:**

The case before the Court is a Petition for Review on *Certiorari*<sup>1</sup> under Rule 45 of the Rules of Court, seeking to annul and set aside the Decision<sup>2</sup>

<sup>1</sup> *Rollo*, pp. 3-23.

<sup>2</sup> *Id.* at 24-49. Penned by Associate Justice Rafael Antonio M. Santos and concurred in by Associate Justices Mariflor P. Punzalan-Castillo and Danton Q. Bueser.

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dated February 28, 2019 and the Resolution<sup>3</sup> dated July 5, 2019 of the Court of Appeals (CA) in CA-G.R. CV No. 109047.

Briefly, and insofar as they are pertinent to the resolution of the instant Petition, the facts are as follows:

In 2008, I-Digiworld, Inc. (I-Digiworld) and Kameraworld Inc. (Kameraworld) entered into an agreement where I-Digiworld would deliver to Kameraworld various imaging equipment, camera products, and accessories to be sold at the latter's outlets. Kameraworld would thereafter remit the proceeds of the sale to I-Digiworld, less the margin agreed upon by the said parties.<sup>4</sup>

Kameraworld failed to remit the proceeds of the sale of I-Digiworld's products, with its payables reaching up to PHP 12,000,000.00.<sup>5</sup>

In 2011, in an attempt to settle the obligation, Kameraworld and I-Digiworld executed a Deed of Sale over a condominium unit owned by Kameraworld, Unit 101 of 2000 Condominium, Centre Subd., Meralco Avenue, Ugong, Pasig City, and covered by Condominium Certificate of Title No. PT-17306. However, after signing the Deed of Sale, I-Digiworld, through its president, Dennie T. Dy (Dy), apparently changed its mind and proposed instead to buy Kameraworld's properties in España, Sampaloc, Manila, covered by Transfer Certificate of Title (TCT) Nos. 131996 and 131997 (the España properties) for PHP 32,500,000.00.<sup>6</sup>

In paying the purchase price, Dy said that I-Digiworld had agreed to assign its right to collect the PHP 12,000,000.00 from Kameraworld to Reddot Imaging Phils., Inc. (Reddot). I-Digiworld and Reddot have the same directors, composed of Neil Patrick Go, Josefina M. Chong, Dy, Andrew V. Chong, and Dianna Lyn Go.<sup>7</sup>

The España properties were at the time mortgaged to the Bank of the Philippine Islands (BPI). This fact was disclosed by Kameraworld to Reddot. In order to raise the purchase price, Reddot applied for and was initially granted a loan by Chinabank. Thereafter, Reddot, with the consent of Kameraworld, entered the premises and started introducing improvements thereon, paying at the same time the necessary expenses for its upkeep, as well as the realty taxes due thereon.<sup>8</sup>

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<sup>3</sup> Id. at 50-53. Penned by Associate Justice Rafael Antonio M. Santos and concurred in by Associate Justices Mariflor P. Punzalan-Castillo and Danton Q. Bueser.

<sup>4</sup> Id. at 25.

<sup>5</sup> Id.

<sup>6</sup> Id. at 7, 26.

<sup>7</sup> Id. at 26.

<sup>8</sup> Id. at 26-27.

In September 2012, Reddot issued three checks in favor of Kameraworld: a) Chinabank Check No. 0006603941 in the amount of PHP 7,500,00.00; b) Union Bank Check No. 0004801257 in the amount of PHP 1,500,000.00; and c) Banco de Oro (BDO) Check No. 0654165 in the amount of PHP 1,000,000.00. Soon after making these payments, Kameraworld discovered that the España properties were under a tax lien of the Bureau of Internal Revenue (BIR). The information would subsequently reach Chinabank, which consequently disapproved Reddot's loan, resulting in the suspension of the delivery of three more checks to Kameraworld.<sup>9</sup>

After some time, Reddot and Kameraworld were able to reach an agreement on the tax lien. In a letter<sup>10</sup> dated July 10, 2013, Kameraworld, through its Chairperson, Ma. Teresa Alba (Alba), acknowledged receipt of BDO Check No. 255015 dated July 10, 2013 in the amount of PHP 1,500,000.00 for the settlement of the tax lien, with the understanding that it shall form part of the down payment for the España properties. In said acknowledgment receipt, Alba attested to as follows:<sup>11</sup>

Received by (*sic*) I-Digiworld/Reddot Imaging Philippines the amount of **P 1,500,000.00** Check No **225015** Bank: BDO dated July 10, 2013 as additional downpayment on the Espana (*sic*) property to be used for the settlement of tax lien of said property.

