

LOREA DE UGALDE, Petitioner, vs. JON DE YSASI, Respondent.*G.R. No. 130623. February 29, 2008*

Ponente: CARPIO, J.

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Before the Court is a petition for review[1] assailing the 21 November 1996 Decision[2] and 2 September 1997 Resolution[3] of the Court of Appeals in CA-G.R. CV No. 41121.

The Antecedent Facts

On 15 February 1951, Lorea de Ugalde (petitioner) and Jon de Ysasi (respondent) got married before Municipal Judge Remigio Peña of Hinigaran, Negros Occidental. On 1 March 1951,[4] Rev. Msgr. Flaviano Arriola solemnized their church wedding at the San Sebastian Cathedral in Bacolod City. Petitioner and respondent did not execute any ante-nuptial agreement. They had a son named Jon de Ysasi III.

Petitioner and respondent separated sometime in April 1957.[5] On 26 May 1964, respondent allegedly contracted another marriage with Victoria Eleanor Smith (Smith) before Judge Lucio M. Tanco of Pasay City. Petitioner further alleged that respondent and Smith had been acquiring and disposing of real and personal properties to her prejudice as the lawful wife. Petitioner alleged that she had been defrauded of rental income, profits, and fruits of their conjugal properties.

On 12 December 1984, petitioner filed a petition for dissolution of the conjugal partnership of gains against respondent before the Regional Trial Court of Negros Occidental, Bacolod City, Branch 48 (trial court). The case was docketed as Special Proceedings No. 3330. In particular, petitioner asked for her conjugal share in respondent's inheritance as per the settlement of the estate of respondent's parents, Juan Ysasi[6] and Maria Aldecoa de Ysasi, who died on 17 November 1975 and 25 February 1979, respectively.[7] Petitioner also prayed for a monthly support of P5,000 to be deducted from her share in the conjugal partnership; the appointment of a receiver during the pendency of the litigation; the annulment of all contracts, agreements, and documents signed and ratified by respondent with third persons without her consent; and payment of appearance and attorney's fees.

Respondent countered that on 2 June 1961, he and petitioner entered into an agreement which provided, among others, that their conjugal partnership of gains shall be deemed dissolved as of 15 April 1957. Pursuant to the agreement, they submitted an Amicable Settlement in Civil Case No. 4791[8] then pending before the Court of First Instance of Negros Occidental (CFI). The Amicable Settlement stipulates:

2. That the petitioner shall pay the respondent the sum of THIRTY THOUSAND PESOS (P30,000.00) in full satisfaction of and/or consideration for and to cover any and all money and/or property claims she has or may have against the petitioner in the future, including but not limited to pensions, allowances, alimony, support, share in the conjugal property (if any), inheritance, etc.;

3. That for and in consideration of the foregoing premises and the payment of THIRTY THOUSAND pesos

(P30,000.00), the receipt of which sum is hereby acknowledged and confessed by and to the entire satisfaction of the respondent, she hereby completely and absolutely transfer, convey, assign, set over, waive, remise, release and forever quitclaim, unto petitioner, his successors and administrators, any and all rights, claims and interests which the respondent has or may hereafter have against the petitioner arising, directly or indirectly, from the fact that the petitioner and respondent were married on March 1, 1951, including but not limited to any and all money and/or property claims mentioned in the paragraph immediately preceding;

4. That, except with reference to the custody of the boy, the parties herein hereby waive any and all rights to question the validity and effectivity of the provisions of this amicable settlement, as well as the right to raise these matters on appeal[.][9]

In its Order[10] dated 6 June 1961, the CFI approved the Amicable Settlement.

Respondent further alleged that petitioner already obtained a divorce from him before the Supreme Court of Mexico. Petitioner then contracted a second marriage with Richard Galoway (Galoway). After Galoway's death, petitioner contracted a third marriage with Frank Scholey. Respondent moved for the dismissal of the petition for dissolution of the conjugal partnership of gains on the grounds of estoppel, laches, and res judicata.

In his Supplemental Affirmative Defense, respondent alleged that the marriage between him and petitioner was void because it was executed without the benefit of a marriage license.

The Ruling of the Trial Court

On 22 November 1991, the trial court[11] rendered judgment as follows:

WHEREFORE, after collating the evidence, the evidence for the respondent is preponderant to prove his affirmative and special defenses that the petition does not state a sufficient cause of action. On these bases and under the doctrine of res judicata, the petition is hereby DISMISSED. Without pronouncements as to costs and attorney's fees.

