

EN BANC

[G.R. No. 246445, March 02, 2021]

**SPOUSES EULALIO CUENO AND FLORA BONIFACIO CUENO,
PETITIONERS, VS. SPOUSES EPIFANIO AND VERONICA
BAUTISTA, SPOUSES RIZALDO AND ANACITA BAUTISTA,
SPOUSES DIONILO AND MARY ROSE BAUTISTA, SPOUSES ROEL
AND JESSIBEL B. SANSON, AND SPOUSES CALIXTO AND
MERCEDITA B. FERNANDO, RESPONDENTS.**

DECISION

CAGUIOA, J:

The instant Petition^[1] assails the Decision^[2] dated October 8, 2018 (assailed Decision) and Resolution^[3] dated March 5, 2019 (assailed Resolution) of the Court of Appeals, Special Twenty-Second Division (CA), in CA-G.R. CV No. 04862-MIN, which reversed the Decision^[4] dated February 1, 2017 of the Regional Trial Court of Zamboanga City, Branch 16 (RTC) and ordered the dismissal of the complaint filed by Spouses Eulalio and Flora Bonifacio Cueno (collectively referred to as petitioners).

Facts and Antecedent Proceedings

The dispute involves conflicting claims of ownership over a parcel of land now registered in the name of the children of Spouses Epifanio and Veronica Bautista.^[5] The facts as culled from the assailed Decision, are as follows:

Lot No. 2836 was previously owned by the two sons of Ramon Bonifacio, *i.e.*, Luis Bonifacio (Luis), married to Juana Toribio (Juana), and Isidro Bonifacio (Isidro), married to Victoria Falcatan (Victoria).^[6] These two sons sold part of their interest to the City of Zamboanga and retained about 7,991 sq. m. (subject property) as co-owners.^[7]

Petitioner Flora Bonifacio Cueno (Flora) is the daughter of Luis and Juana and is married to petitioner Eulalio Cueno (Eulalio).^[8] In 1961, petitioners bought the *pro indiviso* share of Isidro in the subject property, as reflected in an *Escritura de Venta*^[9] dated October 23, 1961 (first sale). Pursuant to said sale, Transfer Certificate of Title (TCT) No. T-20,676^[10] was issued on April 13, 1967 in the names of Luis and Eulalio.

Prior to the issuance of TCT No. T-20,676, Eulalio supposedly sold his and Flora's share of the lot to the latter's father, Luis, without Flora's consent.^[11] This sale was covered by another *Escritura de Venta*^[12] dated December 4, 1963 (second sale).

The second sale was also registered on April 13, 1967, the same day TCT No. T-20,676 was issued in the names of Luis and Eulalio.^[13] Thereafter, TCT No. T-

20,676 was cancelled and TCT No. T-20,677^[14] was issued solely in the name of Luis, married to Juana.

In a Deed of Absolute Sale^[15] dated August 12, 1977 (third sale), Luis allegedly sold the property to herein respondents. Hence, TCT No. T-20,677 was cancelled and TCT No. T-49,239^[16] was registered in the name of Spouses Epifanio and Veronica Bautista (collectively referred to as respondents).^[17]

Thereafter, it appears that respondents took possession of the property and built improvements on the same. Much later, or on October 14, 2005, respondents donated the subject property to their four children (namely Rizaldo, Dionilo, Jessibel, and Mercedita) and TCTs were issued in the latter's names.^[18]

Allegedly deprived of their share in the property through fraud, petitioners filed a Complaint^[19] on November 10, 2008 for recovery of shares and participation in the subject property, recovery of possession, declaration of nullity of the second sale and donation, and cancellation of the TCTs issued in the names of the Bautista children.^[20] They claimed that 1) they never sold their share to Luis and the second sale was invalid for lack of Flora's consent, and 2) Flora's father, Luis, never sold the subject property to herein respondents.^[21]

Respondents, on the other hand, claimed that they acquired the subject property in good faith and for value from the registered owner thereof, Luis, as evidenced by the Deed of Absolute Sale dated August 12, 1977. They further alleged that they constructed their houses on said lot and continuously possessed the same for over 30 years without objection or protest from petitioners.^[22]