Thus, the total downpayment as of today totals to:

Outstanding payable to I-Digiworld/Reddot Imaging Philippines July 4, 2013	13,789,897.70
Add: additional downpayment	1,500,000.00
<b>Total Downpayment</b>	<b>15,289,897.00</b>

**Received by:**  
**(signed)**  
**Ma. Theresa Alba**

Note: Excluding interest incurred from Aug. 2012-June 13 2013 P721,243.70.<sup>12</sup> (Emphasis in the original)<sup>13</sup>

Subsequently, Reddot and Kameraworld executed a Memorandum of Agreement<sup>14</sup> (MOA) dated July 10, 2013, which essentially offered the España properties as settlement for the latter's outstanding obligations to both I-Digiworld and Reddot.<sup>15</sup> The MOA also provided for the payment of the

<sup>9</sup> Id. at 27.

<sup>10</sup> Not attached to the Petition.

<sup>11</sup> Id. at 28.

<sup>12</sup> Not attached to the Petition but quoted in the CA Decision, *rollo*, p. 28.

<sup>13</sup> Id. Copied as quoted from the CA Decision.

<sup>14</sup> Not attached to the Petition but quoted in the CA Decision, *id.* at 29-31.

<sup>15</sup> Id. at 28.

difference between the amount of said obligations and the purchase price of PHP 32,500,00.00 as previously agreed upon.

The MOA reads as follows:

### MEMORANDUM OF AGREEMENT

This agreement is entered into and executed this 10<sup>th</sup> day of July 2013, in Manila, by and among:

**Kameraworld Incorporated**, a corporation duly organized and existing under Philippine laws with principal office at West Tektite Tower, PSE Center Exchange Road, Ortigas Center, Pasig City duly represented by its President, **MR. JOHN PACIFIC R. CASTRO**, pursuant to a Board Resolution embodied in the Secretary's Certificate herein attached as **ANNEX "A"**, and hereafter referred to as **"FIRST PARTY"**;

And

**REDDOT IMAGING PHILIPPINES INCORPORATED**, a corporation duly organized and existing under Philippine laws with principal office at 6/F AIC Center 204 Escolta Binondo, Manila, duly represented by its President, **MR. DENNIE T. DY**, pursuant to a Board Resolution embodied in the Secretary's Certificate herein attached as **ANNEX "B"** and hereinafter referred to as **"SECOND PARTY"**.

### WITNESSETH

WHEREAS, the **FIRST PARTY** owes the **SECOND PARTY** the amount of **FIFTEEN MILLION TWO HUNDRED EIGHTY NINE THOUSAND EIGHT HUNDRED NINETY SEVEN AND 70/100 ONLY (P15,289,897.70)** representing the total aggregate amount of goods and items purchased by the **FIRST PARTY** from the **SECOND PARTY (ANNEX "C")**

WHEREAS, the **FIRST PARTY** offers to settle its obligation and the **SECOND PARTY** accepts such offer pursuant to the terms and conditions set forth hereunder.

NOW THEREFORE, for and in consideration of the foregoing and of the stipulations herein contained, the parties have agreed as follows:

1. The **FIRST PARTY** shall offer as payment a Commercial property (Land and Building) situated at 1817-25 España corner Prudencio Streets, Sampaloc, Manila Philippines in the name of **"KAMERAWORLD, INC."** hereinafter referred to as the **"PROPERTIES."** (copies **ANNEX "D"**)
  - 1.01. The details of the commercial property are as follows:

**"UN TERRENO"** (Lots No. 25 del plano R.P. No. 53, plano de subdivision, Pad 47 hoja 50, C.L.R.O. Record No. 2724) under TCT No. 131996 and TCT 131997.

Copies of the titles are hereto [sic] as Annex A hereof.

