



Republic of the Philippines
Supreme Court
 Manila

SECOND DIVISION

LUZ S. NICOLAS,
Petitioner,

G.R. No. 201070

- versus -

Present:

CARPIO, *Chairperson,*
 BRION,*
 DEL CASTILLO,
 MENDOZA, *and*
 LEONEN, *JJ.*

LEONORA C. MARIANO,
Respondent.

Promulgated:
01 AUG 2016

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DECISION

DEL CASTILLO, J.:

When both parties are *in pari delicto* or in equal fault, none of them may expect positive relief from the courts in the interpretation of their agreement; instead, they shall be left as they were at the time the case was filed.

This Petition for Review on *Certiorari*¹ assails the Court of Appeals' (CA) June 21, 2011 Decision² and March 1, 2012 Resolution³ denying herein petitioner's Motion for Partial Reconsideration⁴ in CA-G.R. CV No. 93532.

Factual Antecedents

The CA's summation of the facts is hereby adopted, thus:

* *On leave.*

¹ *Rollo*, pp. 3-35.

² *Id.* at 37-49; penned by Associate Justice Hakim S. Abdulwahid and concurred in by Associate Justices Ricardo R. Rosario and Danton Q. Bueser.

³ *Id.* at 52-53.

⁴ *Id.* at 143-154.

The subject of the instant controversy is the one-half portion of a 155-square meter parcel of land known as Lot 13-A, Block 40 located at 109 Kapayapaan Street, Bagong Barrio, Caloocan City and covered by *Transfer Certificate of Title No. (TCT) No. C-44249*. The parcel of land is part of the National Housing Authority's (NHA) Bagong Barrio Project and built thereon is plaintiff-appellee Leonora Mariano's⁵ five-unit apartment which she leases out to tenants.

In 1972, Leonora Mariano filed with the NHA *Application No. 99-02-0323* for a land grant under the Bagong Barrio Project. In 1978, the NHA approved the *Application*, thus, her institution as grantee of the foregoing parcel of land. The grant, however, is subject to a mortgage inscribed as *Entry No. 98464/C-39393* on the dorsal side of *TCT No. C-44249*, viz[.]:

--- NATIONAL HOUSING AUTHORITY ---

TO GUARANTEE A PRINCIPAL X X X (illegible) IN THE SUM OF ₱36,036.10 PAYABLE WITHIN TWENTY FIVE (25) YEARS WITH ANNUAL INTEREST OF TWELVE (12%) PERCENT UNTIL FULLY PAID IN THREE HUNDRED (300) EQUAL MONTHLY INSTALLMENTS.x
x x

DATE OF INSTRUMENT – Feb. 12, 1981

DATE OF INSCRIPTION – May 8, 1981

and further subject to a *proviso*, proscribing any transfer or encumbrance of said parcel of land, viz[.]:

“EXCEPT BY HEREDITARY SUCCESSION, THE HEREIN LOT OR ANY PART THEREOF CANNOT BE x x x (illegible), TRANSFERRED, OR ENCUMBERED WITHIN FIVE (5) YEARS FROM THE DATE OF RELEASE OF THE MORTGAGE INSCRIBED AT THE BACK HEREOF WITHOUT PRIOR WRITTEN CONSENT AND AUTHORITY FROM THE NATIONAL HOUSING AUTHORITY.”

Accordingly, the NHA withheld conveyance of the original *TCT No. C-44249* to Leonora Mariano, furnishing her instead a photocopy thereof as the issuance of the original *TCT* in her name is conditioned upon her full payment of the mortgage loan. Leonora Mariano's last payment was in February 1999. The NHA's *Statement of Account* indicates that as of September 30, 2004, Leonora Mariano's outstanding obligation amounted to ₱37,679.70. Said obligation remained unpaid.

