

****Title:**** Walter Villanueva and Aurora Villanueva vs. Florentino Chiong and Elisera Chiong

****Facts:****

Florentino and Elisera Chiong, married in January 1960 but separated in fact since 1975, acquired a property (Lot No. 997-D-1) during their marriage. In 1985, Florentino sold half of this lot to the Villanuevas for P8,000, payable in installments. After completing payments by December 13, 1986, the Villanuevas sought a deed of sale, which Elisera refused to sign. Elisera filed a Complaint for Quieting of Title with Damages in 1991 (Civil Case No. 4383) and the Villanuevas filed for Specific Performance with Damages in 1992 (Civil Case No. 4460). The cases were consolidated, and on May 13, 1992, Florentino executed a Deed of Absolute Sale favoring the Villanuevas. In 2000, the RTC annulled the deed, dismissing case No. 4460 but ordering Florentino to return P8,000 to the Villanuevas with interest. The Court of Appeals affirmed this in 2002.

****Issues:****

1. Whether the property is Florentino's exclusive property or conjugal property.
2. Validity of the property sale by Florentino without Elisera's consent.

****Court's Decision:****

The Supreme Court affirmed the rulings but omitted the interest payment order. It established that separation in fact does not affect conjugal property under the Civil Code and dismissed the claim that the property belonged exclusively to Florentino. Elisera's lack of consent rendered the sale voidable under Article 166 of the Civil Code, not void ab initio, because it occurred before the effectivity of the Family Code. The sale's annulment was held applicable to the entire transaction, not just Elisera's share, as Florentino lacked sole authority to sell conjugal property without Elisera's consent.

****Doctrine:****

1. Separation in fact between spouses does not affect the nature of conjugal property.
2. Sale of conjugal property by one spouse without the other's consent is voidable, not void ab initio.
3. Annulment of sale for lack of consent applies to the entire transaction, confirming the conjugal partnership's integrity.

****Class Notes:****

- ****Conjugal Property:**** Property acquired by spouses during marriage is presumed to be conjugal unless proven otherwise.

- **Separation in Fact:** Does not alter the conjugal nature of properties acquired during the marriage.
- **Sale of Conjugal Property:** Requires consent of both spouses; absence of one spouse's consent makes the sale voidable under Articles 166 and 173 of the Civil Code.
- **Voidable Transactions:** Can be annulled at the instance of the affected party within ten years from the transaction.
- **Restoration Post-Annulment:** Parties must restore to each other the subject matter of the contract, with considerations for benefits received being offset against each other.

Historical Background: This case provides insight into legal principles governing marital property and the implications of marital separation on property transactions in the Philippines. It clarifies the protection afforded to conjugal property despite physical separation and upholds the necessity of mutual consent in the disposition of such properties, reflecting the Civil Code's provisions and predating the Family Code's effectivity.