# SPS. LITA DE LEON AND FELIX RIO TARROSA, PETITIONERS, VS. ANITA B. DE LEON, DANILO B. DE LEON, AND VILMA B. DE LEON, RESPONDENTS.

*G.R. No. 185063. July 23, 2009*

Ponente: VELASCO JR., J.

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**VELASCO JR., J.:**

The Case

Before us is a Petition for Review on Certiorari under Rule 45 assailing and seeking to set aside the Decision[1] and Resolution[2] dated August 27, 2008 and October 20, 2008, respectively, of the Court of Appeals (CA) in CA-G.R. CV No. 88571. The CA affirmed with modification the October 4, 2006 Decision[3] in Civil Case No. Q04-51595 of the Regional Trial Court (RTC), Branch 22 in Quezon City.

The Facts

On July 20, 1965, Bonifacio O. De Leon, then single, and the People's Homesite and Housing Corporation (PHHC) entered into a Conditional Contract to Sell for the purchase on installment of a 191.30 square-meter lot situated in Fairview, Quezon City. Subsequently, on April 24, 1968, Bonifacio married Anita de Leon in a civil rite officiated by the Municipal Mayor of Zaragosa, Nueva Ecija. To this union were born Danilo and Vilma.

Following the full payment of the cost price for the lot thus purchased, PHHC executed, on June 22, 1970, a Final Deed of Sale in favor of Bonifacio. Accordingly, Transfer Certificate of Title (TCT) No. 173677 was issued on February 24, 1972 in the name of Bonifacio, "single."

Subsequently, Bonifacio, for PhP 19,000, sold the subject lot to her sister, Lita, and husband Felix Rio Tarrosa (Tarrosas), petitioners herein. The conveying Deed of Sale dated January 12, 1974 (Deed of Sale) did not bear the written consent and signature of Anita.

Thereafter, or on May 23, 1977, Bonifacio and Anita renewed their vows in a church wedding at St. John the Baptist Parish in San Juan, Manila.

On February 29, 1996, Bonifacio died.

Three months later, the Tarrosas registered the Deed of Sale and had TCT No. 173677 canceled. They secured the issuance in their names of TCT No. N-173911 from the Quezon City Register of Deeds.

Getting wind of the cancellation of their father's title and the issuance of TCT No. N-173911, Danilo and Vilma filed on May 19, 2003 a Notice of Adverse Claim before the Register of Deeds of Quezon City to protect their rights over the subject property. Very much later, Anita, Danilo, and Vilma filed a reconveyance suit before the RTC in Quezon City. In their complaint, Anita and her children alleged, among other things, that fraud attended the execution of the Deed of Sale and that subsequent acts of Bonifacio would show that he was still the owner of the parcel of land. In support of their case, they presented, inter alia, the following documents:

- A Real Estate Mortgage execution by Bonifacio in favor of spouses Cesar Diankinay and Filomena Almero on July 22, 1977.

- A Civil Complaint filed by Bonifacio against spouses Cesar Diankinay and Filomena Almero on November 27, 1979 for nullification of the Real Estate Mortgage.

- The Decision issued by the Court of First Instance of Rizal, Quezon City, promulgated on July 30, 1982, nullifying the Real Estate Mortgage.[4]

The Tarrosas, in their Answer with Compulsory Counterclaim, averred that the lot Bonifacio sold to them was his exclusive property inasmuch as he was still single when he acquired it from PHHC. As further alleged, they were not aware of the supposed marriage between Bonifacio and Anita at the time of the execution of the Deed of Sale.

After several scheduled hearings, both parties, assisted by their respective counsels, submitted a Joint Stipulation of Facts with Motion, to wit:

1. The parties have agreed to admit the following facts:

- Bonifacio O. De Leon, while still single x x x, purchased from the [PHHC] through a Conditional Contract to Sell on July 20, 1965 a parcel of land with an area of 191.30 square meters situated in Fairview, Quezon City for P841.72;

- On April 24, 1968, Bonifacio O. De Leon married plaintiff Anita B. De Leon before the Municipal Mayor of Zaragosa, Nueva Ecija. Both parties stipulate that said marriage is valid and binding under the laws of the Philippines;