- 1.02. The property is currently subject of a mortgage with the Bank of the Philippine Islands with the release value of P 10,000,000.00 as of the date hereof.
- 1.03. The total consideration for the PROPERTIES as offered shall be THIRTY TWO MILLION FIVE HUNDRED THOUSAND AND 00/000 ONLY (P32,500,000.00)

In accepting such offer, the SECOND PARTY shall pay the release value in paragraph 1.02 hereof for which reason the remaining balance of the SECOND PARTY after application of payment shall be

Obligation of the SECOND PARTY:

a. Value of the properties	<u>P32,500,000.00</u>
b. Total receivable July 10, 2013	15,298,897.70
c. Payment to BPI to release the title under mortgage	10,000,000.00
d. Interest incurred from August 2012 to June 2013 (unsettled)	721,243.07
<b>Remaining balance payable to the FIRST PARTY</b>	<b>P 7,931,345.37</b>
<b>Tax lien of the property as annotated by the BIR</b>	<b>P 7,870,528.76</b>

(without prejudice to the collection of the additional interest until its full settlement with BPI)

2. The SECOND PARTY shall pay the remaining balance once the BIR lifts or clears the tax lien annotated on the property.<sup>16</sup> (Emphases in the original)

Thereafter, or on February 19, 2014 to March 4, 2014, a series of electronic mails (e-mail) was sent between John Pacific Castro (Castro), president of Kameraworld, and Joy Chong and Dy for Reddot. Therein, Joy Chong forwarded a draft Deed of Sale over the España properties but Castro seemed non-committal, replying simply that he would go back to them as soon as he has informed his mother about the issue on the tax lien.<sup>17</sup>

However, even with the signing of the MOA, the mortgage and tax lien remained unsettled, prompting Reddot to send BPI a letter<sup>18</sup> dated May 13, 2014 to inquire about the loan obligations of Kameraworld. BPI refused to divulge the information requested by Reddot, and it wrote Kameraworld another letter<sup>19</sup> dated August 6, 2014, attaching thereto two checks, the first in the amount of PHP 10,000,000.00 and the second one in the amount of PHP 721,243.07. Both checks were issued in the name of BPI for

<sup>16</sup> Id. Copied as quoted from the CA Decision.

<sup>17</sup> Id. at 31.

<sup>18</sup> Not attached to the Petition.

<sup>19</sup> Not attached to the Petition.

Kameraworld's account, and supposedly were in compliance with Reddot's obligations under the MOA.<sup>20</sup>

In said letter, Reddot also undertook to pay PHP 7,931,345.37 within five days from the removal of the tax lien annotated on TCT No. 131996, sending at the same time copies of the draft Deed of Absolute Sale and Special Power of Attorney.<sup>21</sup>

Thereafter, Alba sent Reddot a letter<sup>22</sup> dated August 18, 2014 claiming, among others, that the MOA was only a proposal since she did not sign the same. She also pointed out that there was no showing that Reddot and Kameraworld had agreed on the terms and conditions of the proposed sale, and thus, Kameraworld was under no obligation to execute the draft Deed of Absolute Sale earlier sent by Reddot.<sup>23</sup>

To bolster its claim that the MOA was only a proposal for the purchase of the España properties, Kameraworld claimed that subsequent to its execution, Alba and Dy, together with the other board members of I-Digiworld and Reddot, namely Josefina Chong and Diana Dy, held a meeting wherein she (Alba) supposedly demanded an improved offer from Reddot for the purchase of the España properties. Consequently, Dy and Chong sent to Kameraworld an e-mail which included a term sheet containing the new terms and conditions for the proposed sale.<sup>24</sup>

Kameraworld, through Alba, rejected the terms and conditions in the term sheet.<sup>25</sup>

Consequently, Reddot filed before the court *a quo* a Complaint for specific performance with damages against Kameraworld and BPI, praying, among others, that the Deed of Sale be executed pursuant to the stipulations in the MOA.<sup>26</sup>

### PROCEEDINGS IN THE RTC

In its complaint,<sup>27</sup> Reddot insisted that a perfected contract of sale was executed by virtue of the MOA. Kameraworld, however, denied the existence of an enforceable agreement, noting that the proposal to sell the subject properties was only to settle its obligations to I-Digiworld and not Reddot. It

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<sup>20</sup> *Rollo*, pp. 31-32.

