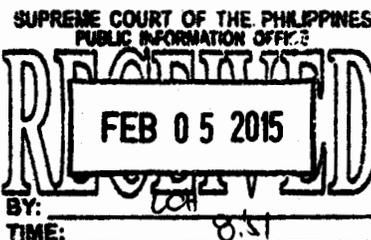




Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

NOTICE



Sirs/Mesdames:

Please take notice that the Court, Third Division, issued a Resolution dated **December 10, 2014**, which reads as follows:

“G.R. No. 202829 (William Cuison and Marilou Cuison vs. Maria Angeles Carretero-Albano, represented by her Attorney-in-fact, Maria Corazon Carretero). – On appeal is the Decision¹ dated January 31, 2012 of the Court of Appeals (CA) in CA-G.R. CV No. 94491 which affirmed the Decision² dated April 13, 2009 of the Regional Trial Court (RTC) of Dagupan City, Branch 42, in Civil Case No. 06-0379-D, granting Maria Angeles Carretero-Albano’s (Albano) complaint for specific performance and ordering petitioner William L. Cuison (Cuison) to execute a Deed of Absolute Sale in her favor.

The Antecedents

On July 18, 2002, Cuison and Albano executed a Memorandum of Agreement³ (MOA) whereby they agreed to enter into an absolute contract of sale over the former’s parcel of land covered by Transfer Certificate of Title (TCT) No. 72299 which was then mortgaged with LBC Development Bank (LBC). Albano assumed the mortgage and, on the same date, paid ₱1,049,366.00 as partial consideration for the purchase of the land. Albano also agreed to make partial payments in accordance with the schedule of amortization set forth in the Deed of Real Estate Mortgage with LBC until the balance of the loan secured thereby is fully settled.

The parties further stipulated to enter into an Absolute Deed of Sale after Albano has fully paid the mortgage price.

On December 7, 2006, Albano, through her Attorney-in-fact, Maria Corazon Carretero (Carretero), filed a Complaint⁴ for Specific Performance with Damages against Cuison and LBC. Albano averred that she has already remitted and paid to Cuison the balance of the purchase price as follows:

¹ Penned by Associate Justice Amelita G. Tolentino, with Associate Justices Ramon R. Garcia and Samuel H. Gaerlan, concurring; *rollo*, pp. 107-117.

² Issued by Acting Presiding Judge Robert O. Rudio; *id.* at 72-77.

³ *Id.* at 43-45.

⁴ *Id.* at 40-42.

₱103,314.00	December 5, 2001
₱151,491.60	January 18, 2002
₱149,000.00	March 25, 2002 ⁵

Albano claimed to have made a total payment of ₱1,453,171.60. LBC informed her that Cuison has already paid the outstanding obligation secured by the real estate mortgage. Thus, she demanded Cuison to execute the agreed Absolute Deed of Sale pursuant to the terms of the MOA,⁶ but he refused to comply with his prestation. She also requested LBC to issue a certification attesting to the full satisfaction of Cuison's mortgage obligation but was denied.

Albano prayed that Cuison be ordered to execute a Deed of Absolute Sale in her favor and to pay the attorney's fees and litigation expenses she incurred. She also sought that LBC be ordered to cause the transfer of the land's TCT in Cuison's name.

In his Answer with Compulsory Counterclaims,⁷ Cuison specifically denied the capacity of Carretero to act as Albano's attorney-in-fact for lack of the necessary written authority. He denied the validity of the MOA and claimed that it was defective because it involves the conveyance or disposal of real property without the consent of his wife. He admitted the payments made by Albano but denied receiving a demand letter from her. The rest of the allegations in the complaint were traversed with general denial.

Cuison also raised affirmative defenses. He argued that even granting that the MOA exists, there is no showing that his spouse consented to the disposition of a real property belonging to their conjugal partnership. He asserted that the remedy of Albano would be to sue him for collection of sum of money and not for specific performance. Lastly, he counterclaimed for damages, attorney's fees and litigation expenses.

For its part, LBC proffered that it has already executed a Deed of Absolute Sale in favor of Cuison and his wife in 2002 when it surrendered the owner's duplicate copy of TCT No. 72299. The RTC took note of such manifestation and ordered the removal of LBC as a defendant in the complaint.⁸

On May 2, 2008, Albano filed a Motion for Judgment on the Pleadings⁹ arguing that there is no genuine issue involved in the case considering Cuison's admission of the existence and due execution of the MOA and her full payment of ₱1,453,171.60. Albano also argued that the MOA did not need the consent of Cuison's wife for it to be effective. Cuison was not declared as married in the MOA neither was there any

⁵ Id. at 46-48.

