

EN BANC

[G.R. No. 127876, December 17, 1999]

ROXAS & CO., INC., PETITIONER, VS. THE HONORABLE COURT OF APPEALS, DEPARTMENT OF AGRARIAN REFORM, SECRETARY OF AGRARIAN REFORM, DAR REGIONAL DIRECTOR FOR REGION IV, MUNICIPAL AGRARIAN REFORM OFFICER OF NASUGBU, BATANGAS AND DEPARTMENT OF AGRARIAN REFORM ADJUDICATION BOARD, RESPONDENTS.

DECISION

PUNO, J.:

This case involves three (3) haciendas in Nasugbu, Batangas owned by petitioner and the validity of the acquisition of these haciendas by the government under Republic Act No. 6657, the Comprehensive Agrarian Reform Law of 1988.

Petitioner Roxas & Co. is a domestic corporation and is the registered owner of three haciendas, namely, Haciendas Palico, Banilad and Caylaway, all located in the Municipality of Nasugbu, Batangas. Hacienda Palico is 1,024 hectares in area and is registered under Transfer Certificate of Title (TCT) No. 985. This land is covered by Tax Declaration Nos. 0465, 0466, 0468, 0470, 0234 and 0354. Hacienda Banilad is 1,050 hectares in area, registered under TCT No. 924 and covered by Tax Declaration Nos. 0236, 0237 and 0390. Hacienda Caylaway is 867.4571 hectares in area and is registered under TCT Nos. T-44662, T-44663, T-44664 and T-44665.

The events of this case occurred during the incumbency of then President Corazon C. Aquino. In February 1986, President Aquino issued Proclamation No. 3 promulgating a Provisional Constitution. As head of the provisional government, the President exercised legislative power "until a legislature is elected and convened under a new Constitution."^[1] In the exercise of this legislative power, the President signed on July 22, 1987, Proclamation No. 131 instituting a Comprehensive Agrarian Reform Program and Executive Order No. 229 providing the mechanisms necessary to initially implement the program.

On July 27, 1987, the Congress of the Philippines formally convened and took over legislative power from the President.^[2] This Congress passed Republic Act No. 6657, the Comprehensive Agrarian Reform Law (CARL) of 1988. The Act was signed by the President on June 10, 1988 and took effect on June 15, 1988.

Before the law's effectivity, on May 6, 1988, petitioner filed with respondent DAR a voluntary offer to sell Hacienda Caylaway pursuant to the provisions of E.O. No. 229. Haciendas Palico and Banilad were later placed under compulsory acquisition by respondent DAR in accordance with the CARL.

Hacienda Palico

On September 29, 1989, respondent DAR, through respondent Municipal Agrarian Reform Officer (MARO) of Nasugbu, Batangas, sent a notice entitled "Invitation to Parties" to petitioner. The Invitation was addressed to "Jaime Pimentel, Hda. Administrator, Hda. Palico."^[3] Therein, the MARO invited petitioner to a conference on October 6, 1989 at the DAR office in Nasugbu to discuss the results of the DAR investigation of Hacienda Palico, which was "scheduled for compulsory acquisition this year under the Comprehensive Agrarian Reform Program."^[4]

On October 25, 1989, the MARO completed three (3) Investigation Reports after investigation and ocular inspection of the Hacienda. In the first Report, the MARO found that 270 hectares under Tax Declaration Nos. 465, 466, 468 and 470 were "flat to undulating (0-8% slope)" and actually occupied and cultivated by 34 tillers of sugarcane.^[5] In the second Report, the MARO identified as "flat to undulating" approximately 339 hectares under Tax Declaration No. 0234 which also had several actual occupants and tillers of sugarcane;^[6] while in the third Report, the MARO found approximately 75 hectares under Tax Declaration No. 0354 as "flat to undulating" with 33 actual occupants and tillers also of sugarcane.^[7]

On October 27, 1989, a "Summary Investigation Report" was submitted and signed jointly by the MARO, representatives of the Barangay Agrarian Reform Committee (BARC) and Land Bank of the Philippines (LBP), and by the Provincial Agrarian Reform Officer (PARO). The Report recommended that 333.0800 hectares of Hacienda Palico be subject to compulsory acquisition at a value of P6,807,622.20.^[8] The following day, October 28, 1989, two (2) more Summary Investigation Reports were submitted by the same officers and representatives. They recommended that 270.0876 hectares and 75.3800 hectares be placed under compulsory acquisition at a compensation of P8,109,739.00 and P2,188,195.47, respectively.^[9]

On December 12, 1989, respondent DAR through then Department Secretary Miriam D. Santiago sent a "Notice of Acquisition" to petitioner. The Notice was addressed as follows:

