

DAVID INCO, ET AL., PETITIONERS, VS. GODOFREDO ENRIQUEZ, RESPONDENT.*G.R. No. 13367. February 29, 1960*

Ponente: REYES, J.B.L., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-13367/>**REYES, J.B.L., J.:**

This is a petition for certiorari to review the decision of the Court of Appeals in CA—G. R. No. 19207-R.

For several years prior to 1944, Eduvigis Aquino was the lessee of Lots Nos. 16-B and 17, Block 3, of the "Cappellania de Concepcion", better known as the Tambobong Estate, and the owner of a house of strong materials built thereon. On April 10, 1944, she (Aquino) sold the, said house, together with the leasehold rights, to the spouses David Inco and Leonor Constantino, petitioners herein. In the contract of sale, it further appears that on the aforementioned lots, Andres Ochanco, Julio Sanchez, Narciso Cruz, Moises Mangali and Florentino Magkalas had their own respective residential houses as sub-tenants of Aquino. In 1946, respondent Godofredo Enriquez purchased from Narciso Cruz the latter's house which he thenceforth occupied to the present.

Sometime in 1947, the landed property constituting the Tambobong Estate was acquired by the National Government for subdivision and resale to tenants pursuant to Republic Act 1400. Both petitioners and respondent seem to have been desirous of purchasing the lots afore-described from the Government. On May 6, 1952, however, petitioner David Inco, as Party, of the First Part, and respondent Godofredo Enriquez and Acasia Santos, as Parties of the Second Part, entered into a contract of lease and waiver (Exhibit C or 3), whereby petitioner Inco agreed to allow respondent Enriquez to continue occupying the area possessed by him as long as respondent paid to Inco the sum of P1.00 a month or P12.00 a year as rental. In exchange, respondent Enriquez executed an affidavit (Exhibit D or 4) whereby he renounced whatever rights he had to buy the portion of the lot occupied by him in order that Inco might acquire the entire lot.

As a result of the agreement, Transfer Certificate of Title No. 36877 was thereafter issued to Inco and his wife. Informed of this fact, respondent Enriquez sought to have the contract of lease annotated at the back of the title. The Register of Deeds, however, refused to effect the annotation, on the ground that it did not bear the approval of the Department Secretary. Awakened by that action of the Registrar, petitioners declined to accept further payment of rentals, and on May 16, 1955, initiated an action in the Court of First Instance of Rizal to have the lease contract declared null and void or else to have the court fix the duration of the same.

From the decision of the trial court adjudging the contract of lease to be a nullity, respondent Enriquez appealed to the Court of Appeals. The latter modified the judgment by upholding the validity of the lease and fixing a term of ten years, counted from May 16, 1955, for its duration.

The spouses Inco, in their petition for certiorari, aver that the contract of lease is a nullity, and that the Court of Appeals had no authority to fix a period.

Petitioners base their first contention on the propositions that (1) the contract of lease lacks the written consent

and approval of the Secretary of Agriculture and Natural Resources; and that (2) it is void without the consent of the wife of David Inco.

Reliance is placed on paragraph 16 of Administrative Order No. R-3 on Landed Estates (which took effect on November 15, 1951, having been published in the Official Gazette for December, 1951, Vol. 47, No. 12, p. 6275) providing:

"Prohibition to Alienate.—The applicant shall not sell, assign, encumber, mortgage, or transfer, his right under the agreement to sell or in the property subject thereof without first obtaining the written consent of the Secretary of Agriculture and Natural Resources and this condition shall subsist until the lapse of 5 years from the date of the execution of the final deed of sale in his favor and shall be annotated as an encumbrance on the certificate of title of the property that may be issued in his favor."

And also upon paragraph 18 of the same order:

"Any sale, assignment, encumbrance, mortgage, or transfer made in violation of the provisions of the next two preceding paragraphs hereof is null and void, and shall be sufficient ground for the Secretary of Agriculture and Natural Resources to cancel the deed of sale and to order the reversion of the land to the government and the forfeiture of whatever payments made on account thereof. In case, however, a deed of sale has already been issued, the violation of the said provisions shall be sufficient ground for the Secretary of Agriculture and Natural Resources to take appropriate action in court with a view to obtaining the reversion of the land involved to the government. All lands reverted to the government shall be disposed of as vacant lot."

But the Court of Appeals held, that said paragraphs notwithstanding the action for annulment could not prosper because the parties are in *pari delicto* and hence, the contract cannot be set aside or enforced by either party; for under the said doctrine, the courts will leave the parties where it finds them.

Petitioner Inco, however, urges that the application of the *pari delicto* doctrine is not unlimited, in that whenever public policy is considered as advanced by allowing either party to sue for relief against the transaction, the rule does not apply.

It may well be argued that the contract did not violate the administrative regulations invoked, since it was concluded before the government recognized Inco's preferential right to the lot. But even disregarding this aspect of the case, we believe that the Court of Appeals correctly Applied the *pari delicto* rule, and that petitioner Inco and his wife cannot invoke furtherance of the public policy in order to escape from it. Undeniably, petitioners would not have obtained a certificate of title over the entire lot, at least without protracted litigation, had not the spouses Enriquez agreed to give up their own claims over the portion they occupied. It is equally obvious that the sole consideration for the withdrawal of the Enriquezes from the field was Inco's promise to allow them to remain in possession at a nominal rental. To annul this covenant now would deprive the Enriquezes of any benefit thereunder, after the Incos had reaped full advantages from it. Without any possibility of a return to the status quo ante, the annulment would practically amount to a fraud upon the respondents Enriquez. Such a result would not further public policy but defy all justice and equity. The interests of society demand that bad faith and fraud be severely repressed, and the Courts cannot consent to their furtherance, directly or indirectly.

It is noteworthy that the prohibition against alienations of the lots in the Tambobong estate is primarily designed to protect the occupants from being rendered homeless through improvidence, ignorance, or sheer necessity. These dangers do not flow from the maintenance of the contract now before us. Neither party will be deprived of a homestead, their respective houses being erected on different portions of the lot. Furthermore, the decision of the Court of Appeals limits the tenure of respondent Enriquez to ten years, and the ultimate reversion of the entire lot to the registered owner is thereby assured. Thus construed, the, contract is not ultimately violative of the

purposes of the statute and there is no reason, therefore, why equity should not prevail.

The *pari delicto* rule applies equally well to the wife, Leonora Constantino. Although not a signatory to the contract of lease and waiver, she has sufficiently manifested by affirmative acts her unequivocal concurrence to the contract in controversy (See *Montederamas vs. Ynonoy*, 56 Phil., 457; *La Urbana vs. Villamor*, 59 Phil, 644). She and her husband benefited from the transaction and continuously received the agreed rentals paid by the respondent from the execution of the contract until 1955. Acceptance of benefits raises a strong presumption of knowledge and consent.

Appellants argue that Article 1687 of the new Civil Code does not authorize the Court to fix a term where the rental is payable yearly. The mere absence of a provision under Article 1687 does not prevent the court of power to fix periods under the general rule of Article 1197, since this contract was basically a compromise to settle contradictory claims and not an ordinary lease.

Wherefore, we find no error in the judgment of the Court of Appeals, and hereby affirm it, with costs against petitioners David Inco and his wife, Leonora Constantino.

Paras, C. J., Bengzon, Montemayor, Bautista Angelo, Labrador, Concepcion, Endencia, and Barrera, JJ., concur.

Padilla, J., on leave, did not take part.

Gutierrez David, J., did not take part.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.