

Title: Tuazon et al. v. Fuentes: Nullification of Real Estate Leases Executed Without Spousal Consent

Facts:

Dennis T. Uy Tuazon and Myra V. Fuentes were married and co-owned two parcels of land in Pasay City, Philippines, where the DM Building is situated. During their nullity of marriage proceedings, the court permitted Fuentes to sell the property for familial support. Subsequently, the marriage was annulled, and liquidation included the property. The parcels were sold to the Philippine Coast Guard Savings and Loan Association, Inc. (PCGSLAI).

World Wiser International, Inc. (World Wiser) and Jerzon Manpower and Trading, Inc. (Jerzon), companies linked to Tuazon, occupied the DM Building. After failed attempts to get World Wiser to vacate, Fuentes filed an unlawful detainer lawsuit. In defense, World Wiser produced lease contracts with Tuazon, which Fuentes challenged due to lack of her written consent. The RTC declared the leases null and void. The CA affirmed this judgment.

Issues:

1. Whether the contracts of lease executed by Tuazon without the written consent of Fuentes are void.
2. Whether the absence of judicial dispute resolution invalidated the proceedings.
3. Whether Tuazon's sole administration entitled him to lease the property without Fuentes' consent.
4. Whether petitioners were denied due process due to non-inclusion in the marital nullity proceedings.

Court's Decision:

The Court upheld the rulings of the RTC and CA, declaring the lease contracts void. The Court provided a thorough analysis of each issue:

1. The leases were void because they were executed without the written consent of the co-owner spouse, as required by Article 96 of the Family Code of the Philippines. The Court stressed that knowledge of the transaction does not equate to written consent.
2. The Court dismissed the argument that the absence of judicial dispute resolution invalidated the proceedings. Notably, the petitioners actively participated in the trial and had failed to attend mediation sessions, indicating negligence on their part.
3. Tuazon's claim of acting as the property's sole administrator was rejected because there was no court authority obtained to support unilateral decisions on encumbering or disposing

of common property.

4. The Court found no denial of due process to World Wiser and Jerzon since they had the opportunity to present their case at trial.

Doctrine:

The prevailing doctrine reiterated in this case is that any disposition or encumbrance of common property by one spouse without the written consent of the other is void. The Court reaffirmed the importance of the written consent requirement in protecting conjugal or community property from unilateral disposition that could adversely affect the family unit.

Historical Background:

The case reflects the complexities of joint property administration during the dissolution of a marriage in the Philippines, underscoring evolving jurisprudence in safeguarding the interests of both spouses. The scenario presented reinforces the significance of consent in marital property decisions, in line with marital partnership principles embedded in the Family Code of the Philippines. This ruling continues to enhance the legal framework that ensures equal participation of spouses in managing marital assets, which is rooted in the progressive evolution of family law in the country.