"Roxas y Cia, Limited
Soriano Bldg., Plaza Cervantes
Manila, Metro Manila."^[10]

Petitioner was informed that 1,023.999 hectares of its land in Hacienda Palico were subject to immediate acquisition and distribution by the government under the CARL; that based on the DAR's valuation criteria, the government was offering compensation of P3.4 million for 333.0800 hectares; that whether this offer was to be accepted or rejected, petitioner was to inform the Bureau of Land Acquisition and Distribution (BLAD) of the DAR; that in case of petitioner's rejection or failure to reply within thirty days, respondent DAR shall conduct summary administrative proceedings with notice to petitioner to determine just compensation for the land; that if petitioner accepts respondent DAR's offer, or upon deposit of the compensation with an accessible bank if it rejects the same, the DAR shall take immediate possession of the land.^[11]

Almost two years later, on September 26, 1991, the DAR Regional Director sent to the LBP Land Valuation Manager three (3) separate Memoranda entitled "Request to

Open Trust Account." Each Memoranda requested that a trust account representing the valuation of three portions of Hacienda Palico be opened in favor of the petitioner in view of the latter's rejection of its offered value.^[12]

Meanwhile in a letter dated May 4, 1993, petitioner applied with the DAR for conversion of Haciendas Palico and Banilad from agricultural to non-agricultural lands under the provisions of the CARL.^[13] On July 14, 1993, petitioner sent a letter to the DAR Regional Director reiterating its request for conversion of the two haciendas.^[14]

Despite petitioner's application for conversion, respondent DAR proceeded with the acquisition of the two Haciendas. The LBP trust accounts as compensation for Hacienda Palico were replaced by respondent DAR with cash and LBP bonds.^[15] On October 22, 1993, from the mother title of TCT No. 985 of the Hacienda, respondent DAR registered Certificate of Land Ownership Award (CLOA) No. 6654. On October 30, 1993, CLOA's were distributed to farmer beneficiaries.^[16]

Hacienda Banilad

On August 23, 1989, respondent DAR, through respondent MARO of Nasugbu, Batangas, sent a notice to petitioner addressed as follows:

"Mr. Jaime Pimentel
Hacienda Administrator
Hacienda Banilad
Nasugbu, Batangas"^[17]

The MARO informed Pimentel that Hacienda Banilad was subject to compulsory acquisition under the CARL; that should petitioner wish to avail of the other schemes such as Voluntary Offer to Sell or Voluntary Land Transfer, respondent DAR was willing to provide assistance thereto.^[18]

On September 18, 1989, the MARO sent an "Invitation to Parties" again to Pimentel inviting the latter to attend a conference on September 21, 1989 at the MARO Office in Nasugbu to discuss the results of the MARO's investigation over Hacienda Banilad.^[19]

On September 21, 1989, the same day the conference was held, the MARO submitted two (2) Reports. In his first Report, he found that approximately 709 hectares of land under Tax Declaration Nos. 0237 and 0236 were "flat to undulating (0-8% slope)." On this area were discovered 162 actual occupants and tillers of sugarcane.^[20] In the second Report, it was found that approximately 235 hectares under Tax Declaration No. 0390 were "flat to undulating," on which were 92 actual occupants and tillers of sugarcane.^[21]

The results of these Reports were discussed at the conference. Present in the conference were representatives of the prospective farmer beneficiaries, the BARC, the LBP, and Jaime Pimentel on behalf of the landowner.^[22] After the meeting, on the same day, September 21, 1989, a Summary Investigation Report was submitted jointly by the MARO, representatives of the BARC, LBP, and the PARO. They

recommended that after ocular inspection of the property, 234.6498 hectares under Tax Declaration No. 0390 be subject to compulsory acquisition and distribution by CLOA.^[23] The following day, September 22, 1989, a second Summary Investigation was submitted by the same officers. They recommended that 737.2590 hectares under Tax Declaration Nos. 0236 and 0237 be likewise placed under compulsory acquisition for distribution.^[24]

On December 12, 1989, respondent DAR, through the Department Secretary, sent to petitioner two (2) separate "Notices of Acquisition" over Hacienda Banilad. These Notices were sent on the same day as the Notice of Acquisition over Hacienda Palico. Unlike the Notice over Hacienda Palico, however, the Notices over Hacienda Banilad were addressed to:

"Roxas y Cia. Limited
7th Floor, Cacho-Gonzales Bldg. 101 Aguirre St., Leg.
Makati, Metro Manila."^[25]

