

## FIRST DIVISION

[ G.R. No. 143826, August 28, 2003 ]

**HEIRS OF IGNACIA AGUILAR-REYES, PETITIONERS, VS.  
SPOUSES CIPRIANO MIJARES AND FLORENTINA MIJARES,  
RESPONDENTS.**

### D E C I S I O N

**YNARES-SANTIAGO, J.:**

Under the regime of the Civil Code, the alienation or encumbrance of a conjugal real property requires the consent of the wife. The absence of such consent renders the entire transaction<sup>[1]</sup> merely voidable and not void.<sup>[2]</sup> The wife may, during the marriage and within ten years from the transaction questioned, bring an action for the annulment of the contract entered into by her husband without her consent.<sup>[3]</sup>

Assailed in this petition for review on *certiorari* are the January 26, 2000 Decision<sup>[4]</sup> and June 19, 2000, Resolution<sup>[5]</sup> of the Court of Appeals in CA-G.R. No. 28464 which declared respondents as purchasers in good faith and set aside the May 31, 1990 and June 29, 1990 Orders of the Regional Trial Court of Quezon City, Branch 101, in Civil Case No. Q-48018.

The controversy stemmed from a dispute over Lot No. 4349-B-2,<sup>[6]</sup> approximately 396 square meters, previously covered by Transfer Certificate of Title (TCT) No. 205445, located in Balintawak, Quezon City and registered in the name of Spouses Vicente Reyes and Ignacia Aguilar-Reyes.<sup>[7]</sup> Said lot and the apartments built thereon were part of the spouses' conjugal properties having been purchased using conjugal funds from their garments business.<sup>[8]</sup>

Vicente and Ignacia were married in 1960, but had been separated *de facto* since 1974.<sup>[9]</sup> Sometime in 1984, Ignacia learned that on March 1, 1983, Vicente sold Lot No. 4349-B-2 to respondent spouses Cipriano and Florentina Mijares for P40,000.00.<sup>[10]</sup> As a consequence thereof, TCT No. 205445 was cancelled and TCT No. 306087 was issued on April 19, 1983 in the name of respondent spouses.<sup>[11]</sup> She likewise found out that Vicente filed a petition for administration and appointment of guardian with the Metropolitan Trial Court of Quezon City, Branch XXI. Vicente misrepresented therein that his wife, Ignacia, died on March 22, 1982, and that he and their 5 minor children were her only heirs.<sup>[12]</sup> On September 29, 1983, the court appointed Vicente as the guardian of their minor children.<sup>[13]</sup> Subsequently, in its Order dated October 14, 1983, the court authorized Vicente to sell the estate of Ignacia.<sup>[14]</sup>

On August 9, 1984, Ignacia, through her counsel, sent a letter to respondent spouses demanding the return of her ½ share in the lot. Failing to settle the matter

amicably, Ignacia filed on June 4, 1996 a complaint<sup>[15]</sup> for annulment of sale against respondent spouses. The complaint was thereafter amended to include Vicente Reyes as one of the defendants.<sup>[16]</sup>

In their answer, respondent spouses claimed that they are purchasers in good faith and that the sale was valid because it was duly approved by the court.<sup>[17]</sup> Vicente Reyes, on the other hand, contended that what he sold to the spouses was only his share in Lot No. 4349-B-2, excluding the share of his wife, and that he never represented that the latter was already dead.<sup>[18]</sup> He likewise testified that respondent spouses, through the counsel they provided him, took advantage of his illiteracy by filing a petition for the issuance of letters of administration and appointment of guardian without his knowledge.<sup>[19]</sup>

On February 15, 1990, the court *a quo* rendered a decision declaring the sale of Lot No. 4349-B-2 void with respect to the share of Ignacia. It held that the purchase price of the lot was P110,000.00 and ordered Vicente to return ½ thereof or P55,000.00 to respondent spouses. The dispositive portion of the said decision, reads-

WHEREFORE, premises above considered, judgment is hereby rendered declaring the subject Deed of Absolute Sale, dated March [1,] 1983 signed by and between defendants Vicente Reyes and defendant Cipriano Mijares NULL AND VOID WITH RESPECT TO ONE-HALF (1/2) OF THE SAID PROPERTY;