⁶ Id. at 49.

⁷ Id. at 50-53.

⁸ Id. at 74.

⁹ Id. at 58-61.

insinuation that the subject land was a conjugal property. Albano also explained that the designation of Carretero as her attorney-in-fact was for purposes of representation after the complaint is filed.

Ruling of the RTC

In an Order¹⁰ dated October 31, 2008, the RTC upheld Albano's arguments and granted her motion. The case was forthwith submitted for decision.

In its Decision¹¹ dated April 13, 2009, the RTC ruled in Albano's favor. Cuison was adjudged to have admitted the genuineness and due execution of the MOA owing to his failure to deny the same under oath pursuant to Section 8, Rule 8 of the Rules of Court. Cuison was declared estopped from questioning the validity of the MOA on the ground that his wife did not consent thereto because there was nothing in the document stating that he was married and that the subject land was a conjugal property. Lastly, Cuison's categorical admission of the payments made to him by Albano and the LBC's declaration that he has fully settled the obligation secured by the mortgage has effectively rendered due and demandable his prestation under the MOA to execute an Absolute Deed of Sale in her favor.

The RTC decision disposed thus:

WHEREFORE, premises considered, Decision is hereby rendered:

1. Ordering [Cuison] to have the Deed of Absolute Sale covering the subject land executed by [LBC] in his favor duly notarized before a Notary Public;
2. Ordering [Cuison] to execute an Absolute Deed of Sale covering the subject land in favor of [Albano];
3. Ordering [Cuison] to reimburse [Albano] the amount of P253,000.00, representing the excess payment paid by [Albano] to him, in line with the applicable provisions of the MOA and pursuant to Art. 22 of the Civil Code of the Philippines, embodying the doctrine that no person should unjustly enrich himself at the expense of another; [and]
4. Ordering [Cuison] to pay the costs of suit.

SO ORDERED.¹²

Cuison thereafter interposed an Omnibus Motion¹³ seeking reconsideration of the foregoing judgment and, in the alternative, for the

¹⁰ Id. at 63-65.

¹¹ Id. at 72-77.

¹² Id. at 77.

¹³ Id. at 78-87.

conduct of a new trial. The motion was denied in the RTC Order¹⁴ dated September 16, 2009.

Ruling of the CA

In its Decision¹⁵ dated January 31, 2012, the CA affirmed the RTC's findings. The CA observed that the issues deducible from Cuison's admissions and specific denials are determinable without the need for presentation of evidence as they can be readily resolved upon a perusal of the parties' pleadings and attached documents.

The issue of whether Carretero was authorized to file the complaint as Albano's attorney-in-fact was held insignificant to the case. No written authorization was needed because the complaint was actually filed by Albano herself; she was also the one who signed the attached verification. The sufficiency of the complaint was not affected by the inclusion of Carretero as a party representative because it could be taken as a mere error that the court may remedy by dropping her name from the case at any stage of the proceeding.

Neither did the alleged lack of consent of Cuison's wife make the MOA defective. The MOA did not state that Cuison was married or that the land subject was a conjugal property. Cuison was deemed estopped by the said representations and he cannot deny or disprove them as against Albano who relied thereon. Cuison willingly signed the MOA without disclosing the legal impediment with respect to the sale of the land. By voluntarily affixing his signature in the MOA, he effectively vouched the truthfulness of the stipulations contained therein including his civil status and the nature of the property involved. The CA further held that the lack of consent of Cuison's wife is a personal defense which only she can raise.

The CA ruled that since the subject land was not shown to be a conjugal property, Cuison's wife is not an indispensable party to the complaint. She was a mere pro-forma party whose non-joinder does not warrant the dismissal of the case.

Cuison's motion for the reconsideration of the foregoing judgment was denied in the CA Resolution¹⁶ dated July 11, 2012. Hence, the present appeal submitting the same issues raised before the CA.

Ruling of the Court

The Court denies the appeal.

¹⁴ Id. at 103.

¹⁵ Id. at 107-117.

¹⁶ Id. at 131-132.

