

## SECOND DIVISION

[ G.R. No. 181508, October 02, 2013 ]

**OSCAR CONSTANTINO, MAXIMA CONSTANTINO AND CASIMIRA MATURINGAN, PETITIONERS, VS. HEIRS OF CONSTANTINO, REPRESENTED BY LAQUINDANUM, PEDRO JR., ASUNCION RESPONDENTS.**

### DECISION

**PEREZ, J.:**

Before the Court is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court assailing the 31 May 2007 Decision<sup>[1]</sup> of the Court of Appeals in CA-G.R. CV No. 81329, which reversed the 27 October 2003 Decision<sup>[2]</sup> of the Regional Trial Court (RTC), Branch 18 of Malolos City, Bulacan, in a complaint for Declaration of Nullity of "Pagmamana sa Labas ng Hukuman," Tax Declaration Nos. 96-10022-02653 & 1002655, With Prayer for a Writ of Preliminary Injunction & Damages docketed as Civil Case No. 630-M-99.

#### *The Facts*

This involves a controversy over a parcel of land claimed to be part of an estate which needed to be proportionally subdivided among heirs.

Pedro Constantino, Sr., (Pedro Sr.) ancestors of the petitioners and respondents, owned several parcels of land, one of which is an unregistered parcel of land declared for taxation purposes under Tax Declaration 20814<sup>[3]</sup> consisting of 240 square meters situated at Sta. Monica, Hagonoy, Bulacan. Pedro, Sr., upon his death, was survived by his six (6) children, namely: 1) PEDRO CONSTANTINO, JR. (Pedro Jr.), the grandfather of the respondents; 2) ANTONIA CONSTANTINO, who later died without issue; 3) CLARA CONSTANTINO, who also later died without issue; 4) BRUNO CONSTANTINO, who was survived by his 6 children including petitioner Casimira Constantino-Maturingan; 5) EDUARDO CONSTANTINO, who is survived by his daughter Maura; and 6) SANTIAGO CONSTANTINO, who was survived by his five (5) children which includes petitioner Oscar Constantino.<sup>[4]</sup>

On 17 June 1999, respondents Asuncion Laquindanum (Asuncion) and Josefina Cailipan (Josefina), great grandchildren of Pedro Sr., in representation of Pedro, Jr. filed a complaint<sup>[5]</sup> against petitioners Oscar Constantino, Maxima Constantino and Casimira Maturingan, grandchildren of Pedro Sr., for the nullification of a document denominated as "Pagmamana sa Labas ng Hukuman" dated 10 August 1992,<sup>[6]</sup> Tax Declaration Nos. 96-10022 (02653)<sup>[7]</sup> and 96-10022 (02655)<sup>[8]</sup> and reinstatement of Tax Declaration No. 20814<sup>[9]</sup> in the name of Pedro Sr.

In the said complaint, respondents alleged that sometime in October 1998,

petitioners asserted their claim of ownership over the whole parcel of land (240 sq m) owned by the late Pedro Sr., to the exclusion of respondents who are occupying a portion thereof. Upon verification, respondents learned that a Tax Declaration No. 02010-2170-33235 in the name of petitioner Oscar Constantino and his cousin Maxima Constantino was unlawfully issued, which in effect canceled Tax Declaration No. 20814 in the name of their ancestor Pedro Sr. The issuance of the new tax declaration was allegedly due to the execution of a simulated, fabricated and fictitious document denominated as "Pagmamana sa Labas ng Hukuman," wherein the petitioners misrepresented themselves as the sole and only heirs of Pedro Sr. It was further alleged that subsequently, the subject land was divided equally between petitioners Oscar and Maxima resulting in the issuance of Tax Declaration No. 96-10022-02653<sup>[10]</sup> in the name of Oscar, with an area of 120 sq m and the other half in the name of Maxima covered by Tax Declaration No. 96-10022-02652.<sup>[11]</sup> The share of Maxima was eventually conveyed to her sister, petitioner Casimira in whose name a new Tax Declaration No. 96-10022-02655<sup>[12]</sup> was issued.

Thus, respondents sought to annul the "Pagmamana sa Labas ng Hukuman" as well as the Tax Declarations that were issued on the basis of such document.

The petitioners, on the other hand, averred in their Answer With Counterclaim<sup>[13]</sup> that Pedro Sr., upon his death, left several parcels of land, namely: 1) a lot with an area of 240 sq m covered by Tax Declaration No. 20814; 2) a lot with an area of 192 sq m also situated at Sta. Monica, Hagonoy, Bulacan, previously covered by Tax Declaration No. 9534; and 3) an agricultural land with an area of Four (4) hectares, more or less. The petitioners claimed that the document "Pagmamana sa Labas ng Hukuman" pertaining to the 240 sq m lot was perfectly valid and legal, as it was a product of mutual and voluntary agreement between and among the descendants of the deceased Pedro Sr.