<sup>21</sup> *Id.* at 32.

<sup>22</sup> Not attached to the Petition.

<sup>23</sup> *Rollo*, p. 32.

<sup>24</sup> *Id.* at 8-9.

<sup>25</sup> *Id.* at 9.

<sup>26</sup> *Id.* at 32.

<sup>27</sup> Not attached to the Petition.

pointed out that even the letter dated July 19, 2012 was signed by Dy not in his capacity as an officer for Reddot, but for I-Digiworld.<sup>28</sup>

Additionally, Kameraworld argued that the MOA could not have attained the character of a perfected contract, as the terms and conditions of the sale were still being threshed out, as proved by the exchange of emails following the execution of the MOA.<sup>29</sup>

Lastly, Kameraworld maintained that Reddot's eventual occupation of the property did not result from a contract of sale, but from a contract of lease executed sometime in 2012, even adding that Reddot was in fact remiss in paying its rent under said lease agreement.<sup>30</sup>

Trial thereafter ensued, after which, the RTC rendered its Decision,<sup>31</sup> the dispositive portion of which reads as follows:

WHEREFORE, the foregoing premises considered, plaintiff's petition is hereby GIVEN DUE COURSE, hence, judgment is hereby rendered as follows:

- a) Declaring that the Memorandum of Agreement is [sic] a valid and legal contract of the parties;
- b) Declaring that the Memorandum of Agreement is a binding contract and therefore the parties should comply with the terms and conditions thereof unless both parties mutually agree to supplement the same;
- c) Requiring defendant BPI to accept the tender of payment from plaintiff Reddot concerning defendant Kameraworld's total loan obligations and thereafter release to the plaintiff the original owner's duplicate copies of TCT Nos. 131996 and 131997;
- d) Ordering defendant Kameraworld to issue Absolute Deed of Sale after full payment by plaintiff Reddot of the agreed total amount of the subject property;
- e) Dismissing the counterclaims interposed by defendant Kameraworld; and,
- f) Ordering the defendant Kameraworld to pay plaintiff the following:
  1. [PHP] 100,000.00, as and by way of moral damages;
  2. [PHP] 50,000.00 as and for temperate damages; and,
  3. [PHP] 50,000.00 as Attorney's fees.

No pronouncement as to costs.

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<sup>28</sup> *Rollo*, p. 33.

<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> Not attached to the Petition.

SO ORDERED.<sup>32</sup>

In finding for Reddot, the RTC ruled that the MOA was a binding contract of sale, since at the time it was signed, the parties thereto agreed for Reddot to pay the entire consideration for the property. According to the trial court, there was no doubt that the parties had already agreed upon all the terms and conditions of a sale as shown by Kameraworld's receipt of the downpayment upon the demand made by Alba herself. There was also the issuance of several checks in favor of Kameraworld, as it was the intention of Reddot to resolve all issues concerning the titles of the subject properties.<sup>33</sup>

The RTC found the existence of all the requisites of a valid contract under Article 218 of the Civil Code, namely:

1. Consent of the contracting parties;
2. Object certain which is the subject matter of the contract; and
3. Cause of the obligation which is established.<sup>34</sup>

The RTC determined that there was consent when Dy and Castro signed the MOA; that the objects of the contract were the España properties; and that its cause was the PHP 32,500,000.00 agreed upon by the parties.<sup>35</sup>

The RTC put the blame on Alba and Kameraworld for their alleged negligence to discharge the title under mortgage and to settle the BIR lien on the property. It held that had it not been for these shortcomings, any issue would have been resolved and the sale could have been consummated without glitches.<sup>36</sup>

Kameraworld filed a Motion for Reconsideration<sup>37</sup> of the aforesaid decision, but it was denied by the RTC in its Order<sup>38</sup> dated April 6, 2017.

Thereafter, Kameraworld filed a Notice of Appeal<sup>39</sup> to the CA.

### PROCEEDINGS IN THE COURT OF APPEALS

In its appeal, Kameraworld argued that the MOA could not have been a valid contract of sale due to the absence of consent of the contracting parties. According to Kameraworld, there was no showing that Dy and Castro were

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<sup>32</sup> Copied as quoted from the CA Decision, *rollo*, pp. 24-25.

