

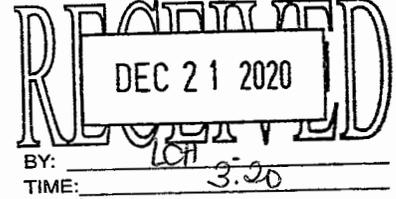


Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

NOTICE

SUPREME COURT OF THE PHILIPPINES  
PUBLIC INFORMATION OFFICE



Sirs/Mesdames:

Please take notice that the Court, Third Division, issued a Resolution dated **October 12, 2020**, which reads as follows:

“G.R. No. 230987 (*Aurelio Adelantar, Ricardo A. Adelantar, Menandro A. Adelantar, et al. v. Alexander A. Cuartero*). – This is an appeal by *certiorari* seeking to reverse and set aside the September 1, 2016 Decision<sup>1</sup> and March 30, 2017 Resolution<sup>2</sup> of the Court of Appeals (CA) whereby the CA affirmed the July 22, 2014 Decision<sup>3</sup> of the Regional Trial Court, Rosario, Batangas, Branch 87 (RTC). The RTC granted the Complaint for Recovery of Ownership and Possession filed by Alexander A. Cuartero (*respondent*) against Spouses Cristeta Atienza-Adelantar (*Cristeta*) and Aurelio Adelantar and declared the Deed of Absolute Sale entered into by the parties as null and void for being simulated.

**Antecedents**

Respondent inherited an unregistered parcel of land described as cocoland and woodland with an area of 11.4807 hectares in Tubahan, Rosario, Batangas.<sup>4</sup> On March 7, 1988, he executed a Deed of Absolute Sale<sup>5</sup> covering an undivided seven (7) hectares portion of said property in favor of Cristeta,<sup>6</sup> for a consideration of One Thousand Five Hundred Pesos (₱1,500.00). Despite the sale, respondent continued to till, harvest the produce, manage, and control the farmland, while his sister, the late Judge Dorotea Cuartero

<sup>1</sup> *Rollo*, pp. 33-43; penned by Associate Justice Manuel M. Barrios, with Associate Justices Ramon M. Bato, Jr. and Maria Elisa Sempio Diy, concurring.

<sup>2</sup> *Id.* at 45-47.

<sup>3</sup> *Id.* at 70-88; penned by Presiding Judge Rose Marie J. Manalang-Austria.

<sup>4</sup> *Id.* at 34.

<sup>5</sup> *Id.* at 113-114.

<sup>6</sup> The CA Decision mentioned that the property was sold to Spouses Cristeta Atienza-Adelantar and Aurelio Adelantar. However, review of the Deed of Absolute Sale shows that the vendee therein was only Cristeta. It reads: “x x x hereby sell, transfer and convey, x x x to my first cousin, CRISTETA ATIENZA-ADELANTAR, of legal age, married to Aurelio Adelantar.” (*rollo*, p. 113).

(Judge Cuartero), and their niece, paid the realty taxes thereon.<sup>7</sup> Respondent claimed that he only executed the Deed of Sale upon the advice of Judge Cuartero to evade coverage from the Comprehensive Agrarian Reform Program (CARP) of 1988.<sup>8</sup>

Respondent attempted to recover the subject lot from Cristeta but the latter reasoned that the property, combined with the remaining lot in respondent's ownership and possession, might be covered by the CARP.<sup>9</sup> Cristeta's refusal prompted respondent to file a Complaint for Recovery of Ownership and Possession on the ground that the sale was null and void for being simulated, lacked consideration, and designed only to keep the property safe from the coverage of the CARP.<sup>10</sup>

### RTC Ruling

In its July 22, 2014 Decision, the RTC ruled in favor of respondent, thus:

**WHEREFORE**, the Deed of Sale executed by plaintiff in favor of defendant Cristeta Atienza-Adelantar, entered into the Notarial Register of Felizardo M. Mercado as Doc. No. 244; Page No. 39; Book No. XI; Series of 2010, is declared **NULL and VOID for being simulated**.

The defendant-spouses, Cristeta Atienza-Adelantar and Aurelio Adelantar are ordered to re-convey to the plaintiff the property covered by Tax Declaration No. 19-0017-0056 in the name of CRISTETA ATIENZA ADELANTAR MD. TO AURELIO ADELANTAR, located at Brgy. Leviste, Rosario, Batangas and to pay all the costs to be incurred relative to the re-conveyance.

