



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

DENNIS T. UY TUAZON, WORLD WISER INTERNATIONAL, INC., and JERZON MANPOWER AND TRADING, INC., G.R. No. 241699
Present:

Petitioners, PERLAS-BERNABE, S.A.J.,
Chairperson,
HERNANDO,
INTING,
GAERLAN, and
ROSARIO*, JJ.

- versus -

MYRA V. FUENTES,

Respondent.

Promulgated:

AUG 04 2021

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RESOLUTION

INTING, J.:

Before the Court is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court assailing the Decision² dated April 6, 2018 and the Resolution³ dated August 1, 2018 of the Court of Appeals (CA) in CA-G.R. CV No. 107826. The assailed Decision and Resolution affirmed the Decision dated December 14, 2015 of Branch 260, Regional Trial Court (RTC), Parañaque City in Civil Case No. 14-0261.

The Antecedents

The case involves a complaint for declaration of nullity/annulment of contracts of lease executed by a husband without the written consent of his wife.

* Designated additional member per Special Order No. 2835 dated July 15, 2021

¹ *Rollo*, pp. 10-27.

² *Id.* at 30-40; penned by Associate Justice Franchito N. Diamante with Associate Justices Jose C. Reyes, Jr. (a retired member of the Court) and Maria Elisa Sempio Diy, concurring.

³ *Id.* at 41-42.

The CA summarized the facts as follows:

Dennis T. Uy Tuazon (Tuazon) and Myra V. Fuentes (Fuentes) are the registered co-owners of two parcels of land covered by Transfer Certificates of Title Nos. 146276 and 146277 located at 2004 F.B. Harrison corner San Juan Streets, Pasay City where a building is constructed thereon known as DM Building (subject property).⁴

Pending the proceedings for the declaration of nullity of marriage between Tuazon and Fuentes lodged as well in Branch 260, RTC, Parañaque City, the RTC, in a Decision dated August 24, 2012 in Civil Case No. 07-0142, authorized Fuentes to sell the subject property, along with the other common properties of the estranged spouses, in order to pay for the support *pendente lite* of Fuentes and their adoptive daughter. The subject property was then sold to Philippine Coast Guard Savings and Loan Association, Inc. (PCGSLAI) pursuant to the court order.⁵

After the judgment declaring their marriage null and void attained finality on October 31, 2012, the liquidation of the subject property was included.⁶

The subject property was occupied by two companies owned by Tuazon and his family: World Wiser International, Inc. (World Wiser) and Jerzon Manpower and Trading, Inc. (Jerzon).⁷

On August 8, 2014, Fuentes sent a notice to vacate the subject property to World Wiser. At that time, Jerzon was already ordered closed by the Philippine Overseas Employment Administration, and thus, no longer in the subject property.⁸

On September 8, 2014, the RTC approved the contract to sell between Fuentes and PCGSLAI and further directed the execution of a contract of sale.⁹

⁴ *Id.* at 31.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.* at 32.

⁸ *Id.*

⁹ *Id.* at 31.

Subsequently, Fuentes was compelled to file an unlawful detainer suit against World Wiser for its refusal to vacate the subject property. In its defense, World Wiser presented the contracts of lease executed by Tuazon in its favor for the period of July 1, 2012 to July 1, 2022. World Wiser further presented contracts of lease between Tuazon and Jerzon.¹⁰

On account of the presentation of the contracts of lease executed by Tuazon in favor of World Wiser and Jerzon, Fuentes filed a complaint for declaration of nullity/annulment of contract.¹¹

For their part, Tuazon, World Wiser, and Jerzon (collectively, petitioners) raised the affirmative defense that the contracts were validly executed even without the consent of Fuentes. They countered that because Fuentes no longer resided in the conjugal home and failed to participate in the administration of their common properties, the decision of Tuazon, as the husband and co-administrator, should prevail.¹²

The case was referred to mediation, but it was returned to the RTC on the ground of non-appearance of the parties.¹³

Petitioners then requested for referral to a judicial dispute resolution, the RTC denied it. It ratiocinated that the validity of the questioned contracts of lease cannot be the subject of a compromise agreement considering that it pertained to properties already covered by a court-decreed liquidation proceeding.¹⁴

Ruling of the RTC

On December 14, 2015, the RTC rendered a Decision in favor of Fuentes which declared the contracts of lease as null and void.¹⁵ The RTC disposed, thus:

WHEREFORE, finding the instant complaint meritorious, judgment is hereby rendered:

1. Declaring the Contract of Lease notarized by Atty. N. Almenario under Doc. No. 312, Page No. 64, Book No. 4, series of

¹⁰ *Id.* at 32.

¹¹ *Id.* at 33.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.* at 33-34.