<sup>33</sup> *Id.* at 34-35.

<sup>34</sup> *Id.* at 73.

<sup>35</sup> *Id.* at 73-74.

<sup>36</sup> *Id.* at 77.

<sup>37</sup> Not attached to the Petition.

<sup>38</sup> *Rollo*, pp. 73-78.

<sup>39</sup> *Id.* at 56.



authorized by their respective corporations to execute the MOA. To prove its point, it cited the absence of board resolutions to that effect.<sup>40</sup>

Kameraworld added that there was also a defect in the cause or consideration of the contract as the RTC itself had determined. According to Kameraworld, while the MOA mentioned the amount of PHP 32,500,000.00, this could not have been the actual consideration because said amount included Kameraworld's indebtedness to I-Digiworld and not only to Reddot. It pointed out that I-Digiworld is an entity separate and distinct from Reddot. Since Reddot had no authority to act for and on behalf of I-Digiworld, the consideration should not have included the amount due to the latter.<sup>41</sup>

Kameraworld reasoned out that the foregoing circumstance only tended to prove that the sale was still in the negotiation stage, and could not be considered as a perfected contract as there was no meeting of the minds yet.<sup>42</sup>

To further bolster its position on the status of the sale, Kameraworld directed the attention of the court below to the emails sent back and forth involving a term sheet proposing for revisions of the terms of the MOA.<sup>43</sup>

On February 28, 2019, the CA promulgated its Decision,<sup>44</sup> sustaining the decision of the RTC with modification, thus:

**WHEREFORE**, appeal is **DENIED** for lack of merit, the Decision dated 27 January 2017 is hereby **MODIFIED** to read as follows:

- a) Declaring that the Memorandum of Agreement is valid and legal contract of the parties;
- b) Declaring that the Memorandum of Agreement is a binding contract and therefore the parties should comply with the terms and conditions thereof unless both parties mutually agree to supplement the same;
- c) Requiring defendant BPI to accept the tender of payment from plaintiff-appellee Reddot Imaging, Philippines, Inc. concerning defendant-appellant Kameraworld's total loan obligations and thereafter release to the plaintiff the original owner's duplicate copies of TCT Nos. 131996 and 131997;
- d) Ordering defendant-appellant Kameraworld, Inc. to cause the lifting of the tax lien within THIRTY (30) days from the finality of this Decision.

In the event that defendant-appellant Kameraworld, Inc. fails to do so, plaintiff-appellee Reddot Imaging Philippines, Inc. is authorized to cause the lifting of the tax lien at the expense of

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<sup>40</sup> Id. at 64-65.

<sup>41</sup> Id. at 65.

<sup>42</sup> Id. at 65.

<sup>43</sup> Id. at 66.

<sup>44</sup> Id. at 24-47.

defendant-appellant Kameraworld, Inc. and they pay whatever balance of the purchase price is remaining after deducting the cost of the tax lien to defendant-appellant Kameraworld, Inc.

- e) Ordering defendant-appellant Kameraworld, Inc. to execute a Deed of Absolute Sale in favor of plaintiff-appellee Reddot Imaging Philippines, Inc. after the delivery of balance of the purchase price, *i.e.*, PHP7,931,345.37 in case defendant Kameraworld settles the tax lien, whatever balance is remaining after deducting the cost of the tax lien; and
- f) Dismissing the counterclaims interposed by defendant-appellant Kameraworld, Inc.
- g) For the reasons stated in the Decision, the award of moral and temperate damages and attorney's fees in favor of plaintiff-appellee Reddot Imaging Philippines, Inc. is hereby **DELETED**.