On January 28, 1998, Leonora Mariano obtained a ₱100,000.00 loan from defendant-appellant Luz Nicolas⁶ with a payment term of ten (10) months at the monthly interest rate of 7%. To secure the loan, she executed a *Mortgage Contract* over the subject property, comprising the one-half portion of the parcel of land.

⁵ Herein respondent.

⁶ Herein petitioner.

On February 22, 1999, Leonora Mariano, having defaulted in the payment of her obligation, executed in favor of Luz Nicolas a second mortgage deed denominated as *Sanglaan ng Lupa at Bahay*, this time mortgaging the subject property and the improvements thereon for a consideration of ₱552,000.00 inclusive of the original loan of ₱100,000.00. The *Sanglaan ng Lupa at Bahay* provides for a payment term of one (1) year and contains the following stipulations:

X X X

X X X

X X X

1. Na kung sakali at mabayaran ng UNANG PANIG ang IKALAWANG PANIG o ang kahalili nito ang nabanggit na pagkakautang na halagang Limang Daan Limampung Dalawang Libong Piso (₱552,000.00), salaping Pilipino, kasama ang interes o tubo, sa loob ng taning na panahon, ay mawalan ng bisa at saysay ang SANGLAANG ito;

2. Na kapag hindi nabayaran ng UNANG PANIG sa IKALAWANG PANIG ang buong halagang pagkakautang na nabanggit sa itaas, ay ituturing ng ma[g]kabilang panig na ang lupa at bahay na nakasangla ay nabili at pagmamay-ari na ng IKALAWANG PANIG at sumasang-ayon ang UNANG PANIG na magsagawa ng kaukulang Kasulatan ng Bilihan na wala nang karagdagang bayad o halagang ibinibigay sa nagsangla.

X X X

X X X

X X X

On June 7, 2000, Leonora Mariano, similarly defaulting on the second obligation, executed a deed of *Absolute Sale of Real Property*, conveying to Luz Nicolas the ownership of the subject property and the improvements thereon for a purchase price of ₱600,000.00. A document denominated *Pagtanggap ng Kabuang Halaga*, executed before Punong Barangay Crispin C. Peña, Sr. attested to the full payment of the ₱600,000.00 to Leonora Mariano. It appears that from June 1999, the tenants of Leonora Mariano's five-unit apartment have been remitting monthly rentals to Luz Nicolas in the amount of ₱2,000.00, or ₱10,000.00 in the aggregate. From said period until June 2004, Luz Nicolas' rental collection amounted to ₱600,000.00.⁷ (Emphasis in the original)

Ruling of the Regional Trial Court

On July 8, 2004, Leonora C. Mariano (Mariano) sued Luz S. Nicolas (Nicolas) before the Regional Trial Court of Caloocan City (RTC). In her Amended Complaint⁸ for "Specific Performance with Damages and with Prayer for the Issuance of a Temporary Restraining Order and thereafter a Permanent Mandatory Injunction" before RTC Branch 121, Mariano sought to be released from the second mortgage agreement and stop Nicolas from further collecting upon her credit through the rentals from her apartments, claiming that she has fully paid her debt. In addition, she prayed for other actual damages, moral damages,

⁷ *Rollo*, pp. 37-40.

⁸ *Id.* at 56-64.

attorney's fees, and injunctive relief.

In her Answer,⁹ Nicolas denied that she collected rentals from Mariano's apartments; that Mariano's debt remained unpaid; that the subject property and the improvements thereon were later sold to her via a deed of absolute sale executed by Mariano which, however, did not bear the written consent of the latter's husband; and that as a result of the sale, she obtained the right to collect the rentals from the apartment tenants. Nicolas thus prayed that Mariano be ordered to surrender the title to the subject property to her, and to pay her moral and exemplary damages and costs.

After trial, the trial court issued its Decision¹⁰ in Civil Case No. C-20937 dated August 26, 2009, decreeing as follows:

The Court is inclined to believe that what had been entered into by and between the parties was a mere contract of mortgage of real property and not a sale of real property.