¹⁵ *Id.* at 34.

2012, executed by Dennis Uy Tuazon and World Wiser International, Inc. with a term from July 1, 2012 to July 1, 2022 involving the DM Building covered under Transfer Certificates of Title Nos. 146276 and 146277, as NULL and VOID;

2. Declaring the Contract of Lease notarized by Atty. N. Almenario under Doc. No. 313, Page No. 64, Book No. 4, series of 2012, executed by Dennis Uy Tuazon and JERZON MANPOWER AND TRADING, INC. with a term from July 1, 2012 to July 1, 2022 involving the DM Building covered under Transfer Certificates of Title Nos. 146276 and 146277 as NULL and VOID;

No sufficient evidence was presented to warrant the relief prayed for by the defendants.

Let copies of this Decision be furnished the Registry of Deeds of Pasay City where the subject property is situated

SO ORDERED.¹⁶

Ruling of the CA

Petitioners appealed to the CA disputing the claim of Fuentes that she learned of the questioned contracts of lease only after petitioners' filing of an answer in the unlawful detainer case. They asserted that Fuentes already had knowledge of the transaction even during their nullity of marriage proceedings; and that her inaction to invalidate the contracts was tantamount to her consent thereof.¹⁷

The CA denied the appeal and affirmed the findings of the RTC.¹⁸ It ruled that Fuentes had always maintained that she did not enter into any contract of lease with petitioners. The CA noted that the exclusive administration and possession of the subject property was awarded to Fuentes by the RTC in the nullity of marriage proceeding on September 8, 2014, and that prior thereto, Fuentes already filed an unlawful detainer suit against World Wiser.¹⁹

Further, the CA observed that Fuentes promptly filed the instant case assailing the contracts of lease mainly on the ground that the required consent of one of the spouses was wanting. Citing Article 96 of the Family Code of the Philippines (Family Code) and related cases, the

¹⁶ As culled from the Decision dated April 6, 2018 of the Court of Appeals, *id.*

¹⁷ *Id.* at 35.

¹⁸ *Id.* at 39.

¹⁹ *Id.* at 35-36.

CA stated that the contracts of lease executed by Tuazon without the written consent of Fuentes are considered void. Under the regime of an absolute community of property, the alienation of common property requires the written consent of the other spouse or the authority of the court in case of incapacity or inability to participate in the administration thereof, otherwise, the disposition or encumbrance is void. The CA likewise ruled that a lease of common property for a period of more than one year is a conveyance and encumbrance requiring the joinder of the wife in the instrument.²⁰

With regard to the issue on the mandatory judicial dispute resolution, the CA was not convinced that there was a violation of petitioners' due process rights when the case proceeded to trial without undergoing judicial dispute resolution. It held that petitioners actively participated in the proceedings below where they have been given the opportunity to raise all possible defenses and objections. The CA, too, cited the Mediator's Report issued by the Philippine Mediation Center that indicated that the parties were not amenable to a settlement given their repeated failure to appear in the scheduled conferences. For the CA, petitioners' actuations cannot be countenanced because their repeated failure to attend mediation showed their negligence and disregard of the rules which they now invoke.²¹

Aggrieved, petitioners elevated the case to the Court *via* a petition for review on *certiorari*.

The Issue

The main issue in this case is whether the CA committed reversible error in declaring the questioned contracts of lease as void.

Arguments of the Parties

Petitioners reiterate that Fuentes had knowledge of the execution of the contracts of lease even prior to the unlawful detainer suit and that her inaction constituted as her implied consent and acceptance thereto.²² They likewise maintain that the RTC was obliged to conduct judicial

²⁰ *Id.* at 36-38.

²¹ *Id.* at 39.

²² *Id.* at 18-19.

dispute resolution in the instant case, and that the fact that the subject property was already included in the liquidation proceedings in another case should not have prevented the RTC from referring the case to a judicial dispute resolution. Further, the contracts of lease do not affect the liquidation proceedings as they only granted possession and not title to the subject properties. Lastly, petitioners' stance remains that there was a violation of their due process rights because World Wiser and Jerzon were not parties in the proceedings between Tuazon and Fuentes for nullity of marriage; thus, the two companies were deprived of the opportunity to resolve the matter during judicial dispute resolution.²³

In her Comment,²⁴ Fuentes controverts petitioners' argument that she had knowledge of the execution of the questioned contracts of lease.²⁵ Fuentes posits that petitioners' theory that there was implied consent is not only without factual basis but is also legally untenable.²⁶ Fuentes emphasizes that the law clearly requires written consent for conveyances involving common property. Her knowledge that World Wiser and Jerzon were occupying the subject property did not amount to knowledge nor implied consent to the transactions given that she had long been estranged from Tuazon since 2006 and had been living separately since then.²⁷

As to the alleged invalidity of the proceedings below, Fuentes avers that the lack of a judicial dispute resolution was not a violation of petitioners' rights to due process. Fuentes emphasizes that petitioners already abandoned the issue when they actively participated in the proceedings below without further assailing the denial of the RTC of their request for submission of the controversy to a judicial dispute resolution.²⁸ Fuentes asserts that laches applies against petitioners under the circumstances and that, significantly, petitioners lacked interest towards the alternative dispute resolution procedure when they repeatedly failed to appear during the scheduled conferences.