The Register of Deeds of Quezon City is hereby ordered to cancel TCT No. 306083 (sic) in the names of defendant spouses Cipriano Mijares and Florentina Mijares and to issue a new TCT in the name of the plaintiff Ignacia Aguilar-Reyes as owner in fee simple of one-half (1/2) of said property and the other half in the names of defendant spouses Cipriano Mijares and Florentin[a] Mijares, upon payment of the required fees therefore;

Said defendant spouses Mijares are also ordered to allow plaintiff the use and exercise of rights, as well as obligations, pertinent to her one-half (1/2) ownership of the subject property;

Defendant Vicente Reyes is hereby ordered to reimburse P55,000.00 with legal rate of interest from the execution of the subject Deed of Absolute Sale on March 1, 1983, to the defendant spouses Cipriano Mijares and Florentina Mijares which corresponds to the one-half (1/2) of the actual purchase price by the said Mijares but is annulled in this decision (sic);

Defendant Vicente Reyes is hereby further ordered to pay plaintiff the amount of P50,000.00 by way of moral and exemplary damages, plus costs of this suit.

SO ORDERED.<sup>[20]</sup>

Ignacia filed a motion for modification of the decision praying that the sale be declared void in its entirety and that the respondents be ordered to reimburse to her

the rentals they collected on the apartments built on Lot No. 4349-B-2 computed from March 1, 1983.

On May 31, 1990, the trial court modified its decision by declaring the sale void in its entirety and ordering Vicente Reyes to reimburse respondent spouses the purchase price of P110,000, thus -

WHEREFORE, premises considered, judgment is hereby rendered declaring the subject Deed of Absolute Sale, dated March 1, 1983 signed by and between defendants Vicente Reyes and defendant Cipriano Mijares as null and void ab initio, in view of the absence of the wife's conformity to said transaction.

Consequent thereto, the Register of Deeds for Quezon City is hereby ordered to cancel TCT No. 306083 (sic) in the name of Cipriano Mijares and Florentin[a] Mijares and issue a new TCT in the name of the plaintiff and defendant Ignacia Aguilar-Reyes and Vicente Reyes as owners in fee simple, upon payment of required fees therefore.

Defendant Vicente Reyes is hereby ordered to pay the amount of one hundred ten thousand pesos (P110,000.00) with legal rate of interest at 12% per annum from the execution of the subject Deed of Absolute Sale on March 1, 1983.

Further, defendant Vicente Reyes is ordered to pay the amount of P50,000.00 by way of moral and exemplary damages, plus costs of this suit.

SO ORDERED.<sup>[21]</sup>

On motion<sup>[22]</sup> of Ignacia, the court issued an Order dated June 29, 1990 amending the dispositive portion of the May 31, 1990 decision by correcting the Transfer Certificate of Title of Lot No. 4349-B-2, in the name of Cipriano Mijares and Florentina Mijares, from TCT No. 306083 to TCT No. 306087; and directing the Register of Deeds of Quezon City to issue a new title in the name of Ignacia Aguilar-Reyes and Vicente Reyes. The Order likewise specified that Vicente Reyes should pay Ignacia Aguilar-Reyes the amount of P50,000.00 as moral and exemplary damages.<sup>[23]</sup>

Both Ignacia Aguilar-Reyes and respondent spouses appealed the decision to the Court of Appeals.<sup>[24]</sup> Pending the appeal, Ignacia died and she was substituted by her compulsory heirs.<sup>[25]</sup>

Petitioners contended that they are entitled to reimbursement of the rentals collected on the apartment built on Lot No. 4349-B-2, while respondent spouses claimed that they are buyers in good faith. On January 26, 2000, the Court of Appeals reversed and set aside the decision of the trial court. It ruled that notwithstanding the absence of Ignacia's consent to the sale, the same must be held valid in favor of respondents because they were innocent purchasers for value.<sup>[26]</sup> The decretal portion of the appellate court's decision states -

WHEREFORE, premises considered, the Decision appealed from and the Orders dated May 31, 1990 and June 29, 1990, are SET ASIDE and in lieu thereof a new one is rendered -

1. Declaring the Deed of Absolute Sale dated March 1, 1983 executed by Vicente Reyes in favor of spouses Cipriano and [Florentina] Mijares valid and lawful;
2. Ordering Vicente Reyes to pay spouses Mijares the amount of P30,000.00 as attorney's fees and legal expenses; and
3. Ordering Vicente Reyes to pay spouses Mijares P50,000.00 as moral damages.