The Court could not uphold the validity of the Deed of Absolute Sale of Real Property dated June 7, 2000 because it is tainted with flaws and defects. There is no evidence that the parties have given their consent thereto. A careful scrutiny of the document will readily show that at the time of the execution thereof there was no consideration for the sale of the property. The alleged vendor, plaintiff herein, made it appear that she received the sum of Php600,000.00 in full and in her complete satisfaction from the alleged vendee, herein defendant. The lack of consideration was likewise bolstered by the defendant's production of the handwritten memorandum or note of the various amounts allegedly received by the aforesaid defendant from the plaintiff on different occasions. It is important to stress, however, that even admitting *arguendo* that several amounts were received by the plaintiff from the defendant, there has not been any indication that the same were intended as consideration for the sale of the property in question. x x x It has been observed also that the alleged payments occurred long after the execution of the Deed of Sale, or a span of four (4) months to be more exact. No less than the barangay captain had categorically declared that he did not see that the defendant even handed over the amount of Php600,000.00 to the plaintiff. Moreover, a scrutiny of the aforesaid fictitious Deed of Absolute Sale of Real Property will readily show that it did not even specifically described [sic] the subject-matter of the alleged sale.

There are two sets of mortgage contracts executed by the parties herein. One in the amount of Php100,000.00 with an interest of 7% payable in ten (10) month period and the other one in a jacked up price of Php552,000.00 payable within a period of one (1) year from its execution. The plaintiff's contention that the unpaid obligation in the amount of Php100,000.00 has already been consolidated to the jacked up amount of Php552,000.00 is tenable. Anent the claim of the defendant that the plaintiff never paid her, such alleged failure however could not be attributed to the fault of the plaintiff considering that the

⁹ Id. at 69-75.

¹⁰ Id. at 79-93.

latter had been tendering her payments not only once but for several times and it was the defendant who refused to accept the payments for various reasons. It is crystal clear that the defendant's refusal to accept the payments which were tendered by the plaintiff was nothing but a malicious scheme devised by the defendant to make the plaintiff's obligation ballooned [sic] to Php552,000.00, which would make it more difficult for the plaintiff to pay the increased amount of Php552,000.00 in lump sum. The actuations displayed by the defendant is indeed a downright manifestation of bad faith on her part in her desire to own the property belonging to herein plaintiff, which is in brazen violation of Article 19 of the Civil Code, which provides among others that 'Every person must in the exercise of his right and in the performance of his duties act with justice, give everyone his due and observe honesty and good faith.' Be that as it may, the plaintiff, despite her vigorous protestation to the jacked up amount of Php552,000.00 had agreed to sign the second mortgage denominated as '*Sanglaan Ng Bahay At Lupa*' payable within a period of one (1) year. Apparently, the defendant's consuming aspiration to push the plaintiff against the wall, had even accentuated when she demanded payment of the aforesaid sum from the herein plaintiff even before its maturity.

It is important to stress however, that in plaintiff's sincere desire to settle her obligation, upon request of the defendant, had even executed a Special Power of Attorney in favor of the latter, authorizing the aforesaid defendant to collect the rentals from the five-door apartment belonging to the plaintiff, which commenced from June 1999 up to June 2004. Although the defendant assured the plaintiff that the payments by way of rentals would be applied to the indebtedness of the plaintiff, such verbal agreement was never reduced in writing in view of the trust and confidence reposed by the plaintiff upon the defendant.

In sum, the defendant was able to collect the total amount of Php612,000.00 from the tenants of the plaintiff, which evidently tremendously exceeded the amount of the alleged indebtedness of the plaintiff to the defendant in the increased amount of Php552,000.00.

