MARILYN A. PUNZALAN, PETITIONER,VS. RUBY INDUSTRIAL CORPORATION AND PACIFICO E. PUNZALAN, RESPONDENTS.

Ponente: BARRIOS, J.

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BARRIOS, J.:

An ejectment suit was filed by the respondent Ruby Industrial Corporation (or Ruby Industrial for brevity) against Pacifico E. Punzalan (or Pacifico), who was doing business under the name and style of MARPAC Port Master's Services (or MARPAC), for his alleged failure to pay rentals and to vacate the leased premises. The Metropolitan Trial Court in Mandaluyong City (or MTC) ruled in favor of Ruby Industrial in that judgment the decretal portion of which reads:

> WHEREFORE, the Court hereby renders judgment
>
> A. Ordering the defendant
>
> - and all other persons claiming rights under him to vacate the premises located at No. 617 Sto. Nino Street, Mandaluyong City and to surrender the possession of the same to the plaintiff;
>
> - to pay plaintiff the amount of P38,000.00 per month beginning August 1998 and every month thereafter plus two (2%) percent penalty per month until the premises shall have been finally vacated;
>
> - to pay the plaintiff the amount equivalent to Twenty Five (25%) of the total amount due as and by way of attorney's fees; and
>
> - to pay the costs of suit.
>
> SO ORDERED. (p. 46, rollo)

Pacifico appealed this to the Regional Trial Court of Mandaluyong City.

In the course of this, Pacifico and Ruby Industrial filed their respective memorandum as required by the RTC, and Ruby Industrial filed a motion to correct the mistakes and clerical errors appearing in the dispositive portion of the MTC's decision and which was granted in the Order dated January 14, 2000.

Then on March 3, 2000, Ruby Industrial filed a Motion for Execution Pending Appeal pursuant to Section 19, Rule 70 of the Revised Rules of Civil Procedure and for the failure of MARPAC to file the necessary supersedeas bond, and to deposit the amount of rentals due from time to time. On May 8, 2000, the RTC granted the motion and ordered the issuance of a writ of execution.

Thereafter, the Sheriff per Notice of Sale on Execution of Real Property dated October 26, 2000, issued a levy on execution against the properties of MARPAC including a parcel of land at No. 617 Sto. Niño St., Plainview, Mandaluyong City, registered in the name of Pacifico.

The petitioner Marilyn A. Punzalan (or Marilyn), is the wife of Pacifico. She sent a letter to the Sheriff registering her third party claim and her objection to the levy claiming that the subject lot intended to be sold by public

auction is a conjugal property and any levy on the conjugal partnership property to satisfy the money judgment against her husband, is null and void. The Sheriff then notified Ruby Industrial to file the corresponding indemnity bond in the amount of P500,000.00.

Instead of filing an indemnity bond, Ruby Industrial filed a Motion to Dismiss Third-Party Claim. On October 23, 2001, the RTC rendered the assailed Order, disposing that:

> WHEREFORE, movant's third-party claim is hereby DENIED.
>
> Meantime, plaintiff is hereby directed to post an indemnity bond in the amount of P1,000,000.00.
>
> SO ORDERED. (p. 133, rollo)

The Motion for Reconsideration filed by Marilyn was likewise denied in an Order dated July 31, 2002, disposing that:

> WHEREFORE, for being unmeritorious, movant's motion for reconsideration is hereby DENIED.
>
> On the other hand, for the guidance of the parties concerned, the court's order dated October 23, 2001 is hereby partially reconsidered and plaintiff-appellee is no longer required to file the indemnity bond as stated in the said order.
>
> SO ORDERED. (p. 113, rollo)

Hence, this petition where in asking for its grant Marilyn contends that:

