

LA CORPORACION DE PADRES AGUSTINOS DEL SANTISIMO ROSARIO AND EDWIN H. WARNER, APPLICANTS; FIDELITY AND SURETY CO. OF THE PHILIPPINE ISLANDS, PETITIONER AND APPELLEE, VS. ANGEL A...

G.R. No. 44774. November 26, 1938

Ponente: LAUREL, J.

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LAUREL, J.:

In civil case No. 33923, Court of First Instance of Manila, entitled "Fidelity & Surety Company of the Philippine Islands vs. Romurico Agcaoili and Angel A. Ansaldo", judgment was rendered against the defendants to pay, jointly and severally, to the complainant the sum of P19,065.17 with interest at 10 per cent per annum from June 17, 1928 until paid, plus P1,000 for attorney's fees, plus the further sum of P1,608 as premium, and costs. To satisfy said judgment, the Fidelity & Surety Company of the Philippine Islands secured an order from the court below for the levy and attachment of real properties of Angel A. Ansaldo and described in transfer certificates of title Nos. 10669, 10670 and 7976. On December 11, 1933, these properties were awarded at public auction to the Fidelity and Surety Company of the Philippine Islands as the highest bidder for the sum of P12,300. Angel Ansaldo did not redeem the properties within the legal period, and the provincial sheriff of Rizal, on January 3, 1935, executed a final deed of sale in favor of the creditor-vendee. Subsequently, on February 11, 1935, the Fidelity and Surety Company of the Philippine Islands filed a petition for the issuance in its favor, upon payment of the corresponding fees, of new certificates of title covering the properties sold and adjudicated to it. This petition was filed under the provisions of section 78 of Act No. 496. The motion was granted by the lower court in its order of February 19, 1935.

Sometime later, or on March 8, 1935, Angel A. Ansaldo, in his own behalf and in behalf of the conjugal partnership formed between him and his wife, Margarita Quintos de Ansaldo, filed a motion with the lower court to reconsider its order of February 19, 1935, on the grounds that the conjugal partnership between him and his wife since 1914 was the owner of the real properties described in transfer certificates of title Nos. 10669, 10670 and 7976, said properties having been acquired during their marriage with the paraphernal properties of the wife or with the fruits thereof, a fact said to be known to the Fidelity and Surety Company of the Philippine Islands; and that the defendant Angel A. Ansaldo was not able to appear at the hearing of the petition of the Fidelity and Surety Company of the Philippine Islands set for February 16, 1935, because he received notice thereof only after the hearing, or on February 18, 1935. The lower court accepted the reasons, and accordingly vacated its order of February 19, 1935 and reset for hearing the original petition of February 11, 1935.

On March 20, 1935, Angel A. Ansaldo submitted his written opposition to the petition of the Fidelity and Surety Company of the Philippine Islands, alleging, among other things, that the provincial sheriff of Rizal had not sold to the Fidelity and Surety Company of the Philippine Islands the absolute dominium over the properties in question but only the interest or rights which he had or might have in them, and that said properties belonged to the conjugal partnership between him and his wife. On June 22, 1935, Attorney Mariano Melendres, now

representing Angel A. Ansaldo and Margarita Quintos, presented a supplementary opposition, adding that the obligation contracted by Angel A. Ansaldo with the Fidelity and Surety Company of the Philippine Islands was a personal one and did not redound to the benefit of the conjugal partnership. A subsequent petition by the oppositors was filed on July 2, 1935, praying for the cancellation of transfer certificates of title Nos. 27525-527 issued in favor of the petitioner and the corresponding restoration of oppositor's certificates of title.

On July 15, 1935, the petitioner Fidelity and Surety Company of the Philippine Islands asked the court to strike out from the records the oppositor's motion for reconsideration of March 8, 1935, the original opposition of March 30, 1935 and the supplementary opposition of June 22, 1935 because of the alleged irrelevancy of the issues therein raised. Hearing was however continued upon motion of the oppositors and set for August 10, 1935. At the hearing, the oppositors offered to present evidence, documentary and testimonial, to substantiate their allegations but, upon the objection of the petitioner, the evidence was ruled out and rejected as immaterial and irrelevant. Finally, on August 31, 1935, the lower court rendered its decision the dispositive part of which is of the following tenor:

"Por tanto, el Juzgado deniega la mocion de reconsideracion, de fecha 8 de marzo de 1935, presentada por los esposos Angel A. Ansaldo y Margarita Quintos de Ansaldo; deniega la mocion suplementaria de ambos esposos, de fecha 22 de junio de 1935; deniega tambien la peticion de los mismos de fecha 2 de Julio de 1935, y, como se pide por la Fidelity & Surety Co. of the Philippine Islands en su peticion de fecha 11 de febrero de 1935, se ordena al Registrador de Titulos de la Provincia de Rizal para que expida nuevos certificados de titulo a favor de la Fidelity & Surety Co. of the Philippine Islands, previo pago de los derechos correspondientes, en lugar de los certificados de Transferencia de Titulo Nos. 10669, 10670 y 7976 a nombre de Angel A. Ansaldo."