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There is no doubt that the plaintiff has suffered mental anguish and injury due to the wrongful act done by the defendant against the plaintiff. Hence, the latter is entitled to an award of moral damages inasmuch as the sufferings and injuries suffered by the plaintiff are the proximate result of the defendant's wrongful act or omission (*Art. 2217, Civil Code of the Philippines*). However, the amount of moral damages suffered by the plaintiff in the amount of Php400,000.00 is unconscionable which must have to be reduced by the court.

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendant by:

1. Ordering the cancellation of the two (2) mortgages denominated as Mortgage Contract and the *Sanglaan Ng Lupa At Bahay*, thus releasing the plaintiff from her obligation relative thereto;
2. Ordering the defendant, to stop collecting further monthly rentals on the five-door apartment belonging to the plaintiff from the tenants of the latter; and,

3. To pay moral damages in the amount of Php100,000.00, and,
4. To pay the costs of suit.

SO ORDERED.¹¹

Ruling of the Court of Appeals

Nicolas filed an appeal before the CA, docketed as CA-G.R. CV No. 93532. In its assailed June 21, 2011 Decision, however, the CA ruled against Nicolas, stating thus:

Aggrieved, Luz Nicolas interposed this appeal, raising the following assignment of errors:

I

THE TRIAL COURT ERRED IN DECLARING THE DEED OF SALE AS NULL AND VOID FOR LACK OF CONSIDERATION;

II

THE TRIAL COURT ERRED IN RELEASING THE APPELLEE FROM HER OBLIGATION TO THE APPELLANT AND CANCELING THE TWO MORTGAGES; [*and*]

III

THE TRIAL COURT ERRED IN AWARDING THE APPELLEE MORAL DAMAGES AND COST OF SUIT.

The pivotal issue in this appeal is whether x x x the RTC committed reversible error in (1) declaring the *Absolute Sale of Real Property* invalid, (2) cancelling the *Mortgage Contract* and *Sanglaan ng Lupa at Bahay*, and (3) awarding moral damages to Leonora Mariano.

x x x x

Luz Nicolas maintains that the *Absolute Sale of Real Property* is valid on the grounds: (1) that the same is Leonora Mariano's free and voluntary act in settlement of her mortgage liability of ₱552,000.00; (2) it pertains to the subject property for the valid consideration of ₱600,000.00, ₱552,000.00 of which Leonora Mariano had already received by way of the mortgage debt; and (3) that the *Pagtanggap ng Kabuuang Halaga* is conclusive evidence of Leonora Mariano's full receipt of the ₱600,000.00. She further avers that the RTC erred in declaring Leonora Mariano's release from liability on the basis of the purported special power of attorney, contending that the special power was never formally offered in evidence and that assuming *arguendo* it exists, the *Absolute Sale of Real Property* superseded the same, making her rental collection one in the concept of an owner. She finally theorizes that the *Absolute Sale of Real*

¹¹ Id. at 91-93.

Property novated the mortgage contracts because it converted Leonora Mariano's mortgage obligation of ₱552,000.00 into partial consideration for the subject property and that it is Leonora Mariano who is instead liable for moral damages, having maliciously filed the fraudulent complaint against her who entered into the foregoing contracts in good faith.

For her part, Leonora Mariano, reiterates the grounds raised in her *Motion to Dismiss Notice to Appeal by Expunging* and further avers the appeal is procedurally infirm for non-compliance with Sections 5 and 6, Rule 41 of the Rules of Court. She maintains the propriety of the RTC's *Decision*, stressing that being the trial court's factual conclusion, the same must be accorded great respect x x x.

The appeal is partly meritorious.

x x x x

As regards the merits of this appeal, we are one with the RTC in declaring the *Absolute Sale of Real Property* invalid, but we cannot uphold that the invalidity thereof due to lack of the essential requisites of consent, object, and consideration. Indeed, the *Absolute Sale of Real Property* contains all the foregoing requisites and nothing in the records proves, or at least suggests, that the same was executed through fraud or under duress. Hence, by no stretch of the imagination can we sustain the RTC's declaration of invalidity on said ground.