No pronouncement as to costs.

SO ORDERED.<sup>[27]</sup>

Undaunted by the denial of their motion for reconsideration,<sup>[28]</sup> petitioners filed the instant petition contending that the assailed sale of Lot No. 4392-B-2 should be annulled because respondent spouses were not purchasers in good faith.

The issues for resolution are as follows: (1) What is the status of the sale of Lot No. 4349-B-2 to respondent spouses? (2) Assuming that the sale is annulable, should it be annulled in its entirety or only with respect to the share of Ignacia? (3) Are respondent spouses purchasers in good faith?

Articles 166 and 173 of the Civil Code,<sup>[29]</sup> the governing laws at the time the assailed sale was contracted, provide:

Art.166. Unless the wife has been declared a *non compos mentis* or a spendthrift, or is under civil interdiction or is confined in a leprosarium, the husband cannot alienate or encumber any real property of the conjugal partnership without the wife's consent. If she refuses unreasonably to give her consent, the court may compel her to grant the same...

Art. 173. The wife may, during the marriage and within ten years from the transaction questioned, ask the courts for the annulment of any contract of the husband entered into without her consent, when such consent is required, or any act or contract of the husband which tends to defraud her or impair her interest in the conjugal partnership property. Should the wife fail to exercise this right, she or her heirs after the dissolution of the marriage, may demand the value of property fraudulently alienated by the husband.

Pursuant to the foregoing provisions, the husband could not alienate or encumber any conjugal real property without the consent, express or implied, of the wife otherwise, the contract is voidable. Indeed, in several cases<sup>[30]</sup> the Court had ruled that such alienation or encumbrance by the husband is void. The better view, however, is to consider the transaction as merely voidable and not void.<sup>[31]</sup> This is consistent with Article 173 of the Civil Code pursuant to which the wife could, during

the marriage and within 10 years from the questioned transaction, seek its annulment.<sup>[32]</sup>

In the case of *Heirs of Christina Ayuste v. Court of Appeals*,<sup>[33]</sup> it was categorically held that -

There is no ambiguity in the wording of the law. A sale of real property of the conjugal partnership made by the husband without the consent of his wife is voidable. The action for annulment must be brought during the marriage and within ten years from the questioned transaction by the wife. Where the law speaks in clear and categorical language, there is no room for interpretation -- there is room only for application.<sup>[34]</sup>

Likewise, in *Spouses Guiang v. Court of Appeals*,<sup>[35]</sup> the Court quoted with approval the ruling of the trial court that under the Civil Code, the encumbrance or alienation of a conjugal real property by the husband absent the wife's consent, is voidable and not void. Thus -

...Under Article 166 of the Civil Code, the husband cannot generally alienate or encumber any real property of the conjugal partnership without the wife's consent. The alienation or encumbrance if so made however is not null and void. It is merely voidable. The offended wife may bring an action to annul the said alienation or encumbrance. Thus, the provision of Article 173 of the Civil Code of the Philippines, to wit:

Art. 173. The wife may, during the marriage and within ten years from the transaction questioned, ask the courts for the annulment of any contract of the husband entered into without her consent, when such consent is required, or any act or contract of the husband which tends to defraud her or impair her interest in the conjugal partnership property. Should the wife fail to exercise this right, she or her heirs after the dissolution of the marriage, may demand the value of property fraudulently alienated by the husband.

This particular provision giving the wife ten (10) years x x x during [the] marriage to annul the alienation or encumbrance was not carried over to the Family Code. It is thus clear that any alienation or encumbrance made after August 3, 1988 when the Family Code took effect by the husband of the conjugal partnership property without the consent of the wife is null and void...

In the case at bar, there is no dispute that Lot No. 4349-B-2, is a conjugal property having been purchased using the conjugal funds of the spouses during the subsistence of their marriage. It is beyond cavil therefore that the sale of said lot to respondent spouses without the knowledge and consent of Ignacia is voidable. Her action to annul the March 1, 1983 sale which was filed on June 4, 1986, before her demise is perfectly within the 10 year prescriptive period under Article 173 of the Civil Code. Even if we reckon the period from November 25, 1978 which was the date when Vicente and the respondent spouses entered into a contract concerning Lot No. 4349-B-2, Ignacia's action would still be within the prescribed period.

Anent the second issue, the trial court correctly annulled the voidable sale of Lot No.