

****Title:** Spouses Lita de Leon and Felix Rio Tarrosa vs. Anita B. de Leon, Danilo B. de Leon, and Vilma B. de Leon******

****Facts:****

1. On July 20, 1965, Bonifacio O. De Leon, while single, entered into a Conditional Contract to Sell with the People's Homesite and Housing Corporation (PHHC) for a lot in Fairview, Quezon City.
2. On April 24, 1968, Bonifacio married Anita b. de Leon. During their marriage, Bonifacio completed the purchase and paid the full price of the land from PHHC on June 22, 1970.
3. The Transfer Certificate of Title (TCT) No. 173677 was issued to Bonifacio on February 24, 1972, when he was described as "single."
4. Subsequently, Bonifacio sold the property to his sister Lita and her husband Felix Rio Tarrosa for PhP 19,000 on January 12, 1974, without obtaining the consent of his wife Anita.
5. On May 23, 1977, Bonifacio and Anita renewed their vows in a church wedding ceremony.
6. Bonifacio died on February 29, 1996.
7. Three months later, the Tarrosas registered the Deed of Sale and had TCT No. 173677 cancelled, securing the issuance of TCT No. N-173911 in their names.
8. Danilo and Vilma, the children of Bonifacio and Anita, filed a Notice of Adverse Claim on May 19, 2003, alleging fraud and claiming their rights over the property.
9. Anita, Danilo, and Vilma filed a complaint for reconveyance, asserting fraud and that Bonifacio remained the owner of the said property until his death.
10. The Regional Trial Court (RTC) ruled in favor of Anita and her children, declaring the Deed of Sale void ab initio and directed restoration of the title to Bonifacio's name. The trial court also awarded damages to the plaintiffs.
11. The Tarrosas appealed to the Court of Appeals (CA), which affirmed the RTC's decision with modification. The CA deleted the awards for moral and exemplary damages, attorney's fees, and costs of suit.

****Issues:****

1. Whether the property is Bonifacio's exclusive property or conjugal property.
2. Applicability of the rulings in *Lorenzo vs. Nicolas* and *Alvarez vs. Espiritu* to this case.
3. Whether there was a requirement to prove that the property was solely acquired by Bonifacio's efforts.
4. Validity of the sale considering the lack of liquidation of the conjugal partnership.

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

1. ****Conjugal Property****: The Supreme Court held that the property was conjugal. It

emphasized Article 160 of the Civil Code, which presumes property acquired during marriage to be conjugal unless proven otherwise. Since ownership was transferred during the marriage, the property was presumed conjugal.

2. **Citing Inapplicable Cases**: The Court found that Lorenzo and Alvarez were inapplicable because they dealt with friar lands which are governed by specific legislation, not relevant to this case.

3. **Proof of Acquisition**: The Tarrosas failed to rebut the presumption of the property being conjugal as they could not provide clear evidence that it was Bonifacio's exclusive property.

4. **Property Sale Without Liquidation**: The Court reiterated that the sale of one-half of the conjugal property without liquidation is invalid since the interest of each spouse in conjugal assets is inchoate until liquidation.

Doctrine:

1. **Presumption of Conjugal Property**: All properties acquired during marriage are presumed conjugal unless proven otherwise (Article 160, Civil Code).

2. **Conditional Sale and Transfer of Ownership**: Ownership in a conditional sale or contract to sell is only transferred upon the completion of payment of the purchase price.

3. **Nullity of Unconsented Sale**: Any sale of conjugal property by the husband without the wife's consent is void ab initio (Article 166, 1950 Civil Code).

Class Notes:

- **Article 160, Civil Code**: Presumption of conjugal property.

- **Conditional Contract to Sell**: Ownership transfers upon full payment.

- **Article 166, Civil Code**: Wife's consent is necessary for the sale of conjugal property.

- **Inchoate Interest of Spouse**: Interest in conjugal property does not vest until liquidation post-marriage dissolution.

- **Doctrine of Nullity of Unconsented Sale**: Sales contravening Article 166 are void.

- **Doctrine of Unjust Enrichment**: Ensuring fair compensation if a sale is invalidated but consideration was paid.

Historical Background:

The case reflects significant principles surrounding property relations under the Philippine Civil Code, particularly focusing on the conjugal nature of property acquired during marriage and the legal requirements for the sale of such property. This serves as a critical exposition of marital property rules applicable pre-Family Code (1988). The case's context is set within a legal framework emphasizing the protection of conjugal property rights and the

necessity of spousal consent to prevent unilateral exploitation by one spouse.