We declare the *Absolute Sale of Real Property* is invalid on the ground that Leonora Mariano, the supposed vendor of the subject property, is not the owner thereof. For a sale to be valid, it is imperative that the vendor is the owner of the property sold. The records show that Leonora Mariano, to debunk Luz Nicolas' claim of ownership of the subject property, openly admitted that she has not fully paid the grant thereof to the NHA. Leonora Mariano, as mere grantee of the subject property who failed to fulfil the conditions of the grant, never acquired ownership thereof, hence, was without any right to dispose or alienate the same. "*Nemo dat quod non habet.*" One cannot give what he does not own. Hence, not being the owner of the subject property, Leonora Mariano could have not transferred the ownership thereof to Luz Nicolas.¹²

Furthermore, the *Absolute Sale of Real Property* is a clear violation of the express *proviso*, prohibiting "any transfer or encumbrance of subject property within five (5)-years from the release of the mortgage." Said violation rendered the *Absolute Sale* void *ab initio*, thus, the Republic's retention of ownership over the subject property.¹³ A buyer acquires no better title to the property sold than the seller had. Necessarily, Luz Nicolas cannot invoke the *Absolute Sale* as basis of her right to collect rentals.

Leonora Mariano, being not the owner of the subject property, we declare that both the *Mortgage Contract* and the *Sanglaan ng Lupa at Bahay* she executed are void *ab initio*. For a person to validly constitute a mortgage on real estate, he must be the absolute owner of the property mortgaged as required by Article 2085 of the New Civil Code. Otherwise stated, the mortgagor must be

¹² Citing *Heirs of Salvador Hermosilla v. Spouses Remoquillo*, 542 Phil. 390 (2007).

¹³ Citing *Magoyag v. Maruhom*, 640 Phil. 289 (2010) and *Heirs of Salvador Hermosilla v. Spouses Remoquillo*, id.

the owner of the property subject of the mortgage; otherwise, the mortgage is void.

Thus, having declared the *Absolute Sale of Real Property* and the two mortgages, i.e. the *Mortgage Contract* and the *Sanglaan ng Lupa at Bahay*, void, all rights and obligations created thereunder are effectively obliterated and rendered ineffective. Luz Nicolas' supposed ownership of the subject property and her right to collect rentals on Leonora Mariano's five-unit apartment, on the one hand, and the latter's mortgage debt of ₱552,000.00, on the other hand, are necessarily void, hence, without force and effect. A void contract is equivalent to nothing; it produces no civil effect. It does not create, modify, or extinguish a juridical relation. Parties to a void agreement cannot expect the aid of the law. The courts leave them as they are, because they are deemed in *pari delicto* or in equal fault. It follows, therefore, that the award of moral damages must also be vacated. The rule is no damages may be recovered on the basis of a void contract since being inexistent, it produces no juridical tie between the parties involved.

WHEREFORE, the appeal is PARTLY GRANTED. The assailed *Decision* dated August 26, 2009 of the RTC, Branch 121, Caloocan City, in Civil Case No. C-20937 is AFFIRMED with MODIFICATION, deleting the award of moral damages of ₱100,000.00 to Leonora Mariano.

SO ORDERED.¹⁴

Nicolas moved to reconsider, but in its assailed March 1, 2012 Resolution, the CA held its ground. Hence, the present Petition.

On May 8, 2012, Mariano filed a Motion for Execution Pending Appeal.¹⁵

In a November 13, 2013 Resolution,¹⁶ this Court resolved to give due course to the instant Petition.

On November 5, 2014, Mariano filed a Motion for Urgent Execution *Pendente Lite*,¹⁷ which the Court noted in a February 2, 2015 Resolution.¹⁸

Issues

Nicolas submits that –

I.

THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED IN APPLYING THE RULINGS IN *HEIRS OF SALVADOR HERMOSILLA VS.*

¹⁴ *Rollo*, pp. 44-49.

