

Title: Belinda Alexander v. Spouses Jorge and Hilaria Escalona, and Reygan Escalona: A Test on the Applicability of the Family Code on Conjugal Property Relations for Marriages and Transactions Predating its Effectivity

****Facts:****

Spouses Jorge and Hilaria Escalona, married on November 14, 1960, acquired unregistered parcels of land (Lot Nos. 1 and 2) in Olongapo City. Jorge, on June 16, 1998, waived his rights over Lot No. 1 to his illegitimate son, Reygan Escalona, without Hilaria's consent. Subsequently, Reygan transferred Lot No. 1 to Belinda Alexander on July 28, 2005, and Lot No. 2 on August 10, 2005, culminating in a Deed of Absolute Sale for both lots on August 10, 2005. The Escalonas initiated a complaint for the annulment of these documents, claiming Reygan's lack of authority to sell and Hilaria's absence of consent.

The Regional Trial Court (RTC) dismissed the case as time-barred, upholding the validity of the transactions between Belinda and Reygan. The Escalonas' motion for reconsideration was denied, prompting an appeal to the Court of Appeals (CA).

****Issues:****

1. Whether the transactions over Lot Nos. 1 and 2 are void for lack of Hilaria's consent as required under the Family Code.
2. Whether the action to nullify the transactions is barred by prescription.
3. Whether Belinda Alexander qualifies as a buyer in good faith.

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

The Supreme Court held that the CA correctly determined the contracts over Lot Nos. 1 and 2 as void ab initio for lack of Hilaria's consent, as mandated by Article 124 of the Family Code. Moreover, the Court stated that the action to declare the nullity of a void contract does not prescribe, overturning the RTC's ruling on prescription. Belinda Alexander was not considered a buyer in good faith, as she failed to exercise due diligence before transacting with Reygan.

****Doctrine:****

1. ****Retroactive Application of the Family Code:**** The Family Code applies retroactively to the property relations of spouses married before its effectivity, insofar as it does not prejudice any vested or acquired rights under the Civil Code or other laws.
2. ****Void Transactions for Lack of Spousal Consent:**** A contract of sale involving conjugal property, transacted without the written consent of one spouse, is void from the beginning

under the Family Code, not merely voidable as under the Civil Code.

3. ****Prescription of Action for Void Contracts:**** An action for the declaration of the inexistence of a contract, being inexistent and void from the beginning, does not prescribe.

****Class Notes:****

- The Supreme Court clarified the proper characterization of sales of conjugal property without the required spousal consent under the Family Code as void, not merely voidable.
- In transactions involving conjugal property post-Family Code, the consent of both spouses is essential for the validity of contracts of sale or any disposition.
- Despite being married under the Civil Code, the property relations of spouses and subsequent transactions must comply with the Family Code provisions if the transactions occurred after its effectivity.
- The principle of retroactivity of laws, especially in family relations and property regimes, considers the protection of vested rights.
- Due diligence is key in establishing good faith in purchasing properties; lack of inquiry into the seller's authority and rightful ownership implicates bad faith.

****Historical Background:****

The Escalonas' case delves into the complexities arising from the transition between the Civil Code and the Family Code of the Philippines, emphasizing the retroactive effect of laws on existing conjugal property relations and highlighting the evolving jurisprudence on property rights within marriage. It underscores the paramount importance of mutual consent in the disposition of conjugal properties and the dynamic interpretation of laws to adapt to the changing social fabric.