The Ruling of the RTC

In its Decision^[23] dated February 1, 2017, the RTC granted the complaint and declared the second sale between Eulalio and Luis void.^[24]

Although the RTC held that fraud and/or forgery was not proven, it invalidated the sale for lack of the spousal consent of Flora.^[25] The RTC concluded that since the second sale was void and could not be a source of any rights, TCT No. T-20,677 issued in the name of Luis and all subsequent deeds and titles were likewise void^[26] and any action thereon was imprescriptible.^[27]

The RTC, however, upheld the third sale between respondents and Luis insofar as the latter's inchoate share over the property.^[28] The RTC further stated that respondents were possessors and builders in good faith and were thus entitled to indemnity for the improvements introduced into the property pursuant to Article 448 of the Civil Code.^[29]

The Ruling of the CA

In the assailed Decision, the CA reversed the decision of the RTC, the dispositive portion of which stated:

WHEREFORE, premises considered, the instant appeal is GRANTED. The 1 February 2017 Decision of the Regional Trial Court, Branch 16, Zamboanga City, is REVERSED and SET ASIDE. Accordingly, Appellees

Spouses Eulalio and Flora Cueno's Complaint dated 10 November 2008 is DISMISSED.

SO ORDERED.^[30]

Without expressly discussing whether the second sale was indeed void for lack of spousal consent, the CA held that respondents had a better right over the subject properties as they were innocent purchasers in good faith and for value^[31] and had the right to rely on the face of the Torrens certificate of title. In this case, respondents relied on the face of TCT No. T-20,677, which was duly registered in the name of their seller, Luis, and which had no annotations thereon.^[32]

Petitioners thus filed the instant Petition alleging that 1) the second sale is void as Article 166 of the Civil Code requires the consent of the wife before the husband may alienate any conjugal property,^[33] and 2) respondents were not innocent purchasers for value.^[34]

Issue

Whether the CA erred in ordering the dismissal of petitioners' complaint.

The Court's Ruling

The Petition lacks merit.

Preliminarily, the Petition raises questions of fact, *i.e.*, whether petitioners sold their share to Luis and whether the latter actually sold and delivered the same to respondents,^[35] that are not generally cognizable in a Rule 45 petition for review on *certiorari*.^[36] It is settled that the Court is not a trier of facts and the factual findings of the lower courts are given great weight. While petitioners claim that Eulalio never sold their share to his father-in-law, Luis, and that the latter never sold the subject lot to respondents, the RTC unequivocally found that petitioners failed to prove the same.^[37] These findings are binding on the Court. Indeed, it appears that both the *Escritura de Venta* dated December 4, 1963^[38] and the Deed of Absolute Sale dated August 12, 1977^[39] are public documents. Thus, they "enjoy the presumption of regularity and due execution. Absent evidence that is clear, convincing and more than merely preponderant, the presumption must be upheld."^[40]

Notably, the RTC invalidated the second sale solely on the ground of lack of spousal consent.^[41] Without discussing the foregoing issue however, the CA directly stated that respondents had a better right over the subject property as they were innocent purchasers for value.^[42] As the CA failed to resolve the issue of whether the second sale was indeed void for lack of spousal consent, the Court shall do so now.

Petitioners essentially argue that the second sale executed by Eulalio in favor of his father-in-law is void for lack of marital consent.^[43] As such, the latter could not transfer any right to herein respondents and the action to recover the same is imprescriptible. The argument lacks merit.

It bears emphasis that under Article 1413^[44] of the Spanish Civil Code, the wife's consent was not required for the sale of conjugal property as the husband's right to

administer and dispose of the same was considered "full, absolute and complete."^[45] On the other hand, Articles 96^[46] and 124^[47] of the Family Code unequivocally state that a disposition of community or conjugal property without the consent of the other spouse is void but shall constitute a "continuing offer on the part of the consenting spouse and the third person, and may be perfected as a binding contract upon the acceptance by the other spouse or authorization by the court before the offer is withdrawn by either or both offerors."^[48]

In the instant case, petitioners admit that the subject property belonged to the conjugal partnership of petitioners and that it was acquired by them in 1963 during the effectivity of the Civil Code.^[49] As such, Articles 165 and 166 in relation to Article 173 of the Civil Code apply:^[50]

Art. 165. The husband is the administrator of the conjugal partnership. (1412a)

Art. 166. Unless the wife has been declared a *non compos mentis* or a spendthrift, or is under civil interdiction or is confined in a leprosarium, the husband cannot alienate or encumber any real property of the conjugal partnership without the wife's consent. If she refuses unreasonably to give her consent, the court may compel her to grant the same.