¹⁵ *Id.* at 170-174.

¹⁶ *Id.* at 233-234.

¹⁷ *Id.* at 266-267.

¹⁸ *Id.* at 278.

REMOQUILLO (513 SCRA 409-410) AND MAGOYAG VS. MARUHOM (626 SCRA 247, 257 [2010]) WHICH ARE INAPPLICABLE TO THE CASE AT BAR SINCE RESPONDENT LEONORA C. MARIANO ALIENATED THE SAID PROPERTY WHEN SHE WAS THE ABSOLUTE OWNER OF THE PROPERTY.

- a) THE TRANSFER CERTIFICATE OF TITLE ISSUED IN FAVOR OF RESPONDENT MARIANO IS AN EVIDENCE OF HER OWNERSHIP OVER THE SUBJECT PROPERTY.
- b) ARTICLE 1477 OF THE NEW CIVIL CODE BOLSTERS RESPONDENT'S OWNERSHIP OVER THE SUBJECT PROPERTY WHICH NECESSARILY CAPACITATES HER TO ALIENATE THE SAID PROPERTY IN FAVOR OF PETITIONER.

II.

THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED IN HOLDING THAT RESPONDENT WAS NOT THE ABSOLUTE OWNER AT THE TIME THE DEED OF ABSOLUTE SALE WAS EXECUTED.

III.

THE PROVISO IN THE TRANSFER CERTIFICATE OF TITLE THAT PROHIBITS APPELLEE LEONORA C. MARIANO TO TRANSFER OR ENCUMBER THE SUBJECT PROPERTY IS A STIPULATION CONTRARY TO LAW SINCE THE SAID PROVISO YIELDS TO R.A. 6552 (*AN ACT TO PROVIDE PROTECTION TO BUYERS OF REAL ESTATE ON INSTALLMENT PAYMENTS [MACEDA LAW]*).

IV.

THE DEED OF SALE OVER THE SUBJECT PROPERTY BETWEEN THE PARTIES IS VALID AND BINDING.¹⁹

Arguments of Nicolas

Praying that the assailed CA dispositions be reversed and set aside, Nicolas argues in her Petition that the CA seriously erred in affirming the cancellation of the mortgage contracts and invalidating the parties' deed of sale, since, as the registered owner of the subject property under Transfer Certificate of Title (TCT) No. C-44249, Mariano had every right to mortgage and sell the same to her; that while the National Housing Authority (NHA) withheld the original copy of TCT No. C-44249 and merely gave a photocopy thereof to Mariano pending full payment of the installments, this does not detract from the fact that Mariano is the owner of the subject property; that while there is a *proviso* in TCT No. C-44249 to the effect that Mariano may not transfer or encumber the subject property within five years from the date of release of the mortgage without the NHA's prior written consent and authority, this condition is null and void as it unduly restricts Mariano's rights as owner of the subject property; that Republic Act No. 6552

¹⁹ Id. at 14-15.

should instead apply in Mariano's case, which involves an installment sale of real property; and that consequently, the mortgages and deed of sale executed by and between the parties should be upheld for being in accordance with law, supported by adequate consideration, and in furtherance of the intentions of the parties thereto.

Arguments of Mariano

In her Comments and Opposition to the Petition for Review,²⁰ Mariano fully agrees with the pronouncements of the CA, except that she believes that she must be awarded moral damages as prayed for and proved during trial. She admits that even if TCT No. C-44249 was issued in her name, she is not the owner of the subject property since she has not fully paid the installments to the NHA; this being so, she concedes that she had no right to mortgage and sell the same to Nicolas. She adds that TCT No. C-44249 constitutes mere evidence of title, and does not vest title itself, to the subject property. Thus, she prays for affirmance with modification, in that she be awarded the amounts of ₱960,000.00 as reimbursement for Nicolas's excess rental collections; ₱500,000.00 additional actual damages; ₱1,000,000.00 moral damages; ₱400,000.00 attorney's fees; and costs of suit.