**SO ORDERED.**<sup>45</sup>

In finding for Reddot, the CA ruled the MOA to be a valid and binding agreement between Kameraworld and Reddot. Like the RTC, the CA found all the essential elements of a contract to be present in the said MOA.<sup>46</sup>

The CA ruled that the MOA between Kameraworld and Reddot was in the nature of a *dacion en pago* under Art. 1245 of the Civil Code which should be governed by the law on sales. As a contract, the CA established the presence of all the elements required by the Civil Code. According to the CA, the parties agreed to extinguish Kameraworld's outstanding obligations to Reddot and I-Digiworld through the purchase of the España properties and the payment by Reddot of the balance of the purchase price, which in turn was conditioned on the lifting of the tax lien over one of the said properties. The respective objects of the contracts were the España properties and the outstanding loan obligations of Kameraworld to Reddot and I-Digiworld. The causes or considerations of the contract were the transfer of ownership of the subject properties, for Reddot, and the purchase price amounting to PHP 32,500,000.00, for Kameraworld.<sup>47</sup>

The CA did not allow Kameraworld to disavow the agreement by claiming that I-Digiworld was not a party to the MOA. According to the CA, the contention was a mere afterthought, as it was shown that even prior to the MOA, Kameraworld, through Alba, already had acknowledged that the outstanding obligation of I-Digiworld was going to be part of the agreement and it (Kameraworld) did not question Reddot's or Dy's representation that Reddot had acquired the credit of I-Digiworld.<sup>48</sup>

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<sup>45</sup> Id. at 47-49

<sup>46</sup> Id. at 40.

<sup>47</sup> Id. at 40-41.

<sup>48</sup> Id. at 41.

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At the same time, the CA held that the MOA imposed reciprocal obligations upon Kameraworld and Reddot, and that Kameraworld was not able to perform its contractual duty of settling the tax lien on one of the properties. Citing Art. 1191 of the Civil Code, the CA held that Reddot's remedy was either to compel Kameraworld to perform its obligation under the MOA or have the agreement rescinded.<sup>49</sup>

From the decision, Kameraworld filed a Motion for Reconsideration,<sup>50</sup> but the CA denied it in its Resolution<sup>51</sup> dated July 5, 2019. Thus, the instant Petition, alleging that the CA erred in finding and considering the MOA a valid and legal contract of sale.

Kameraworld maintains that the MOA could not have been a binding agreement but rather constituted only a part of the negotiations. In support of its claim, it reiterated the alleged lack of authorization of Dy and Castro to execute the MOA on behalf of their respective corporations. It pointed out that no board resolution had been submitted during the proceedings in the RTC, leading to the conclusion that there might really have been no such resolution empowering Castro to enter into said agreement.<sup>52</sup>

Kameraworld likewise raises once more the issue of the alleged defect in the consideration, as it included some of Kameraworld's outstanding obligation to I-Digiworld which was not privy to the agreement. Kameraworld added that there was no showing either that I-Digiworld gave its consent to Reddot to claim its receivables from Kameraworld.<sup>53</sup>

Finally, Kameraworld maintains that the MOA could not have been a binding and final agreement between the parties as there was no meeting of the minds even after its conclusion. It asserts that said agreement was able to finalize only the object of the contract, the España properties, but that the other terms and conditions of the sale had not yet been perfected. To support this claim, Kameraworld points to the term sheet and emails, saying that these could not have been sent to and from the parties if there already had been a meeting of the minds as to such terms and conditions.<sup>54</sup>

On the other hand, Reddot points out that the instant petition raises questions of fact which are not proper subjects of a petition for review on *certiorari*. Likewise, it insists that the requisites of a valid contract are all present in the MOA and argues that Kameraworld is estopped from raising the alleged defect in the consideration because of the actuations of Alba in accepting the down payment check in the amount of PHP 1,500,000.00 and

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<sup>49</sup> Id. at 44.

<sup>50</sup> Id. at 100-108.

<sup>51</sup> Id. at 50-53. Penned by Associate Justice Rafael Antonio M. Santos and concurred in by Associate Justices Mariflor P. Punzalan-Castillo and Dante Q. Bueser.

<sup>52</sup> Id. at 15.

<sup>53</sup> Id.

<sup>54</sup> Id. at 16-17.

confirming later their agreement to extinguish Kameraworld's debt to both Reddot and I-Digiworld.<sup>55</sup>

Finally, Reddot contends that the term sheet could not be considered a counter-offer that would negate the character of the MOA as a perfected contract.<sup>56</sup>

### RULING OF THE COURT

We deny the Petition.