Respondent DAR offered petitioner compensation of P15,108,995.52 for 729.4190 hectares and P4,428,496.00 for 234.6498 hectares.^[26]

On September 26, 1991, the DAR Regional Director sent to the LBP Land Valuation Manager a "Request to Open Trust Account" in petitioner's name as compensation for 234.6493 hectares of Hacienda Banilad.^[27] A second "Request to Open Trust Account" was sent on November 18, 1991 over 723.4130 hectares of said Hacienda.^[28]

On December 18, 1991, the LBP certified that the amounts of P4,428,496.40 and P21,234,468.78 in cash and LBP bonds had been earmarked as compensation for petitioner's land in Hacienda Banilad.^[29]

On May 4, 1993, petitioner applied for conversion of both Haciendas Palico and Banilad.

Hacienda Caylaway

Hacienda Caylaway was voluntarily offered for sale to the government on May 6, 1988 before the effectivity of the CARL. The Hacienda has a total area of 867.4571 hectares and is covered by four (4) titles--TCT Nos. T-44662, T-44663, T-44664 and T-44665. On January 12, 1989, respondent DAR, through the Regional Director for Region IV, sent to petitioner two (2) separate Resolutions accepting petitioner's voluntary offer to sell Hacienda Caylaway, particularly TCT Nos. T-44664 and T-44663.^[30] The Resolutions were addressed to:

"Roxas & Company, Inc.
7th Flr. Cacho- Gonzales Bldg.
Aguirre, Legaspi Village
Makati, M. M."^[31]

On September 4, 1990, the DAR Regional Director issued two separate Memoranda to the LBP Regional Manager requesting for the valuation of the land under TCT Nos. T-44664 and T-44663.^[32] On the same day, respondent DAR, through the Regional

Director, sent to petitioner a "Notice of Acquisition" over 241.6777 hectares under TCT No. T-44664 and 533.8180 hectares under TCT No. T-44663.^[33] Like the Resolutions of Acceptance, the Notice of Acquisition was addressed to petitioner at its office in Makati, Metro Manila.

Nevertheless, on August 6, 1992, petitioner, through its President, Eduardo J. Roxas, sent a letter to the Secretary of respondent DAR withdrawing its VOS of Hacienda Caylaway. The Sangguniang Bayan of Nasugbu, Batangas allegedly authorized the reclassification of Hacienda Caylaway from agricultural to non-agricultural. As a result, petitioner informed respondent DAR that it was applying for conversion of Hacienda Caylaway from agricultural to other uses.^[34]

In a letter dated September 28, 1992, respondent DAR Secretary informed petitioner that a reclassification of the land would not exempt it from agrarian reform. Respondent Secretary also denied petitioner's withdrawal of the VOS on the ground that withdrawal could only be based on specific grounds such as unsuitability of the soil for agriculture, or if the slope of the land is over 18 degrees and that the land is undeveloped.^[35]

Despite the denial of the VOS withdrawal of Hacienda Caylaway, on May 11, 1993, petitioner filed its application for conversion of both Haciendas Palico and Banilad.^[36] On July 14, 1993, petitioner, through its President, Eduardo Roxas, reiterated its request to withdraw the VOS over Hacienda Caylaway in light of the following:

"1) Certification issued by Conrado I. Gonzales, Officer-in-Charge, Department of Agriculture, Region 4, 4th Floor, ATI (BA) Bldg., Diliman, Quezon City dated March 1, 1993 stating that the lands subject of referenced titles "are not feasible and economically sound for further agricultural development."

2) Resolution No. 19 of the Sangguniang Bayan of Nasugbu, Batangas approving the Zoning Ordinance reclassifying areas covered by the referenced titles to non-agricultural which was enacted after extensive consultation with government agencies, including [the Department of Agrarian Reform], and the requisite public hearings.

3) Resolution No. 106 of the Sangguniang Panlalawigan of Batangas dated March 8, 1993 approving the Zoning Ordinance enacted by the Municipality of Nasugbu.

4) Letter dated December 15, 1992 issued by Reynaldo U. Garcia of the Municipal Planning & Development, Coordinator and Deputized Zoning Administrator addressed to Mrs. Alicia P. Logarta advising that the Municipality of Nasugbu, Batangas has no objection to the conversion of the lands subject of referenced titles to non-agricultural."^[37]

On August 24, 1993, petitioner instituted Case No. N-0017-96-46 (BA) with respondent DAR Adjudication Board (DARAB) praying for the cancellation of the CLOA's issued by respondent DAR in the name of several persons. Petitioner alleged that the Municipality of Nasugbu, where the haciendas are located, had been declared a tourist zone, that the land is not suitable for agricultural production, and