Our Ruling

The Petition must be denied.

While title to TCT No. C-44249 is in the name of Mariano, she has not completed her installment payments to NHA; this fact is not disputed, and as a matter of fact, Mariano admits it. Indeed, Mariano even goes so far as to concede, in her Comments and Opposition to the Petition, that she is not the owner of the subject property.²¹ Thus, if she never became the owner of the subject property, then she could not validly mortgage and sell the same to Nicolas. The principle *nemo dat quod non habet* certainly applies.

x x x By title, the law refers to ownership which is represented by that document. Petitioner apparently confuses **certificate** with **title**. Placing a parcel of land under the mantle of the Torrens system does not mean that ownership thereof can no longer be disputed. **Ownership is different from a certificate of title**. The TCT is only the best proof of ownership of a piece of land. Besides, the certificate cannot always be considered as conclusive evidence of ownership. x x x²² (Emphasis supplied)

²⁰ Id. at 175-202.

²¹ Id. at 189-190.

²² *Lee Tek Sheng v. Court of Appeals*, 354 Phil. 556, 561 (1998).

Indeed, the Torrens system of land registration “merely confirms ownership and does not create it. It cannot be used to divest lawful owners of their title for the purpose of transferring it to another one who has not acquired it by any of the modes allowed or recognized by law.”²³

Nicolas is charged with knowledge of the circumstances surrounding the subject property. The original owner’s copy of TCT No. C-44249 is not in Mariano’s possession, and the latter could only present a photocopy thereof to her. Before one could part with his money as mortgagee or buyer of real property, it is only natural to demand to be presented with the original owner’s copy of the certificate of title covering the same. Secondly, Entry No. 98464/C-39393 on the dorsal side of TCT No. C-44249 constitutes sufficient warning as to the subject property’s condition at the time. In other words, TCT No. C-44249 was not a clean title, and if Nicolas exercised diligence, she would have discovered that Mariano was delinquent in her installment payments to the NHA, which in turn would have generated the necessary conclusion that the property belonged to the said government agency.

For her part, Mariano cannot recover damages on account of her claimed losses arising from her entering into contract with Nicolas. Realizing that she is not the owner of the subject property and knowing that she has not fully paid the price therefor, she is as guilty as Nicolas for knowingly mortgaging and thereafter selling what is not hers. As correctly held by the CA, both parties herein are not in good faith; they are deemed in *pari delicto* or in equal fault, and for this, “[n]either 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 Besides, if Mariano’s prayer for damages were to be considered at all, she should have directly assailed the CA’s pronouncement by filing her own petition before this Court, which she failed to do.

With the foregoing pronouncement, the Court finds no need to tackle the other issues raised by the parties. They have become irrelevant in light of the view taken of the case. Consequently, Mariano’s Motion for Execution Pending Appeal and Motion for Urgent Execution *Pendente Lite* require no further resolution.

WHEREFORE, the Petition is **DENIED**. The June 21, 2011 Decision and March 1, 2012 Resolution of the Court of Appeals in CA-G.R. CV No. 93532 are **AFFIRMED**.

²³ *Peralta v. Heirs of Bernardina Abalon*, G.R. Nos. 183448 & 183464, June 30, 2014, 727 SCRA 477, 491.

²⁴ *Constantino v. Heirs of Pedro Constantino, Jr.*, 718 Phil. 575, 585 (2013), citing *Packaging Products Corporation v. National Labor Relations Commission*, 236 Phil. 225, 234-235 (1987).

SO ORDERED.


MARIANO C. DEL CASTILLO
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Chairperson

(On leave)
ARTURO D. BRION
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


MARVIC M.V.F. LEONEN
Associate Justice

ATTESTATION

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


ANTONIO T. CARPIO
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 Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MARIA LOURDES P. A. SERENO
Chief Justice