This article shall not apply to property acquired by the conjugal partnership before the effective date of this Code. (1413a)

x x x x

Art. 173. The wife may, during the marriage and within ten years from the transaction questioned ask the courts for the annulment of any contract of the husband entered into without her consent, when such consent is required, or any act or contract of the husband which tends to defraud her or impair her interest in the conjugal partnership property. Should the wife fail to exercise this right, she or her heirs, after the dissolution of the marriage, may demand the value of property fraudulently alienated by the husband. (n) (Underscoring supplied)

Recognized Civil Law Commentator, former CA Justice Eduardo P. Caguioa, explained:

Under the [Spanish] Civil Code the husband had full authority to alienate or encumber the conjugal partnership property without the consent of the wife. This rule has been changed in view of the new position of the wife under the [Civil] Code and for the purpose of protecting the wife against illegal or unlawful alienations made by the husband. In line with this purpose[,] alienations made by the husband of real properties cannot now be made without the consent of the wife except in cases provided for by law.

x x x Under our present Code all dispositions, alienations or encumbrances of conjugal real property acquired after the effectivity of the new Civil Code needs the consent of the wife. Also, all donations of real or personal property require the consent of the wife except those to the common children for securing their future or finishing a career, and

moderate donations for charity. But should the wife refuse unreasonably to give her consent, the court may compel her to grant the same.^[51]

Unlike the settled rules under the Spanish Civil Code and the Family Code however, there appears to be an ongoing conflict of characterizations as regards the status of alienations or encumbrances that fail to comply with Article 166 of the Civil Code. The first view treats such contracts as void 1) on the basis of lack of consent of an indispensable party and/or 2) because such transactions contravene mandatory provisions of law. On the other hand, the second view holds that although Article 166 requires the consent of the wife, the absence of such consent does not render the entire transaction void but merely voidable in accordance with Article 173 of the Civil Code. These interpretations are discussed further below.

*Conflicting characterizations
of contracts falling under
Article 166*

In the 1957 case of *Tabunan v. Marigmen, et al.*,^[52] the Court *en banc* recognized that the inequitable and lopsided rule under the Spanish Civil Code impelled the amendment of the law through Article 166 of the Civil Code, which rightfully required the consent of the wife for the disposition of any conjugal real property.^[53]

Thus, in the 1966 case of *Tolentino v. Cardenas, et al.*,^[54] the Court *en banc* declared the sale of a house as "x x x null and void for lack of the necessary marital consent as provided in Article 166 of the [N]ew Civil Code."^[55] In the same year however, the Court *en banc* also promulgated *Villocino v. Doyon*^[56] (*Villocino*), which stated in its lone footnote that a sale that fails to comply with Article 166 "x x x is not void but only voidable at the instance of the wife [under] Civil Code[,] Art. 173."^[57]

In 1968, the Court *en banc* declared in *Bucoy v. Paulino*^[58] (*Bucoy*) that the "nullity" of a sale made without the wife's consent "x x x is decreed by the Code not on the basis of prejudice but lack of consent of an indispensable party to the contract under Article 166." Nevertheless, the Court recognized in the same case that the remedy of the wife in such cases is to enforce her right to annul said contract under Article 173 of the same Code,^[59] viz.:

x x x Adverted to elsewhere in this opinion is that plaintiffs suit against defendants is to enforce her right upon the provisions of Article 173 of the Civil Code, thus:

"ART. 173. The wife may, during the marriage, and within ten years from the transaction questioned, ask the courts for the annulment of any contract of the husband entered into without her consent, when such consent is required, or any act or contract of the husband which tends to defraud her or impair her interest in the conjugal partnership property. Should the wife fail to exercise this right, she or her heirs, after the dissolution of the marriage, may demand the value of the property fraudulently alienated by the husband."