In a petition for review under Rule 45 of the Rules of Court, the general rule is that only questions of law are entertained.<sup>57</sup> The absence or presence of the board resolutions that would have authorized Dy and Castro to enter into agreements for their respective corporations is a question of fact not covered by Rule 45. While said rule admits of exceptions, Kameraworld failed to clearly show the circumstance that would entitle it to a relaxation of the rule. While it cited the different grounds upon which a deviation from said rule is justified, however, it failed to establish clearly the exception applicable to it. As this Court ruled in *Waterfront Cebu City Casino Hotel, Inc. v. Ledesma*.<sup>58</sup>

The relaxation of procedural rules may be allowed only when there are exceptional circumstances to justify the same. There should be an effort on the part of the party invoking liberality to advance a reasonable or meritorious explanation for his/her failure to comply with the rules. Moreover, those who seek exemption from the application of a procedural rule have the burden of proving the existence of exceptionally meritorious reason warranting such departure. x x x<sup>59</sup>

Bearing this in mind, this Court is not prepared to grant Kameraworld exception to the general rule. It simply failed to establish its entitlement thereto.

We concur with the findings of the courts below that the MOA constitutes a binding contract between the parties. In *Heirs of Dr. Mario S. Intac v. Court of Appeals*,<sup>60</sup> We held that:

A contract, as defined in the Civil Code, is a meeting of minds, with respect to the other, to give something or to render some service. Art. 1318 provides:

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<sup>55</sup> Id. at 113-116.

<sup>56</sup> Id. at 120-122.

<sup>57</sup> *Magalona v. People*, G.R. No. 229332, August 27, 2020.

<sup>58</sup> 757 Phil. 163 (2015).

<sup>59</sup> Id. at 176.

<sup>60</sup> 697 Phil. 373 (2012).

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

- (1) Consent of the contracting parties;
- (2) Object certain which is the subject matter of the contract;
- (3) Cause of the obligation which is established.

Accordingly, for a contract to be valid, it must have three essential elements: (1) **consent** of the contracting parties; (2) **object** certain which is the subject matter of the contract; and (3) **cause** of the obligation which is established.

All these elements must be present to constitute a valid contract. Consent is essential to the existence of a contract; and where it is wanting, the contract is non-existent. In a contract of sale, its perfection is consummated at the moment there is a meeting of the minds upon the thing that is the object of the contract and upon the price. Consent is manifested by the meeting of the offer and the acceptance of the thing and the cause, which are to constitute the contract.<sup>61</sup> (Emphases in the original)

After examining the MOA in the instant Petition, this Court must concur with the holdings of the courts below that the agreement between Kameraworld and Reddot complies with all the requisites of a valid contract. There is consent as signified by the signatures of both Castro and Dy thereon. There is an object certain, the España properties, and the consideration is likewise also present, the purchase price which is PHP 32,500,000.00.

From these circumstances, due to the presence of all said requisites, there is no doubt that a valid contract was entered into by Kameraworld and Reddot.

In *Dacquel vs. Spouses Sotelo*,<sup>62</sup> this Court defined *dacion en pago* in the following manner:

*Dacion en pago*, according to Manresa, is the transmission of the ownership of a thing by the debtor to the creditor as an accepted equivalent of the performance of obligation. **In *dacion en pago*, as a special mode of payment, the debtor offers another thing to the creditor who accepts it as equivalent of payment of an outstanding debt.** The undertaking really partakes in one sense of the nature of sale, that is, the creditor is really buying the thing or property of the debtor, payment for which is to be charged against the debtor's debt. **As such, the essential elements of a contract of sale, namely, consent, object certain, and cause or consideration must be present.** In its modern concept, what actually takes place in *dacion en pago* is an objective novation of the obligation where the thing offered as an accepted equivalent of the performance of an obligation

<sup>61</sup> Id. at 383.

<sup>62</sup> G.R. No. 203946, August 4, 2021.

is considered as the object of the contract of sale, while the debt is considered as the purchase price. (*Italics and emphases in the original*)

As earlier stated, all the elements of a valid contract are present in the instant case, except that as a *dacion en pago*, the consideration or purchase price is deemed to be the existing debt, or the payment thereof.<sup>63</sup>

Kameraworld claims some defects in the consent and the consideration of the agreement. It asserts that consent could not have been given because it was not categorically settled that Castro and Dy were both authorized to act for and in behalf of their respective corporations as no board resolutions to that effect was ever presented in court.<sup>64</sup> However, as earlier mentioned, this is a question of fact that is only appropriate to be discussed during trial in the courts below.