Further, petitioners alleged that the respondents have no cause of action against them considering that the respondents' lawful share over the estate of Pedro Sr., had already been transferred to them as evidenced by the Deed of Extrajudicial Settlement with Waiver<sup>[14]</sup> dated 5 December 1968, executed by Angelo Constantino, Maria Constantino (mother of respondent Asuncion), Arcadio Constantino and Mercedes Constantino, all heirs of Pedro Jr. In the said deed, respondents adjudicated unto themselves to the exclusion of other heirs, the parcel of land with an area of 192 sq m by misrepresenting that they were "the only legitimate heirs of Pedro Sr. Thus, petitioners claimed that in the manner similar to the assailed "Pagmamana sa Labas ng Hukuman," they asserted their rights and ownership over the subject 240 sq m lot without damage to the respondents.

In essence, petitioners position was that the Deed of Extrajudicial Settlement with Waiver which led to the issuance of Tax Declaration No. 9534 was acquiesced in by the other heirs of Pedro Sr., including the petitioners, on the understanding that the respondent heirs of Pedro Jr. would no longer share and participate in the settlement and partition of the remaining lot covered by the "*Pagmamana sa Labas ng Hukuman.*"

On 15 August 2000, pre-trial conference<sup>[15]</sup> was conducted wherein the parties entered into stipulations and admissions as well as identification of the issues to be litigated. Thereupon, trial on the merits ensued.

On 27 October 2003, the RTC rendered a Decision<sup>[16]</sup> in favor of the respondents finding that:

As a result of execution of "Extrajudicial Settlement with Waiver" dated December 5, 1968 (Exh. "2") executed by the heirs of Pedro Constantino, Jr., a son of Pedro Constantino, Sr. and the subsequent execution of another deed denominated as "Pagmamana sa Labas ng Hukuman" dated August 10, 1992 (Exh. "E") executed by the heirs of Santiago and Bruno Constantino, also other sons of Pedro Constantino, Sr., to the exclusion of the other heirs, namely, those of ANTONIA, CLARA, and EDUARDO CONSTANTINO, both plaintiffs and defendants acted equally at fault. They are in pari delicto, whereby the law leaves them as they are and denies recovery by either one of them. (See: Yu Bun Guan v. Ong, 367 SCRA 559). Parties who are equally guilty cannot complain against each other. (Sarmiento v. Salud, 45 SCRA 213.)

Supplementing the law on the matter, that is, the provision of Article 19 of the New Civil Code whereby every person must, in the exercise of his rights and in the performance of his duties, act with justice, give everyone his due, and observe honesty and good faith, is the legal maxim that "he who comes to court to demand equity must come with clean hands." (LBC Express, Inc. v. Court of Appeals, 236 SCRA 602).

Although, plaintiffs-heirs of Pedro Constantino, Jr., including Asuncion Laquindanum and Josefina Cailipan, are not parties or signatories to the "Extrajudicial Settlement with Waiver" dated December 5, 1968, they are successors-in-interest of Pedro Constantino, Jr. They are considered "privies" to said deed, and are bound by said extrajudicial settlement. (See: Cabresos v. Tiro, 166 SCRA 400). In other words, they are "PRIVIES IN ESTATE". (Correa v. Pascual, 99 Phil. 696, 703).

Consequently, plaintiffs are now estopped from claiming otherwise. (See: PNB v. CA, 94 SCRA 357). They are estopped to share in the real property subject matter of this case. In fine, they are not entitled to the reliefs prayed for. (Communication Materials & Design, Inc. v. CA, 260 SCRA 673).

With respect to alleged damages claimed by plaintiffs against defendants in their Complaint and counterclaim for damages by defendants against plaintiffs in their Answer, both claims are hereby dismissed for lack of valid factual and legal foundations.

#### Disposition

WHEREFORE, in view of the foregoing premises and disquisition, the deed denominated as "Pagmamana sa Labas ng Hukuman" of August

10, 1992 and Tax Declaration No. 96-10022-02653 in the name of Oscar Constantino and Tax Declaration No. 96-10022-02655 in the name of Casimira C. Maturingan (from Maxima Constantino to Casimira C.