Under Rule 34 of the Rules of Court, “where an answer fails to tender an issue, or otherwise admits the material allegations of the adverse party’s pleading, the court may, on motion of that party, direct judgment on such pleading.” Judgment on the pleadings is, thus, based exclusively upon the allegations appearing in the pleadings of the parties and the annexes, if any, without consideration of any evidence *aliunde*.¹⁷

Records show that Albano was seeking the execution of an Absolute Deed of Sale in her favor because the condition that gave rise thereto under the MOA has already been fulfilled, that is – her full payment of the land’s mortgage price. In his answer, Cuison never denied the existence of the MOA; he also admitted Albano’s full payment of the agreed price.

Evidently, there is no material issue which will necessitate the presentation of evidence in a trial since the propriety of the right claimed in the complaint and Cuison’s correlative obligation to fulfill the same are determinable from the pleadings and annexes proffered by both parties. Based thereon, Albano is entitled to have an Absolute Deed of Sale executed in her favor.

The affirmative defense raised by Cuison on the alleged defectiveness of the MOA for the lack of his wife’s consent has no bearing. It is true that under the Family Code any disposition or encumbrance made by one spouse without the consent or authority of the other 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.¹⁸

¹⁷ *Pacific Rehouse Corporation v. EIB Securities, Inc.*, G.R. No. 184036, October 13, 2010, 633 SCRA 214, 230.

¹⁸ Article 96. The administration and enjoyment of the community 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 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 common properties, the other spouse may assume sole powers of administration. These powers do not include disposition or encumbrance without 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.

Article 124. The administration and enjoyment of the conjugal partnership 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 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 disposition or encumbrance without 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.

Since neither Albano nor Cuison has withdrawn or cancelled the MOA, it remains binding between them as a continuing offer and it may still be perfected as a contract subject to the validation by the latter's wife or the court's approval in case she is incapacitated or otherwise unable to participate in the administration of the subject land.

Cuison's resistance, albeit ineffective, to the implementation of the stipulations in the MOA cannot be deemed as an expression of his desire to cancel the same. He cannot be permitted to cancel the MOA to avoid his prestation thereunder after the other party has fulfilled its reciprocal obligation. The right to cancel a reciprocal contract belongs to the injured party, in this case, Albano, and not to the one who breached the same.¹⁹

Cuison does not also have the right to question the validity of the MOA. As the spouse who can validate the transaction, it is only his non-consenting wife who can question its validity.

Based on the foregoing, Cuison cannot refuse to execute a Deed of Absolute Sale in favor of Albano on the ground that his wife supposedly did not consent to the MOA. In the absence of any formal specific action from her, the MOA shall be deemed as a continuing offer to sell the subject land between Cuison and Albano which must be documented through the agreed Absolute Deed of Sale.

The Court finds no justifiable reason to deviate from the CA's findings on the procedural issues.

Albano herself signed the verification in the complaint and not her designated attorney-in-fact, Carretero. Thus, the absence of a written authority for the latter was inconsequential.

The non-joinder of Cuison's wife does not warrant the dismissal of the complaint because she was not an indispensable party thereto. She was not a signatory to the MOA upon which the complaint was premised. There is likewise no showing in the MOA that she is a co-owner of the subject land considering that Cuison represented himself as the absolute owner thereof. Verily then, a complete determination of the rights and obligations of the parties under the MOA can be achieved without impleading her.

Cuison's wife was a pro-forma party to the complaint whose joinder is merely a formal requirement the non-observance of which may be cured by amendment. Dismissal is warranted only if the pro-forma party not joined in the complaint is an indispensable party.²⁰

¹⁹ *Central Bank of the Philippines v. Spouses Bichara*, 385 Phil. 553, 568 (2000).
²⁰ *Carandang v. Heirs of Quirino A. De Guzman*, 538 Phil. 319, 337 (2006).

WHEREFORE, premises considered, the appeal is **DENIED**. The Decision dated January 31, 2012 of the Court of Appeals in CA-G.R. CV No. 94491 is hereby **AFFIRMED.**" (Jardeleza, J., on official leave; **Mendoza, J.**, designated as acting member per Special Order No. 1896 dated November 28, 2014.)

Very truly yours,


WILFREDO V. LAPID
Division Clerk of Court

A. 12/15

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(Civil Case No. 06-0379-D)

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