SO ORDERED.[12]

The trial court ruled that the existence of a conjugal partnership of gains is predicated on a valid marriage. Considering that the marriage between petitioner and respondent was solemnized without a marriage license, the marriage was null and void, and no community of property was formed between them. The trial court further ruled that assuming that the marriage was valid, the action was barred by res judicata. The trial court noted that petitioner and respondent entered into an amicable settlement in Civil Case No. 4791. The amicable settlement was approved by the CFI and petitioner may no longer repudiate it. Finally, the trial court ruled that there was no proof to show that during their union, petitioner and respondent acquired properties.

Petitioner appealed from the trial court's Decision before the Court of Appeals.

The Ruling of the Court of Appeals

On 21 November 1996, the Court of Appeals affirmed the trial court's Decision.

The Court of Appeals ruled that the absence of a marriage license is fatal and made the marriage between petitioner and respondent a complete nullity. Hence, the trial court did not err in finding that there was no conjugal partnership of gains between petitioner and respondent. The Court of Appeals further ruled that the compromise agreement is a valid contract between the parties. Since the compromise agreement was entered into freely, voluntarily, and with the full understanding of its consequences, it is conclusive and binding on the parties. The Court of Appeals also ruled that the action was barred by laches since it was filed by petitioner 23 years from the time the CFI approved the additional amicable settlement in Civil Case No. 4791. The Court of Appeals

sustained the trial court's ruling that respondent's right over the estate of his deceased parents was only inchoate and there was no evidence that petitioner and respondent acquired any property that could be considered conjugal.

Petitioner filed a motion for reconsideration. In its 2 September 1997 Resolution, the Court of Appeals denied the motion for lack of merit.

Hence, the petition before this Court, raising the following assignment of errors:

The lower court erred in ruling that since the marriage of the plaintiff and respondent was void due to the absence of a marriage license, no conjugal partnership arose from their union.

The lower court erred in ruling that the amicable settlement in Civil Case No. 4791 bars all claims by the plaintiff under the principle of res judicata.

The lower court erred in ruling that respondent's right to [the] estate of his deceased parents was merely inchoate, thus, no property devolved to respondent and no conjugal partnership was formed.

The lower court erred in ruling that the appellant's petition did not sufficiently state a cause of action.[13]

The Issue

The issue in this case is whether the Court of Appeals committed a reversible error in affirming the trial court's Decision which dismissed the action for dissolution of conjugal partnership of gains.

The Ruling of this Court

The petition is without merit.

Validity of Petitioner and Respondent's Marriage
is the Subject of a Different Court Proceeding

Special Proceedings No. 3330 is an action for Dissolution of Conjugal Partnership of Gains. In its 22 November 1991 Decision, the trial court ruled that the existence of conjugal partnership of gains is predicated on a valid marriage. The trial court then proceeded to rule on the validity of petitioner and respondent's marriage. The trial court ruled that it was shown by competent evidence that petitioner and respondent failed to obtain a marriage license. Hence, the marriage between petitioner and respondent was null and void, and no community of property was formed between them.

The trial court exceeded its jurisdiction in ruling on the validity of petitioner and respondent's marriage, which was only raised by respondent as a defense to the action for dissolution of the conjugal partnership of gains. The validity of petitioner and respondent's marriage was the subject of another action, Civil Case No. 430 for Judicial Declaration of Absolute Nullity of Marriage before the Regional Trial Court of Himamaylan, Negros Occidental, Branch 55. In a Decision[14] dated 31 May 1995, Civil Case No. 430 was resolved, as follows:

In this jurisdiction it is required, except in certain cases, that the marriage license must first be secured by the parties and shown to the judge before the latter can competently solemnize the marriage. In this present case, none was ever secured. Failure to comply with the formal and essential requirements of the law renders the marriage void ab initio. Since void marriage can be assailed anytime as the action on assailing it does not prescribe, the plaintiff is well within his right to seek judicial relief.

WHEREFORE, premises considered[,] judgment is hereby rendered declaring the marriage between JON A. DE YSASI and LOREA DE UGALDE as NULL and VOID AB INITIO. The Local Civil Registrar for the Municipality of Hinigaran is hereby directed to cancel the entry of marriage between JON A. DE YSASI and LOREA DE UGALDE from the Marriage register and to render the same of no force and effect.

Lastly, furnish copy of this decision the National Census and Statistics Office, Manila, to make the necessary cancellation of the entry of marriage between the plaintiff and the defendant.