- On June 22, 1970, Bonifacio O. De Leon paid [PHHC] the total amount of P1,023.74 x x x. The right of ownership over the subject parcel of land was transferred to the late Bonifacio O. De Leon on June 22, 1970, upon the full payment of the total [price] of P1,023.74 and upon execution of the Final Deed of Sale;

- After full payment, Bonifacio O. De Leon was issued [TCT] No. 173677 on February 24, 1972;

- On January 12, 1974, Bonifacio O. De Leon executed a Deed of Sale in favor of defendants-spouses Felix Rio Tarrosa and Lita O. De Leon disposing the parcel of land under TCT No. 173677 for valuable consideration amount of P19,000.00 and subscribed before Atty. Salvador R. Aguinaldo who was commissioned to [notarize] documents on said date. The parties stipulate that the Deed of Sale is valid and genuine. However, plaintiff Anita De Leon was not a signatory to the Deed of Sale executed on January 12, 1974;

- That plaintiff Anita B. De Leon and the late Bonifacio O. De Leon were married in church rites on May 23, 1977 x x x;

- The late Bonifacio O. De Leon died on February 29, 1996 at the UST Hospital, España, Manila;

- The said "Deed of Sale" executed on January 12, 1974 was registered on May 8, 1996 before the Office of the Register of Deeds of Quezon City and [TCT] No. N-173911 was issued to Lita O. De Leon and Felix Rio Tarrosa.[5]

The Ruling of the Trial Court

On October 4, 2006, the RTC, on the finding that the lot in question was the conjugal property of Bonifacio and Anita, rendered judgment in favor of Anita and her children. The dispositive portion of the decision reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of plaintiffs and against defendants in the following manner:


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(1) Declaring the Deed of Sale dated January 12, 1974 executed by the late Bonifacio O. De Leon in favor of defendants-spouses Lita De Leon and Felix Rio Tarrosa void ab initio;

(2) Directing the Register of Deed of Quezon City to cancel Transfer Certificate of Title No. N-173911 in the name of "Lita O. De Leon, married to Felix Rio Tarrosa" and restore Transfer Certificate of Title No. 173667 in the name of "Bonifacio O. De Leon";

(3) Ordering the defendants-spouses to pay plaintiffs the following sums:

(a) P25,000.00 as moral damages;
(b) P20,000.00 as exemplary damages;
(c) P50,000.00 as attorney's fees plus appearance fee of P2,500.00 per court appearance;
(d) Costs of this suit.

**SO ORDERED.**

Aggrieved, the Tarrosas appealed to the CA. As they would submit, the RTC erred:

(1)

in finding for the plaintiffs-appellees by declaring that the land subject matter of the case is conjugal property;

(2)

in not declaring the land as the exclusive property of Bonifacio O. De Leon when sold to defendant-appellants;

(3)

in ruling that defendant-appellants did not adduce any proof that the property was acquired solely by the efforts of Bonifacio O. De Leon;

(4)

in declaring that one-half of the conjugal assets does not vest to Bonifacio O. De Leon because of the absence of liquidation;

(5)

in cancelling TCT No. N-173911 and restored TCT No. [173677] in the name of Bonifacio O. De Leon;

(6)

in awarding moral and exemplary damages and attorney's fees to the plaintiffs-appellees.[6]

The Ruling of the Appellate Court

On August 27, 2008, the CA rendered a decision affirmatory of that of the RTC, save for the award of damages, attorney's fees, and costs of suit which the appellate court ordered deleted. The fallo of the CA decision reads:

WHEREFORE, in view of the foregoing, the assailed decision dated October 4, 2006, of the Regional Trial Court, Branch 22, Quezon City in Civil Case No. Q-04-51595 is hereby AFFIRMED with MODIFICATION, in that the award of moral and exemplary damages as well as attorney's fees, appearance fee and costs of suit are hereby DELETED.

SO ORDERED.

Just like the RTC, the CA held that the Tarrosas failed to overthrow the legal presumption that the parcel of land in dispute was conjugal. The appellate court held further that the cases they cited were inapplicable.

As to the deletion of the grant of moral and exemplary damages, the CA, in gist, held that no evidence was adduced to justify the award. Based on the same reason, it also deleted the award of attorney's fees and costs of suit.

The Tarrosas moved but was denied reconsideration by the CA in its equally assailed resolution of October 20, 2008.

Hence, they filed this petition.

