

Title: Titan Construction Corporation v. Manuel A. David, Sr. and Martha S. David, 629 Phil. 346

Facts:

Manuel A. David and Martha S. David, married since March 25, 1957, jointly purchased a 602-square meter property in White Plains, Quezon City, in 1970, during their marriage. The property was registered under Martha's name within the marital context. By 1976, the couple separated and ceased communication.

In April 1995, Manuel discovered that Martha sold the property to Titan Construction Corporation for P1,500,000.00, based on a supposed Special Power of Attorney (SPA) dated January 4, 1995, allegedly authorizing her to do so on behalf of both spouses. Manuel claimed his signature on the SPA was forged and filed a complaint with the Regional Trial Court (RTC) of Quezon City for annulment of the contract and recovery of the property, asserting that the sale was void due to the lack of his consent. Titan contended that they were a buyer in good faith and emphasized their reliance on the notarized SPA.

Martha was declared in default after failing to respond to the court summons. The RTC ruled in favor of Manuel, invalidating the Deed of Sale and involved land title, ordering reconveyance of the property to Manuel and Martha, and directing the issuance of a new title under their names.

Titan appealed, arguing that they were a buyer in good faith and insisting on Martha's sole ownership. The Court of Appeals (CA) affirmed the RTC's decision but removed attorney's fees and costs awarded to Manuel. Titan's motion for reconsideration, which included a demand for the reimbursement of the purchase price paid to Martha, was denied.

Issues:

1. Whether the Deed of Sale was null and void due to the lack of Manuel's consent.
2. Whether Titan was a buyer in good faith.
3. Whether the notarized SPA was valid.
4. Whether Titan could demand reimbursement from Martha for the purchase price in these proceedings.

Court's Decision:

Issue 1: The Supreme Court affirmed that the property was conjugal, demanding consent from both spouses for the sale, which was absent. Thus, the Deed of Sale was void ab initio.

Issue 2: The Court determined Titan was not a buyer in good faith, given the suspicious circumstances, including discrepancies in the SPA and TCT, lack of due diligence, and hurried transactions without substantial verification of Martha's authority.

Issue 3: The SPA was deemed spurious, unable to authenticate Manuel's genuine signature, casting doubt on its validity, especially given procedural flaws such as missing residence certificates and non-registration with the Quezon City Register of Deeds.

Issue 4: The Court denied Titan's belated claim for reimbursement from Martha, noting the absence of procedural due process, such as filing a cross-claim against her.

Doctrine:

- All property acquired during marriage is presumed conjugal unless proven otherwise.
- Consent from both spouses is mandatory for the sale of conjugal property.
- The authenticity of notarized documents can be challenged by clear and convincing evidence.

Class Notes:

- Conjugal Partnership: Presumed under Article 160 of the Civil Code and Article 116 of the Family Code.
- Requirement of Consent: Article 124 of the Family Code mandates joint consent for disposing of conjugal property.
- Notarized Instruments: Require clear evidence to rebut presumptive authenticity under Rule 132, Section 30 of the Rules of Court.

Historical Background:

This case examines the dynamics of marital property rights under Philippine civil and family laws, emphasizing the implications of separation on spousal property management. Despite physical separation, conjugal partnerships necessitate mutual decisions for significant transactions, reinforcing protected marital property rights.