To this decision oppositors excepted and moved for a new trial. The motion for new trial having been denied on September 16, 1935, the oppositors gave notice of their intention to appeal on September 23, 1935, and submitted their bill of exceptions, which was later amended. On November 4, 1935, the lower court approved and certified to this court the oppositors' bill of exceptions.

The appellant assigns 17 errors in a comprehensive and well-written brief. Considering, however, the nature of the controversy and the legal corollaries involved, only the errors which have reference to the interpretation of article 1386 of the Civil Code in relation to the procedural issue raised in appellee's brief as to the applicability of section 78 of the Land Registration Act, need be considered.

Article 1386 of the Civil Code provides that the personal obligations of the husband may not be paid out of the fruits of the paraphernal property, unless it be proved that such obligations redounded to the benefit of the family. If, as contended by the appellant, the properties levied upon in Civil Case No. 33923 of the Court of First Instance of Manila, entitled "Fidelity & Surety Company of the Philippine Islands vs. Romarico Agcaoili and Angel A. Ansaldo" were acquired with the fruits of the paraphernal properties belonging to Margarita Quintos, said properties, although conjugal (art. 1385, par. 1 and art. 1408, Civil Code; *Mirasol vs. Lim*, 59 Phil., 701, 709) are not liable for the personal obligations of the husband, unless said obligations redounded to the benefit of the family. Paragraph 1 of article 1408 of the Civil Code makes all debts and obligations contracted during the marriage by the husband chargeable against the conjugal partnership, as a general rule. Article 1386, however, lays down an exception to the general rule, that is to say, although the fruits of the paraphernal property of the wife are conjugal, they do not respond for the personal obligations of the latter unless said obligations have redounded to the benefit of the family. Manresa commenting on article 1386 (Vol. 9, 2nd ed., p. 507), says: "Resulta de aqui que el marido es el administrador de la sociedad conyugal, que la obliga con sus actos; y por ello los bienes gananciales en general responden, con arreglo al articulo 1408, de todas las deudas y obligaciones contraidas por el marido durante el matrimonio, presumiendose hechas en interes de la sociedad, hasta el punto de

que, en virtud de lo dispuesto en el artículo 1403, sus actos o contratos sobre los mismos son desde luego validos, a no probarse que se han celebrado en contravencion al Código o en fraude de la mujer. Y sin embargo, si los gananciales de que se trata son los frutos o productos de los bienes parafernales, en caso de duda sobre su verdadera inversion, no es la mujer quien ha de probar el fraude o la ilegalidad del acto; es el marido o el acreedor quien tiene que justificar, que las obligaciones contraídas redundaron en beneficio de la familia. * * * El espíritu del precepto es que el marido no puede aprovecharse en interés propio o para atenciones privativas o personales suyas, de los frutos de los bienes parafernales; que estos se destinen a las verdaderas necesidades y cargas de la sociedad conyugal, y, por tanto, se empleen, como deben, en beneficio de la familia." (Vide, also, Mucius Scaevola Código Civil Concordado y Comentado, Vol. XXII, pp. 242, 243.)

The fact, however, that the oppositor-appellant Angel A. Ansaldo was entitled as a matter of right to prove the origin of the properties levied upon does not mean that the issue could be ventilated in the summary proceeding provided in section 78 of Act No. 496. Undoubtedly, the motion of the fidelity & Surety Company of the Philippine Islands for the cancellation of certificates of title Nos. 10669, 10670 and 7976 and for the issuance of new certificates in lieu thereof was properly filed and entitled in the original case in which the decree of registration was entered (*Cavan vs. Wislizenus*, 48 Phil., 632). Where, however, as in the present case, the oppositor has filed his opposition to the motion on the ground that the levy on the properties by the petitioner and the consequent cancellation of the certificates were illegal because the properties were conjugal, the same having been acquired with the fruits of the paraphernal properties of the wife and that therefore said conjugal properties are not liable unless these had redounded to the benefit of the family under the provisions of article 1386 of the Civil Code, this question cannot be raised and determined in the registration case as an incident of the motion to cancel and obtain the issuance of new certificates of title. The proviso contained in the last part of section 78 of the Land Registration Act No. 496 "that at any time prior to the entry of a new certificate the registered owner may pursue all his lawful remedies to impeach or annul proceedings under executions or to enforce liens of any description", should not be interpreted as authorizing the determination of a litigation of this nature in a summary proceeding contemplated in section 78 of the Land Registration Act.

We are of the opinion, and so hold, that the oppositor-appellant should be afforded an opportunity to prove his claim regarding the origin of the properties involved in this controversy with a view to proving his legal contention in the premises. For this purpose, he is given 30 days from the date this decision becomes final within which to institute the appropriate action in a court of competent jurisdiction. In the meantime and pending the final determination of the case instituted by him, the order of the lower court of August 31, 1935, directing the issuance of new certificates of title in favor of the Fidelity and Surety Company of the Philippine Islands in lieu of transfer certificates of title Nos. 10669, 10670 and 7976, shall be suspended. The order appealed from is thus modified without pronouncement regarding costs. So ordered.

Avanceña, C. J., Villa-Real, Abad Santos, Imperial, and Diaz, JJ., concur.

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