The Issues

> I
>
> Whether the [CA] gravely erred in concluding that the land purchased on installment by Bonifacio O. De Leon before marriage although some installments were paid during the marriage is conjugal and not his exclusive property.
>
> II
>
> Whether the [CA] gravely erred in ruling that the Lorenzo, et al. vs. Nicolas, et al., and Alvarez vs. Espiritu cases do not apply in the case at bar because in the latter the land involved is not a friar land unlike in the former.
>
> III
>
> Whether the [CA] gravely erred in affirming the decision of the trial court a quo which ruled that petitioners did not adduce any proof that the land was acquired solely by the efforts of Bonifacio O. De Leon.
>
> IV
>
> Whether the court of appeals gravely erred in affirming the decision of the trial court which ruled that one-half (1/2) of the conjugal assets do not vest to Bonifacio O. De Leon because of the absence of liquidation.

Our Ruling
The petition lacks merit.

The Subject Property is the
Conjugal Property of Bonifacio and Anita

The first three issues thus raised can be summed up to the question of whether or not the subject property is conjugal.

Petitioners assert that, since Bonifacio purchased the lot from PHHC on installment before he married Anita, the land was Bonifacio's exclusive property and not conjugal, even though some installments were paid and the title was issued to Bonifacio during the marriage. In support of their position, petitioners cite Lorenzo v. Nicolas[7] and Alvarez v. Espiritu.[8]

We disagree.

Article 160 of the 1950 Civil Code, the governing provision in effect at the time Bonifacio and Anita contracted marriage, provides that all property of the marriage is presumed to belong to the conjugal partnership unless it is proved that it pertains exclusively to the husband or the wife. For the presumption to arise, it is not, as Tan v. Court of Appeals[9] teaches, even necessary to prove that the property was acquired with funds of the partnership. Only proof of acquisition during the marriage is needed to raise the presumption that the property is conjugal. In fact, even when the manner in which the properties were acquired does not appear, the presumption will still

apply, and the properties will still be considered conjugal.[10]

In the case at bar, ownership over what was once a PHHC lot and covered by the PHHC-Bonifacio Conditional Contract to Sell was only transferred during the marriage of Bonifacio and Anita. It is well settled that a conditional sale is akin, if not equivalent, to a contract to sell. In both types of contract, the efficacy or obligatory force of the vendor's obligation to transfer title is subordinated to the happening of a future and uncertain event, usually the full payment of the purchase price, so that if the suspensive condition does not take place, the parties would stand as if the conditional obligation had never existed.[11] In other words, in a contract to sell ownership is retained by the seller and is not passed to the buyer until full payment of the price, unlike in a contract of sale where title passes upon delivery of the thing sold.[12]

Such is the situation obtaining in the instant case. The conditional contract to sell executed by and between Bonifacio and PHHC on July 20, 1965 provided that ownership over and title to the property will vest on Bonifacio only upon execution of the final deed of sale which, in turn, will be effected upon payment of the full purchase price, to wit:

> 14. Titles to the property subject of this contract remains with the CORPORATION and shall pass to, and be transferred in the name of the APPLICANT only upon the execution of the final Deed of Sale provided for in the next succeeding paragraph.
>
> 15. Upon the full payment by the APPLICANT of the price of the lot above referred to together with all the interest due thereon, taxes and other charges, and upon his faithful compliance with all the conditions of this contract the CORPORATION agrees to execute in favor of the APPLICANT a final deed of sale of the aforesaid land, and the APPLICANT agrees to accept said deed, as full performance by the CORPORATION of its covenants and undertakings hereunder.[13] x x x

Evidently, title to the property in question only passed to Bonifacio after he had fully paid the purchase price on June 22, 1970. This full payment, to stress, was made more than two (2) years after his marriage to Anita on April 24, 1968. In net effect, the property was acquired during the existence of the marriage; as such, ownership to the property is, by law, presumed to belong to the conjugal partnership.

Such presumption is rebuttable only with strong, clear, categorical, and convincing evidence.[14] There must be clear evidence of the exclusive ownership of one of the spouses,[15] and the burden of proof rests upon the party asserting it.[16]

Petitioners' argument that the disputed lot was Bonifacio's exclusive property, since it was registered solely in his name, is untenable. The mere registration of a property in the name of one spouse does not destroy its conjugal nature.[17] What is material is the time when the property was acquired.