Motion for Intervention of PCGSLAI

With respect to the Motion for Intervention²⁹ filed by PCGSLAI in its capacity as the new registered owner of the subject property pursuant

²³ *Id.* at 20-22.

²⁴ *Id.* at 75-88.

²⁵ *Id.* at 77-79.

²⁶ *Id.* at 80-81.

²⁷ *Id.* at 80.

²⁸ *Id.* at 83.

²⁹ *Id.* at 138-153.

to a sale, the Court denies it for lack of merit. Aside from the Manifestation³⁰ of Fuentes which refutes the claims of PCGSLAI that Fuentes had already left the country and that her counsel would not cooperate with the substitution, Section 2, Rule 19 of the Rules of Court mandates that the time to intervene must be filed at any time before rendition of judgment by the trial court. PCGSLAI not only belatedly filed its motion for intervention, it also failed to justify the delay despite the RTC Order approving the contract to sell as early as September 8, 2014 that was issued even before the filing of the instant suit by Fuentes in the RTC.

Our Ruling

The petition is devoid of merit.

The law requires that the disposition of common property by the husband as an administrator in appropriate cases requires the *written consent* of the wife, otherwise, the disposition is void.

Article 124 of the Family Code provides:

Art. 124. The administration and enjoyment of the conjugal partnership property shall belong to both spouses jointly. In case of disagreement, the husband's decision shall prevail, subject to recourse to the court by the wife for a proper remedy, which must be availed of within five years from the date of the contract implementing such decision.

In the event that one spouse is incapacitated or otherwise unable to participate in the administration of the conjugal properties, the other spouse may assume sole powers of administration. These powers do not include the powers of disposition or encumbrance which must have the authority of the court or the written consent of the other spouse. In the absence of such authority or consent the disposition or encumbrance shall be void. However, the transaction shall be construed as a continuing offer on the part of the consenting spouse and the third person, and may be perfected as a binding contract upon the acceptance by the other spouse or authorization by the court before the offer is withdrawn by either or both offerors.

The law requires *written consent* of the other spouse, otherwise, the disposition of common property is void. The requirement under the law is clear, categorical, unambiguous, and makes no room for

³⁰ *Id.* at 172-174.

interpretation. Under the rules on statutory construction, where the law is clear and unambiguous, it must be taken to mean exactly what it says, and courts have no choice but to see to it that the mandate is obeyed.³¹

In the case of *Jader-Manalo v. Camaisa*,³² the Court declared the sale of common property as void on the ground that the written consent of the other spouse must concur regardless of his/her active participation in the negotiations for being aware of the transaction is not consent.

Similarly, in *Alejo v. Sps. Cortez, et al.*,³³ where the husband demanded compliance with the contract of sale and required payment of the balance of the purchase price from the seller, despite his lack of written consent thereof nor knowledge of the transaction entered into by the wife, the Court maintained that the conveyance is void. The Court pronounced that the law is unequivocal when it states that the disposition of conjugal property of one spouse sans the written consent of the other is void.³⁴

As applied in this case, the lower courts aptly declared the lease contracts executed without the written consent of Fuentes as void. The subject of the contracts of lease involved common property; hence, for the contracts to be effective, the consent of both husband and wife must concur. It is immaterial whether Fuentes had knowledge of the questioned transactions as the latter admittedly did not give her written consent to the contracts. Significantly, Tuazon himself admitted that Fuentes did not participate nor sign the contracts of lease. Unfortunately for petitioners, knowledge or being merely aware of a transaction is not consent.³⁵

While it may be true that in a number of cases, the Court refrained from applying the literal import of a particular provision of law if doing so would lead to unjust, unfair, and absurd results, the Court does not see how applying Article 124 of the Family Code in the instant case would lead to injustice or absurdity.³⁶ Notably, Article 124 of the Family Code protects the community or conjugal property from unlawful dissipation by any of the spouses which could inevitably prejudice the family. The law already outlines the necessary safeguards and the straightforward

³¹ *Abakada Guro Party List v. Hon. Exec. Ermita*, 506 Phil. 1, 113 (2005), citing Agpalo, *Statutory Construction*, 1990 ed., p. 45.