SO ORDERED.<sup>11</sup> (*italics omitted*)

The trial court held that the Deed of Absolute Sale was simulated in the absence of a consideration and absolute intention to sell the contested lot.<sup>12</sup> It also noted that after the Deed of Absolute Sale was executed in 1988, the

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<sup>7</sup> *Rollo*, p. 34.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 34-35.

<sup>11</sup> *Id.* at 88.

<sup>12</sup> *Id.* at 84.

subject property remained in respondent's possession and that he continued to pay the realty taxes thereon.<sup>13</sup>

### CA Ruling

On September 1, 2016, the CA affirmed the RTC finding that the Deed of Sale was null and void for being simulated and lacked the essential elements of consent and cause.<sup>14</sup> The CA also noted that respondent remained in possession and operated the farmland in the concept of owner up to the present while petitioners' failure to take possession of the subject property was a badge of simulation which rendered the transaction void. Finally, the CA observed that petitioners started to pay realty taxes on the contested lot only in 2010, simultaneous with respondent's filing of a civil case against them.<sup>15</sup>

Petitioners moved for reconsideration of the CA Decision which the CA denied in its March 30, 2017 Resolution.<sup>16</sup>

### Issues

Petitioners filed the present petition for review on the following grounds:

#### I

WHETHER THE DEED OF ABSOLUTE SALE IS NULL AND VOID FOR BEING SIMULATED;

#### II

WHETHER RESPONDENT IS BARRED FROM SEEKING RELIEF FROM THIS COURT ON THE BASIS OF THE CLEAN HANDS DOCTRINE.<sup>17</sup>

Petitioners insist: that respondent failed to overcome the presumption of regularity afforded to the duly notarized Deed of Absolute Sale; that there

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<sup>13</sup> Id. at 85.

<sup>14</sup> Id. at 39-42.

<sup>15</sup> Id. at 42-43.

<sup>16</sup> Supra note 2.

<sup>17</sup> *Rollo*, p. 16.

is no evidence showing payment of real property taxes from 1988 to 1998;<sup>18</sup> and that under the “clean hands” doctrine, respondent should not be afforded any relief because he executed the Deed of Absolute Sale with the intention of removing the property from the coverage of the CARP.<sup>19</sup>

On the other hand, respondent maintains in his Comment:<sup>20</sup> that the Deed of Absolute Sale was void in the absence of a meeting of the minds, consideration, and intent to sell;<sup>21</sup> that the subject property remained in his possession;<sup>22</sup> and that the principle of clean hands does not apply and was belatedly raised as an issue.<sup>23</sup>

### Our Ruling

The petition for review lacks merit.

The issue of simulation involves a question of fact.<sup>24</sup> It is a basic rule that only questions of law may be entertained in a petition for review under Rule 45. As a matter of sound practice and procedure, the Court defers and accords finality to the factual findings of trial courts. To do otherwise would defeat the very essence of Rule 45 and would convert the Court into a trier of facts, which is not its intended purpose under the law.<sup>25</sup> Although there are exceptions to this rule,<sup>26</sup> none obtain in the instant case.

At any rate, the CA did not err in its conclusion. In *Valerio v. Refresca*,<sup>27</sup> We declared that:

x x x. **In absolute simulation, there is a colorable contract but it has no substance as the parties have no intention to be bound by it. The main characteristic of an absolute simulation is that the apparent contract is not really desired or intended to produce legal effect or in any way alter the juridical situation of the parties. As a result, an absolutely simulated or fictitious contract is void, and the parties may recover from each other what they may have given under the contract. However, if the parties state a false cause in the contract to conceal**

<sup>18</sup> Id. at 16-22.

<sup>19</sup> Id. at 22-26.

<sup>20</sup> Id. at 176-181.

<sup>21</sup> Id. at 177-178.

<sup>22</sup> Id. at 178-179.

<sup>23</sup> Id. at 178.

<sup>24</sup> *Tanchuling v. Cantela*, 772 Phil. 647, 654 (2015).

<sup>25</sup> *Heirs of Teresita Villanueva v. Heirs of Petronila Syquia Mendoza*, 810 Phil. 172, 178 (2017).