Thus, the question of whether petitioners were able to adduce proof to overthrow the presumption is a factual issue best addressed by the trial court. As a matter of long and sound practice, factual determinations of the trial courts,[18] especially when confirmed by the appellate court, are accorded great weight by the Court and, as rule, will not be disturbed on appeal, except for the most compelling reasons.[19] Petitioners have not, as they really cannot, rebut the presumptive conjugal nature of the lot in question. In this regard, the Court notes and quotes with approval the following excerpts from the trial court's disposition:

> The defendants, however, did not adduce any proof that the property in question was acquired solely by the efforts of [Bonifacio]. The established jurisprudence on the matter leads this Court to the conclusion that the property involved in this dispute is indeed the conjugal property of the deceased [Bonifacio] De Leon.
>
> In fact, defendant even admitted that [Bonifacio] brought into his marriage with plaintiff Anita the said land,


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> albeit in the concept of a possessor only as it was not yet registered in his name. The property was registered only in 1972 during the existence of the marriage. However, the absence of evidence on the source of funding has called for the application of the presumption under Article 160 in favor of the plaintiffs.[20]

The cases petitioners cited are without governing applicability to this case simply because they involved a law specifically enacted to govern the disposition of and ownership of friar lands. In Lorenzo, the Court held that the pervading legislative intent of Act No. 1120 is "to sell the friar lands acquired by the Government to actual settlers and occupants of the same."[21] The Court went on further to say in Alvarez that "under the Friar Lands Act of 1120, the equitable and beneficial title to the land passes to the purchaser the moment the first installment is paid and a certificate of sale is issued."[22] Plainly, the said cases are not applicable here considering that the disputed property is not friar land.

There can be no quibbling that Anita's conformity to the sale of the disputed lot to petitioners was never obtained or at least not formally expressed in the conveying deed. The parties admitted as much in their Joint Stipulation of Facts with Motion earlier reproduced. Not lost on the Court of course is the fact that petitioners went to the process of registering the deed after Bonifacio's death in 1996, some 22 years after its execution. In the interim, petitioners could have had work--but did not--towards securing Anita's marital consent to the sale.

It cannot be over-emphasized that the 1950 Civil Code is very explicit on the consequence of the husband alienating or encumbering any real property of the conjugal partnership without the wife's consent.[23] To a specific point, the sale of a conjugal piece of land by the husband, as administrator, must, as a rule, be with the wife's consent. Else, the sale is not valid. So it is that in several cases we ruled that the sale by the husband of property belonging to the conjugal partnership without the consent of the wife is void ab initio, absent any showing that the latter is incapacitated, under civil interdiction, or like causes. The nullity, as we have explained, proceeds from the fact that sale is in contravention of the mandatory requirements of Art. 166 of the Code.[24] Since Art. 166 of the Code requires the consent of the wife before the husband may alienate or encumber any real property of the conjugal partnership, it follows that the acts or transactions executed against this mandatory provision are void except when the law itself authorized their validity.[25]

Accordingly, the Deed of Sale executed on January 12, 1974 between Bonifacio and the Tarrosas covering the PHHC lot is void.

Interest in the Conjugal Partnership Is
Merely Inchoate until Liquidation

As a final consideration, the Court agrees with the CA that the sale of one-half of the conjugal property without liquidation of the partnership is void. Prior to the liquidation of the conjugal partnership, the interest of each spouse in the conjugal assets is inchoate, a mere expectancy, which constitutes neither a legal nor an equitable estate, and does not ripen into a title until it appears that there are assets in the community as a result of the liquidation and settlement.[26] The interest of each spouse is limited to the net remainder or "remanente liquido" (haber ganancial) resulting from the liquidation of the affairs of the partnership after its dissolution.[27] Thus, the right of the husband or wife to one-half of the conjugal assets does not vest until the dissolution and liquidation of the conjugal partnership, or after dissolution of the marriage, when it is finally determined that, after settlement of conjugal obligations, there are net assets left which can be divided between the spouses or their respective heirs.[28]

Therefore, even on the supposition that Bonifacio only sold his portion of the conjugal partnership, the sale is still theoretically void, for, as previously stated, the right of the husband or the wife to one-half of the conjugal assets does not vest until the liquidation of the conjugal partnership.