³² 425 Phil. 346 (2002).

³³ 811 Phil. 129 (2017).

³⁴ *Id.* at 137-138.

³⁵ *Jader-Manalo v. Camaisa*, *supra* note 32 at 355, citing *Tinitigan v. Tinitigan*, 188 Phil. 597 (1980).

³⁶ See *Spouses Alinas v. Spouses Alinas*, 574 Phil. 311 (2008).

procedure for every possible scenario in the disposition or encumbrance of common properties in keeping with the special nature of ownership and property regime governing marriage.

Here, petitioners were well aware that the subject property is a common property of Tuazon and Fuentes, given Tuazon's proprietary rights over World Wiser and Jerzon. Tuazon even claimed that he merely acted as the sole administrator of the common property on account of Fuentes' absence from the conjugal home. However, the procedure before a spouse could convey common property without the written consent of the other spouse in case of the latter's incapacity or inability to participate in the administration is already laid out in Article 124 of the Family Code. It is compelling that there was no showing that Tuazon obtained the authority of the court pursuant to the aforecited provision considering that the transaction involved a disposition or encumbrance of common property.

As to the denial of the RTC to refer the case to a judicial dispute resolution, the Court finds that the lack thereof does not invalidate the proceedings below.

Under the new 2020 Guidelines for the Conduct of Court-Annexed Mediation and Judicial Dispute Resolution in Civil Cases,³⁷ referral to a judicial dispute resolution in case of failed court-annexed mediation is made only when the judge to whom the case was originally filed is convinced that settlement is still possible. Permissive referral is available upon motion or manifestation of any of the parties in case there is a significant likelihood of a settlement.³⁸ The common denominator in this case is the possibility of settlement.

Although the provisions are newly introduced guidelines which were not yet in effect during the mediation stage below, the Court is of the view that the non-referral of the case to judicial dispute resolution after a failed mediation does not invalidate the proceedings.

³⁷ A.M. No. 19-10-20-SC, approved on February 9, 2021.

³⁸ See Section 3 of A.M. No. 19-10-20-SC, viz.:

SECTION 3. *Permissive Referral to [Court-Annexed Mediation] CAM and [Judicial Dispute Resolution] JDR in Other Actions.* — In all other actions or proceedings where compromise is not prohibited by law and there is a significant likelihood of settlement, either or both of the parties may, by oral manifestation or written motion after the pre-trial/preliminary conference, or at any stage of the proceedings, request the court to refer their dispute to CAM and JDR, provided there are still factual issues to be resolved.

In the case, the RTC viewed that settlement was out of the question as shown by the conduct and attitude of petitioners during mediation proceedings. Preliminarily, the Court is not the proper forum to address the propriety of the denial inasmuch as the RTC had already rendered its Decision after the presentation of the respective evidence of the parties necessarily putting the issue to rest. Petitioners, unfortunately, raised the issue at the eleventh hour—after a trial on the merits, with their active participation in the proceedings below. Quite alarming, too, is the fact that it was petitioners who repeatedly failed to personally appear on the scheduled mediation.³⁹ Under the premises, petitioners appear to be resurrecting procedural technicalities instead of bolstering their claims towards a resolution on the merits, an act which could be construed as a resort to dilatory tactics to delay the execution of the adverse judgment against them given that petitioners seek to nullify the entire proceedings on the sole basis of the absence of this step. Veritably, there is no reason to obviate from the RTC's valid exercise of sound discretion in its determination of the paucity of the likelihood of a settlement. After all, Fuentes already opposed⁴⁰ a referral to judicial dispute resolution which would only render futile any efforts towards a settlement.

WHEREFORE, the petition is **DENIED**. The Decision dated April 6, 2018 and the Resolution dated August 1, 2018 of the Court of Appeals in CA-G.R. CV No. 107826 are hereby **AFFIRMED**.

SO ORDERED.


HENRI JEAN PAUL B. INTING
Associate Justice

WE CONCUR:


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson

³⁹ *Rollo*, p. 39.

⁴⁰ In the RTC Order dated April 8, 2015, it cited the objection of the counsel for Fuentes against the motion of petitioners for referral of the case to judicial dispute resolution, *id.* at 83-84.

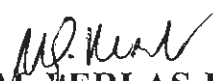

RAMON PAUL L. HERNANDO
Associate Justice


SAMUEL H. GAERLAN
Associate Justice


RICARDO R. ROSARIO
Associate Justice

ATTESTATION

I attest that the conclusions in the above Resolution had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ESTELA M. BERLAS-BERNABE
Senior Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Resolution had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ALEXANDER G. GESMUNDO
Chief Justice

