

SECOND DIVISION

[G.R. No. 130623, February 29, 2008]

LOREA DE UGALDE, Petitioner, vs. JON DE YSASI, Respondent.

DECISION

CARPIO, J.:

The Case

Before the Court is a petition for review^[1] assailing the 21 November 1996 Decision^[2] and 2 September 1997 Resolution^[3] of the Court of Appeals in CA-G.R. CV No. 41121.

The Antecedent Facts

On 15 February 1951, Lorea de Ugalde (petitioner) and Jon de Ysasi (respondent) got married before Municipal Judge Remigio Peña of Hinigaran, Negros Occidental. On 1 March 1951,^[4] Rev. Msgr. Flaviano Arriola solemnized their church wedding at the San Sebastian Cathedral in Bacolod City. Petitioner and respondent did not execute any ante-nuptial agreement. They had a son named Jon de Ysasi III.

Petitioner and respondent separated sometime in April 1957.^[5] On 26 May 1964, respondent allegedly contracted another marriage with Victoria Eleanor Smith (Smith) before Judge Lucio M. Tanco of Pasay City. Petitioner further alleged that respondent and Smith had been acquiring and disposing of real and personal properties to her prejudice as the lawful wife. Petitioner alleged that she had been defrauded of rental income, profits, and fruits of their conjugal properties.

On 12 December 1984, petitioner filed a petition for dissolution of the conjugal partnership of gains against respondent before the Regional Trial Court of Negros Occidental, Bacolod City, Branch 48 (trial court). The case was docketed as Special Proceedings No. 3330. In particular, petitioner asked for her conjugal share in respondent's inheritance as per the settlement of the estate of respondent's parents, Juan Ysasi^[6] and Maria Aldecoa de Ysasi, who died on 17 November 1975 and 25 February 1979, respectively.^[7] Petitioner also prayed for a monthly support of P5,000 to be deducted from her share in the conjugal partnership; the appointment of a receiver during the pendency of the litigation; the annulment of all contracts, agreements, and documents signed and ratified by respondent with third persons without her consent; and payment of appearance and attorney's fees.

Respondent countered that on 2 June 1961, he and petitioner entered into an agreement which provided, among others, that their conjugal partnership of gains shall be deemed dissolved as of 15 April 1957. Pursuant to the agreement, they submitted an Amicable Settlement in Civil Case No. 4791^[8] then pending before the

Court of First Instance of Negros Occidental (CFI). The Amicable Settlement stipulates:

2. That the petitioner shall pay the respondent the sum of THIRTY THOUSAND PESOS (P30,000.00) in full satisfaction of and/or consideration for and to cover any and all money and/or property claims she has or may have against the petitioner in the future, including but not limited to pensions, allowances, alimony, support, share in the conjugal property (if any), inheritance, etc.;

3. That for and in consideration of the foregoing premises and the payment of THIRTY THOUSAND pesos (P30,000.00), the receipt of which sum is hereby acknowledged and confessed by and to the entire satisfaction of the respondent, she hereby completely and absolutely transfer, convey, assign, set over, waive, remise, release and forever quitclaim, unto petitioner, his successors and administrators, any and all rights, claims and interests which the respondent has or may hereafter have against the petitioner arising, directly or indirectly, from the fact that the petitioner and respondent were married on March 1, 1951, including but not limited to any and all money and/or property claims mentioned in the paragraph immediately preceding;

4. That, except with reference to the custody of the boy, the parties herein hereby waive any and all rights to question the validity and effectivity of the provisions of this amicable settlement, as well as the right to raise these matters on appeal[.]^[9]

In its Order^[10] dated 6 June 1961, the CFI approved the Amicable Settlement.

Respondent further alleged that petitioner already obtained a divorce from him before the Supreme Court of Mexico. Petitioner then contracted a second marriage with Richard Galoway (Galoway). After Galoway's death, petitioner contracted a third marriage with Frank Scholey. Respondent moved for the dismissal of the petition for dissolution of the conjugal partnership of gains on the grounds of estoppel, laches, and res judicata.

In his Supplemental Affirmative Defense, respondent alleged that the marriage between him and petitioner was void because it was executed without the benefit of a marriage license.

The Ruling of the Trial Court

On 22 November 1991, the trial court^[11] rendered judgment as follows:

WHEREFORE, after collating the evidence, the evidence for the respondent is preponderant to prove his affirmative and special defenses that the petition does not state a sufficient cause of action. On these bases and under the doctrine of res judicata, the petition is hereby DISMISSED. Without pronouncements as to costs and attorney's fees.

SO ORDERED.^[12]

The trial court ruled that the existence of a conjugal partnership of gains is predicated on a valid marriage. Considering that the marriage between petitioner and respondent was solemnized without a marriage license, the marriage was null and void, and no community of property was formed between them. The trial court further ruled that assuming that the marriage was valid, the action was barred by res judicata. The trial court noted that petitioner and respondent entered into an amicable settlement in Civil Case No. 4791. The amicable settlement was approved by the CFI and petitioner may no longer repudiate it. Finally, the trial court ruled that there was no proof to show that during their union, petitioner and respondent acquired properties.

Petitioner appealed from the trial court's Decision before the Court of Appeals.

The Ruling of the Court of Appeals

On 21 November 1996, the Court of Appeals affirmed the trial court's Decision.

The Court of Appeals ruled that the absence of a marriage license is fatal and made the marriage between petitioner and respondent a complete nullity. Hence, the trial court did not err in finding that there was no conjugal partnership of gains between petitioner and respondent. The Court of Appeals further ruled that the compromise agreement is a valid contract between the parties. Since the compromise agreement was entered into freely, voluntarily, and with the full understanding of its consequences, it is conclusive and binding on the parties. The Court of Appeals also ruled that the action was barred by laches since it was filed by petitioner 23 years from the time the CFI approved the additional amicable settlement in Civil Case No. 4791. The Court of Appeals sustained the trial court's ruling that respondent's right over the estate of his deceased parents was only inchoate and there was no evidence that petitioner and respondent acquired any property that could be considered conjugal.

Petitioner filed a motion for reconsideration. In its 2 September 1997 Resolution, the Court of Appeals denied the motion for lack of merit.

Hence, the petition before this Court, raising the following assignment of errors:

The lower court erred in ruling that since the marriage of the plaintiff and respondent was void due to the absence of a marriage license, no conjugal partnership arose from their union.

The lower court erred in ruling that the amicable settlement in Civil Case No. 4791 bars all claims by the plaintiff under the principle of res judicata.

The lower court erred in ruling that respondent's right to [the] estate of his deceased parents was merely inchoate, thus, no property devolved to respondent and no conjugal partnership was formed.

The lower court erred in ruling that the appellant's petition did not sufficiently state a cause of action.^[13]

The Issue