Kameraworld alleges that the consideration was also defective, in that it included the credits of I-Digiworld. It argues that Reddot had no authority to collect the amount and make it part of the purchase price as I-Digiworld was not privy to the MOA.<sup>65</sup>

The way this Court sees it, Kameraworld is estopped from raising this alleged defect in the consideration of the agreement. Alba herself knew that the credits of I-Digiworld were included in the consideration of the agreement. This much is evident when in the letter dated July 10, 2013, she acknowledged receipt of the amount of PHP 1,500,000.00 as down payment for the España properties, acknowledging further that the total amount Kameraworld had already received was PHP 15,289,897.00, of which PHP 13,789,897.00 represented Kameraworld's outstanding payables not only to Reddot but also to I-Digiworld.

Kameraworld still maintains that the MOA could not have been a perfected contract as some terms and conditions were not included therein, so much so that subsequent to its execution, some emails and a term sheet were passed back and forth between Kameraworld and Reddot. The term sheet, according to Kameraworld, constituted a counter-offer; consequently, the MOA could not have been considered as perfected, in that there was in fact no unqualified acceptance by Reddot.<sup>66</sup>

We cannot give credence to Kameraworld's claim, considering that as earlier stated, the MOA is a perfected contract given the concurrence of all the requisites for a valid agreement. We agree with the RTC when it ruled that the term sheet could be deemed only as a recommended addendum to the particulars of the MOA as it (the term sheet) did not change, amend, revise,

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<sup>63</sup> Id.

<sup>64</sup> Id. at 15.

<sup>65</sup> Id. at 16.

<sup>66</sup> Id. at 17.

or deviate from the purpose for which said MOA was created.<sup>67</sup> In other words, the term sheet could not have affected the validity of the MOA, considering its completeness and compliance with the requisites of a valid contract.

It appears then that all the issues being raised by Kameraworld do not hold water. This Court thus holds that the CA committed no reversible error in rendering its Decision.

Insofar as the respective obligations of the parties are concerned, We find the dispositive portion of the Decision of the Court of Appeals to be spot on, and adopt the same as a full and fair determination of what is due from the parties and their respective remedies in case of non-compliance by either of them.

**WHEREFORE**, the Petition is **DENIED**. The Decision dated February 28, 2019 and the Resolution dated July 5, 2019 of the Court of Appeals in CA-G.R. CV No. 109047 are **AFFIRMED**.

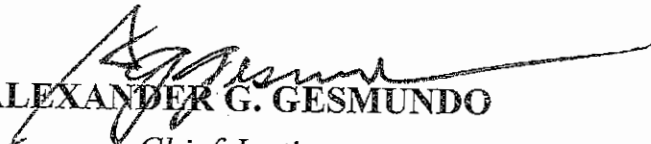
**SO ORDERED.**


  
**RICARDO R. ROSARIO**  
*Associate Justice*

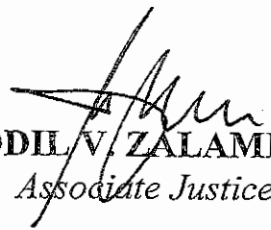
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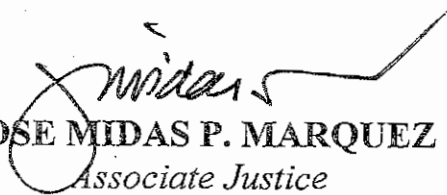
<sup>67</sup> Id. at 75.

**WE CONCUR:**

  
**ALEXANDER G. GESMUNDO**  
*Chief Justice*


  
**RAMON PAUL L. HERNANDO**  
*Associate Justice*

  
**RODIL V. ZALAMEDA**  
*Associate Justice*

  
**JOSE MIDAS P. MARQUEZ**  
*Associate Justice*

**CERTIFICATION**

Pursuant to Section 13, Art. VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**ALEXANDER G. GESMUNDO**  
*Chief Justice*

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