<sup>26</sup> Namely: (1) where the conclusion is a finding grounded entirely on speculation, surmises, and conjectures; (2) where the inference made is manifestly mistaken; (3) where there is grave abuse of discretion; (4) where the judgment is based on misapprehension of facts; and (5) the findings of fact are premised on the absence of evidence and are contradicted by evidence on record (*Prieto v. Cajimat*, G.R. No. 214898, June 8, 2020; *Pascual v. Pangyarihan-Ang*, G.R. No. 235711, March 11, 2020)

<sup>27</sup> 520 Phil. 367 (2006).

**their real agreement, the contract is relatively simulated and the parties are still bound by their real agreement.** Hence, where the essential requisites of a contract are present and the simulation refers only to the content or terms of the contract, the agreement is absolutely binding and enforceable between the parties and their successors in interest.<sup>28</sup> (italics and citations omitted, emphases supplied)

Notable that the CA and the RTC based their findings on the testimonies of respondent's witnesses, as well as documentary evidence including the Affidavit of one Mary Maiden Tavu-Chan, who witnessed the execution of the sale agreement.<sup>29</sup> The evidence established that respondent entered into the transaction to avoid coverage from the CARP and that he did not receive any consideration. Indeed, a contract only becomes valid upon the concurrence of consent, object and cause pursuant to Article 1318 of the Civil Code. All these elements must be present to constitute a valid contract; the absence of one renders the contract void.<sup>30</sup>

Moreover, respondent's continued possession and control over the subject property<sup>31</sup> negate the intention to abandon ownership over the same. As such, the Deed of Absolute Sale was an absolute simulation. By express terms of Article 1346<sup>32</sup> and Article 1409<sup>33</sup> of the Civil Code, said Deed of Absolute Sale is inexistent and void from the beginning.

Finally, We reject petitioners' invocation of the "clean hands" doctrine for failure of petitioners to prove that respondent committed a wrongdoing. Although respondent may have intended to sell his property to prevent coverage from the CARP, there was no proof that respondent's original landholding is primarily devoted to agriculture. It must be emphasized that the basic condition for a land to be placed under the coverage of Republic Act No. 6657<sup>34</sup> is that it must either be primarily devoted to or be suitable for

<sup>28</sup> Id. at 374.

<sup>29</sup> *Rollo*, p. 40.

<sup>30</sup> *Clemente v. Court of Appeals*, 771 Phil. 113, 123 (2015).

<sup>31</sup> *Rollo*, p. 42.

<sup>32</sup> Art. 1346. An absolutely simulated or fictitious contract is void. A relative simulation, when it does not prejudice a third person and is not intended for any purpose contrary to law, morals, good customs, public order or public policy binds the parties to their real agreement. (n)

<sup>33</sup> ARTICLE 1409. The following contracts are inexistent and void from the beginning:

- (1) Those whose cause, object or purpose is contrary to law, morals, good customs, public order or public policy;
- (2) **Those which are absolutely simulated or fictitious;**
- (3) Those whose cause or object did not exist at the time of the transaction;
- (4) Those whose object is outside the commerce of men;
- (5) Those which contemplate an impossible service;
- (6) Those where the intention of the parties relative to the principal object of the contract cannot be ascertained;
- (7) Those expressly prohibited or declared void by law.

**These contracts cannot be ratified. Neither can the right to set up the defense of illegality be waived.** (emphases supplied)

<sup>34</sup> An Act Instituting a Comprehensive Agrarian Reform Program to Promote Social Justice and Industrialization, Providing the Mechanism for its Implementation, and for other Purposes.

agriculture,<sup>35</sup> and that it measures more than the five (5) hectare-retention limit.<sup>36</sup>

All told, the CA did not commit reversible error in rendering the assailed Decision.

**WHEREFORE**, the petition is **DENIED**. The September 1, 2016 Decision and March 30, 2017 Resolution of the Court of Appeals in CA-G.R. CV No. 104771 are **AFFIRMED**.

**SO ORDERED.**" (Leonen, J., on wellness leave)

Very truly yours,

*Mis D C Batt*  
**MISAELO DOMINGO C. BATTUNG III**  
Division Clerk of Court *JB 12/2/20*

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<sup>35</sup> *Holy Trinity Realty & Development Corp. v. Dela Cruz*, 746 Phil. 209, 230 (2014).

<sup>36</sup> Sec. 6, R.A. No. 6657.