> I
>
> THE HONORABLE LOWER COURT COMMITTED A REVERSIBLE ERROR WHEN IT DECLARED "MOVANT MARILYN PUNZALAN MISERABLY FAILED TO CONVINCE THIS COURT OF HER INSISTENCE THAT SHE DID NOT GIVE HER CONSENT TO HER HUSBAND'S INDEBTEDNESS TO THE PLAINTIFF."
>
> II
>
> THE HONORABLE LOWER COURT COMMITTED A REVERSIBLE ERROR WHEN IT MADE A CONCLUSION OF CONSENT ON THE PART OF MARILYN PUNZALAN ON THE BASIS OF ITS OTHER CONCLUSION THAT MARILYN PUNZALAN GAVE HER APPROVAL TO A DIFFERENT TRANSACTION INVOLVING A LOAN WITH ALLIED BANK.
>
> III
>
> THE HONORABLE LOWER COURT COMMITTED A REVERSIBLE ERROR WHEN IT DECLARED "MOVANT CANNOT SIMPLY FEIGN IGNORANCE OF THE EXISTENCE OF SUCH DEBT," HEREBY EQUATING FEIGNING IGNORANCE WITH GRANTING OF CONSENT.
>
> IV
>
> THE HONORABLE LOWER COURT COMMITTED A REVERSIBLE ERROR WHEN IT DECLARED "UNDER SUCH CIRCUMSTANCE, LOGIC DICTATES THAT WHATEVER INCOME OR PROFIT DERIVED FROM IT REDOUNDED TO THE BENEFIT OF THE FAMILY," THEREBY USING AS BASIS FOR THE CONCLUSION, ONLY "LOGIC" WITHOUT ANY DIRECT PROOF WHATSOEVER. (pp. 15-16, rollo)

The core and encompassing issue in these four assigned errors is whether or not the judgment debt of Pacifico is a conjugal obligation for which the conjugal partnership property can be made answerable. Marilyn maintains that a

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judgment creditor of the business entity registered in the sole and separate name of her husband, cannot go after their conjugal properties without her consent. She further contends that the debt contracted by her husband did not redound to the benefit of the family, nor was this made with her consent.

We are not convinced. Article 121, par. 2 and 3 of the Family Code provides:

> Art. 121. The conjugal partnership shall be liable for:
>
> - x x x
>
> - All debts and obligations contracted during the marriage by the designated administrator-spouse for the benefit of the conjugal partnership of gains, or by both spouses or by one of them with the consent of the other;
>
> - Debts and obligations contracted by either spouse without the consent of the other to the extent that the family may have been benefited;

There is no question that Pacifico, doing business under the name and style of MARPAC, is the principal obligor in a contract of lease over a property owned by Ruby Industrial. The leased premises was where MARPAC held office and conducted its business operations. Consequently, the debts and obligations incurred by Pacifico in the legitimate pursuit of his business cannot be deemed to be his exclusive and private debts. The conjugal partnership must equally bear the indebtedness especially since the obligation in the form of accrued rentals was one of the necessary expenses in the operation of the business enterprise. It is also obvious that MARPAC is a family-owned business where Pacifico is the manager/proprietor while Marilyn is the company treasurer. Thus, it has been held by the Supreme Court in the case of Ayala Investment & Development Corp. vs. Court of Appeals (286 SCRA 272) that:

> If the husband himself is the principal obligor in the contract, i.e. he directly received the money and services to be used in or for his own business or his own profession, that contract falls within the term "x x x obligations for the benefit of the conjugal partnership." Hence, no actual benefit may be proved. It is enough that the benefit to the family is apparent at the time of the signing of the contract. From the very nature of the contract of loan or services, the family stands to benefit from the loan facility or services to be rendered to the business or profession of the husband. It is immaterial, if in the end, his business or profession fails or does not succeed. Simply stated, where the husband contracts obligations on behalf of the family business, the law presumes, and rightly so, that such obligation will redound to the benefit of the conjugal partnership. (emphasis supplied)

We hold this jurisprudence apt and applicable in the instant case.

Finding no cogent reason to deviate from the findings and determination of the court a quo -

WHEREFORE, the petition is DENIED DUE COURSE and DISMISSED.

SO ORDERED.

Guariña III and Romilla-Lontok, JJ., concur.

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