

### ### Title

**Dalupan vs. Harden, 90 Phil. 417**

### ### Facts

- Initial Complaint**: On August 26, 1948, Francisco Dalupan filed an action against Fred M. Harden for the collection of P113,837.17, with interest, representing 50% of the tax reduction Dalupan was able to secure for Harden from the Collector of Internal Revenue.
- Defendant's Acknowledgment**: Harden acknowledged the claim and prayed for judgment accordingly.
- Intervention**: Esperanza P. de Harden (Fred's wife) and Abelardo Perez (receiver in the conjugal partnership liquidation case No. R-59634) intervened, claiming the amount was exorbitant and should be reduced to 10%.
- Amicable Settlement**: Dalupan and intervenors reached an agreement for a sum payment of P22,767.43 from the receiver's funds, and the balance of P91,069.74 to be charged exclusively to Fred M. Harden's share in the conjugal partnership post-liquidation, with no costs or interests pronounced.
- Initial Court Judgment**: The court rendered judgment based on this stipulation.
- Motion for Execution**: Nearly a year later, Dalupan filed for a writ of execution to satisfy the remaining P91,069.74.
- Receiver's Checks**: Two checks payable to Fred M. Harden (P33,574.50) from the sale of conjugal property were in the receiver's possession.
- Garnishment Attempt**: The sheriff tried to garnish the checks, but the receivership court quashed the writ, allowing garnishment after the money was delivered to Harden.
- Subsequent Writ**: Once the checks were turned over to Jose Salumbides, attorney-in-fact for Harden, Dalupan secured another writ of garnishment.
- Motion to Quash**: Harden objected, moving to quash the writ, which the court granted, setting aside both the writ of garnishment and the previous writ of execution.
- Appeal**: Dalupan appealed this order.

### ### Issues

- Prematurity of Execution**: Whether the writ of execution on the two checks for P33,574.50 was premature given the stipulation requiring final liquidation and partition of the conjugal partnership.
- Interpretation of Stipulation**: Whether the stipulation aimed merely to safeguard Esperanza P. de Harden's share from the judgment or to defer payment until after the final

liquidation of the entire conjugal partnership.

3. **Risk of Fraud**: Whether interpreting the stipulation as requiring final liquidation opens the door to potential fraud, depriving Dalupan of the ability to satisfy his judgment.
4. **Binding Nature of Plaintiff's Offer**: The impact of Dalupan's letter offering to write off the debt if Harden's share was insufficient for his livelihood.

### ### Court's Decision

1. **Prematurity of Execution**: The court found the execution against the checks premature. The stipulation in the judgment clearly stated that execution could only proceed after the final liquidation and partition of the entire conjugal partnership's assets, not just individual properties.
2. **Clear Terms of Stipulation**: The terms stipulated by the parties were clear, thus there was no room for interpretation. The stipulation deferred payment until the overall final liquidation, protecting Dalupan as well as ensuring Fred M. Harden wasn't burdened during the pendency of receivership.
3. **No Immediate Risk of Fraud**: While there was a concern about potential fraud, the court held that plaintiff could take protective measures if any fraudulent action arose. Moreover, Harden had shown good faith by making substantial payments on his own, even reducing the outstanding obligation to P42,069.74.
4. **Offer Binding**: The court noted the plaintiff's letter offering to write off the debt should Harden's share be insufficient was binding, as Harden had accepted it. This further confirmed the intention to defer payment until final liquidation.

### ### Doctrine

1. **Final Liquidation and Partition Requirement**: The court emphasized that stipulations in agreements, especially ones involving executory conditions, must be honored strictly unless fraudulent actions necessitate intervention.
2. **Clear Contractual Terms**: Clear terms of a contract or stipulation must be applied as written, without room for judicial interpretation.

### ### Class Notes

- **Conjugal Partnership**: Understanding liquidation and final partition of conjugal partnership assets before execution of judgments.

- **Prematurity in Execution**: Conditions precedent related to execution of judgments.
- **Fraud in Execution**: Protective measures against potential fraudulent avoidance of execution.
- **Statutory Construction**: Principle that clear language in contracts or court-approved stipulations should not be interpreted.

### ### Historical Background

During this period, the Philippine legal system was grappling with post-war economic issues and tax adjustments, affecting legal disputes over financial liabilities. The case reflects broader issues of tax recalculations and the possible financial protections available to spouses under conjugal partnerships.