Maturingan) stand. Plaintiffs' Complaint for nullification thereof with damages is hereby DISMISSED.<sup>[17]</sup>

Not convinced, the respondents appealed the aforequoted decision to the Court of Appeals (CA) raising, among others, the erroneous application by the trial court of the doctrine of "*in pari delicto*" in declaring the validity of the document "Pagmamana sa Labas ng Hukuman."

In its 31 May 2007 Decision,<sup>[18]</sup> the CA ruled in favor of the respondents heirs of Pedro, Jr., declaring that the "Extrajudicial Settlement with Waiver" dated 5 December 1968 they executed covering the 192 sq m lot actually belongs to Pedro Jr., hence, not part of the estate of Pedro Sr. The CA rationated in this wise:

The 192 square meters lot which was adjudicated in the "Extrajudicial Settlement with Waiver" dated 5 December 1968 among the heirs of Pedro Jr. namely Angelo, Maria, Arcadio and Mercedes is a property belonging to Pedro Jr. although there is a typographical error in that the name of Pedro Jr. was inadvertently typed only as *Pedro Constantino*. It is clear from the reading of the document that a typographical error was committed because the four (4) children of Pedro Jr. by Felipa dela Cruz were specifically identified. Further, during the presentation of evidence of the plaintiffs-appellants, it was rebutted that Pedro Sr. had six (6) legitimate children namely: Pedro Jr., Antonia, Clara, Santiago, Bruno and Eduardo<sup>[19]</sup> and Pedro Jr. had four (4).<sup>[20]</sup>

Thus, the CA went on to state that the respondents, heirs of Pedro Jr., did not adjudicate the 192 sq m lot unto themselves to the exclusion of all the other heirs of Pedro Sr. Rather, the adjudication in the document entitled "Extrajudicial Settlement with Waiver dated 5 December 1968 pertains to a different property and is valid absent any evidence to the contrary. Hence, it is erroneous for the trial court to declare the parties *in pari delicto*.

### ***The Issue***

The petitioners now question the said ruling assigning as error, among others, the failure of the CA to appreciate the existence of misrepresentation in both documents, thereby ignoring the propriety of the application of the *in pari delicto doctrine*. Likewise assailed is the erroneous disregard by the CA of stipulations and admissions during the pre-trial conference on which the application of the doctrine of *in pari delicto* was based.

### ***Our Ruling***

Latin for "in equal fault," *in pari delicto* connotes that two or more people are at fault or are guilty of a crime. Neither courts of law nor equity will interpose to grant relief to the parties, when an illegal agreement has been made, and both parties stand *in pari delicto*.<sup>[21]</sup> Under the *in pari delicto* doctrine, the parties to a controversy are equally culpable or guilty, they shall have no action against each other, and it shall leave the parties where it finds them. This doctrine finds expression in the maxims

"*ex dolo malo non oritur actio*" and "*in pari delicto potior est conditio defendentis*."  
[22]

When circumstances are presented for the application of such doctrine, courts will take a hands off stance in interpreting the contract for or against any of the parties. This is illustrated in the case of *Packaging Products Corporation v. NLRC*, [23] where this Court pronounced that:

This Court cannot give positive relief to either petitioner or respondent because we are asked to interpret and enforce an illegal and immoral arrangement. (See Articles 1409, 1411, and 1412 of the Civil Code). Kickback arrangements in the purchase of raw materials, equipment, supplies and other needs of offices, manufacturers, and industrialists are so widespread and pervasive that nobody seems to know how to eliminate them. x x x.

Both the petitioners and the private respondent are in *pari delicto*. Neither one may expect positive relief from courts of justice in the interpretation of their contract. The courts will leave them as they were at the time the case was filed. [24]

As a doctrine in civil law, the rule on *pari delicto* is principally governed by Articles 1411 and 1412 of the Civil Code, which state that:

Article 1411. When the nullity proceeds from the illegality of the cause or object of the contract, and the act constitutes a criminal offense, both parties being in *pari delicto*, they shall have no action against each other, and both shall be prosecuted.

xxx xxx

Article 1412. If the act in which the unlawful or forbidden cause consists does not constitute a criminal offense, the following rules shall be observed:

xxx xxx

1. When the fault is on the part of both contracting parties, neither may recover what he has given by virtue of the contract, or demand the performance of the other's undertaking;

xxx xxx.

The petition at bench does not speak of an illegal cause of contract constituting a criminal offense under Article 1411. Neither can it be said that Article 1412 finds application although such provision which is part of Title II, Book IV of the Civil Code speaks of contracts in general, as well as contracts which are null and void *ab initio* pursuant to Article 1409 of the Civil Code – such as the subject contracts, which as claimed, are violative of the mandatory provision of the law on legitimes.