Nevertheless, this Court is mindful of the fact that the Tarrosas paid a valuable consideration in the amount of PhP 19,000 for the property in question. Thus, as a matter of fairness and equity, the share of Bonifacio after the liquidation of the partnership should be liable to reimburse the amount paid by the Tarrosas. It is a well-settled principle that no person should unjustly enrich himself at the expense of another.[29]

WHEREFORE, the petition is DENIED. The CA Decision in CA-G.R. CV No. 88571 is AFFIRMED. Costs against petitioners.

**SO ORDERED.**

Ynares-Santiago, (Chairperson), Chico-Nazario, Nachura, and Peralta, JJ., concur.

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[1] Rollo, pp. 191-209. Penned by Associate Justice Remedios A. Salazar-Fernando and concurred in by Associate Justices Rosalinda Asuncion-Vicente and Ramon M. Bato, Jr.

[2] Id. at 216-217.

[3] Id. at 99-103.

[4] Id. at 28-29.

[5] Id. at 63-65.

[6] Id. at 115-116.

[7] 91 Phil. 686 (1952).

[8] No. L-18833, August 14, 1965, 14 SCRA 892.

[9] G.R. No. 120594, June 10, 1997, 273 SCRA 229, 236.

[10] Ching v. Court of Appeals, G.R. No. 124642, February 23, 2004, 423 SCRA 356, 370; Tan, supra note 9; Viloria v. Aquino, 28 Phil. 258 (1914).

[11] Serrano v. Caguiat, G.R. No. 139173, February 28, 2007, 517 SCRA 57, 64; Philippine National Bank v. Court of Appeals, G.R. No. 119580, September 26, 1996, 262 SCRA 464, citing Rose Packing Co., Inc. v. Court of Appeals, No. L-33084, November 14, 1988, 167 SCRA 309, 318 and Lim v. Court of Appeals, G.R. No. 85733, February 23, 1990, 182 SCRA 564, 670.

[12] Serrano, supra at 65.

[13] Rollo, p. 45.

[14] Go v. Yamane, G.R. No. 160762, May 3, 2006, 489 SCRA 107, 117; citing Wong v. Intermediate Appellate Court, G.R. No. 70082, August 19, 1991, 200 SCRA 792.

[15] Ching, supra note 10; Francisco v. Court of Appeals, November 25, 1988, 229 SCRA 188.

[16] Tan, supra note 9.

[17] Go, supra note 14, at 119; Acabal v. Acabal, G.R. No. 148376, March 31, 2005, 454 SCRA 555, 580, citing Mendoza v. Reyes, No. L-31618, August 17, 1983, 124 SCRA 154 and Bucoy v. Paulino, No. L-25775, April 26, 1968, 23 SCRA 248.

[18] Villanueva v. Court of Appeals, G.R. No. 143286, April 14, 2004, 427 SCRA 439, 451; citing People v.

Cordero, G.R. Nos. 136894-96, February 7, 2001, 351 SCRA 383.

[19] Republic v. Court of Appeals, G.R. No. 116372, January 18, 2001, 349 SCRA 451, 460.

[20] Rollo, p. 101.

[21] Supra note 7.

[22] Supra note 8, at 897; citing Director of Lands v. Rizal, 87 Phil. 806 (1950).

[23] Art. 166.

[24] Nicolas v. Court of Appeals, No. L-37631, October 12, 1987, 154 SCRA 635, 643; Garcia v. Court of Appeals, 215 Phil. 380 (1984); Tolentino v. Cardenas, 123 Phil. 517 (1966).

[25] Civil Code, Art. 5.

[26] Abalos v. Macatangay, Jr., G.R. No. 155043, September 30, 2004, 439 SCRA 649, 663; Wong, supra note 14, at 803.

[27] Manuel v. Losano, 41 Phil. 855 (1918); Nable Jose v. Nable Jose, 41 Phil. 713 (1916).

[28] Abalos, supra note 26; citing Quintos de Ansaldo v. Sheriff of Manila, 64 Phil. 115 (1937).

[29] Civil Code, Art. 22; Hulst v. PR Builders, Inc., G.R. No. 156364, September 3, 2007, 532 SCRA 74, 96; Advanced Foundation Construction Systems Corporation v. New World Properties and Ventures, Inc., G.R. No. 143154, June 21, 2006, 491 SCRA 557, 578; Reyes v. Lim, et al., G.R. No. 134241, August 11, 2003.


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