SO ORDERED.[15]

No appeal or motion for reconsideration of the 31 May 1995 Decision in Civil Case No. 430 has been filed by any of the parties, and a Certification of finality was issued on 20 November 1995. Thus, the marriage between petitioner and respondent was already judicially annulled as of 20 November 1995. The trial court had no jurisdiction to annul again in Special Proceedings No. 3330 the marriage of petitioner and respondent.

Conjugal Partnership of Gains Dissolved in Civil Case No. 4791

The finality of the 6 June 1961 CFI Order in Civil Case No. 4791 resulted in the dissolution of the petitioner and respondent's conjugal partnership of gains.

Petitioner and respondent were married on 15 February 1951. The applicable law at the time of their marriage was Republic Act No. 386, otherwise known as the Civil Code of the Philippines (Civil Code) which took effect on 30 August 1950.[16] Pursuant to Article 119 of the Civil Code, the property regime of petitioner and respondent was conjugal partnership of gains, thus:

Art. 119. The future spouses may in the marriage settlements agree upon absolute or relative community of property, or upon complete separation of property, or upon any other regime. In the absence of marriage settlements, or when the same are void, the system of relative community or conjugal partnership of gains as established in this Code, shall govern the property relations between husband and wife.

Article 142 of the Civil Code defines conjugal partnership of gains, as follows:

Art. 142. By means of the conjugal partnership of gains the husband and wife place in a common fund the fruits of their separate property and the income from their work or industry, and divide equally, upon the dissolution of the marriage or of the partnership, the net gains or benefits obtained indiscriminately by either spouse during the marriage.

Under Article 175 of the Civil Code, the judicial separation of property results in the termination of the conjugal partnership of gains:

Art. 175. The conjugal partnership of gains terminates:

- (1) Upon the death of either spouse;
- (2) When there is a decree of legal separation;
- (3) When the marriage is annulled;
- (4) In case of judicial separation of property under Article 191. (Emphasis supplied)

The finality of the 6 June 1961 Order in Civil Case No. 4791 approving the parties' separation of property resulted in the termination of the conjugal partnership of gains in accordance with Article 175 of the Family Code. Hence, when the trial court decided Special Proceedings No. 3330, the conjugal partnership between petitioner and respondent was already dissolved.

Petitioner alleges that the CFI had no authority to approve the Compromise Agreement because the case was for custody, and the creditors were not given notice by the parties, as also required under Article 191 of the Civil Code. Petitioner cannot repudiate the Compromise Agreement on this ground. A judgment upon a compromise agreement has all the force and effect of any other judgment, and conclusive only upon parties thereto and their privies, and not binding on third persons who are not parties to it.[17]

The Amicable Settlement had become final as between petitioner and respondent when it was approved by the CFI on 6 June 1961. The CFI's approval of the Compromise Agreement on 6 June 1961 resulted in the dissolution of the conjugal partnership of gains between petitioner and respondent on even date.

WHEREFORE, we DENY the petition. We AFFIRM the result of the 21 November 1996 Decision and of the 2 September 1997 Resolution of the Court of Appeals in CA-G.R. CV No. 41121.

SO ORDERED.

Carpio-Morales, Azcuna, Tinga, and Velasco, Jr., JJ., concur.

* As replacement of Justice Leonardo A. Quisumbing who is on official leave per Administrative Circular No. 84-2007.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Rollo, pp. 40-52. Penned by Associate Justice Fidel P. Purisima with Associate Justices Angelina Sandoval-Gutierrez and Conrado M. Vasquez, Jr., concurring.

[3] Id. at 54.

[4] Not 1 March 1954 as stated in the Decision of the Court of Appeals. See Certificate of Marriage, records, p. 145.

[5] De Ugalde alleged that de Ysasi drove her out of their home. On the other hand, de Ysasi alleged that de Ugalde left their home.

[6] Also referred to as Juan Isasi.

[7] Records, pp. 154-160.

[8] Action for custody of then minor Jon de Ysasi III and for support.

[9] Records, pp. 235-236.

[10] Id. at 237-239.

[11] CA rollo, pp. 93-101. Through Judge Romeo J. Hibionada.

[12] Id. at 101.

[13] Rollo, p. 133.

[14] Id. at 89-94. Penned by Executive Judge Jose Y. Aguirre, Jr.

[15] Id. at 94.

[16] See Lara, et al. v. Del Rosario, Jr., 94 Phil. 778 (1954).

[17] See Philippine Journalists, Inc. v. NLRC, G.R. No. 166421, 5 September 2006, 501 SCRA 75.

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