

## FIRST DIVISION

[ G.R. NO. 132073, September 27, 2006 ]

**REMMAN ENTERPRISES, INC., PETITIONER, VS. THE HON. COURT OF APPEALS, HON. ERNESTO D. GARILAO, IN HIS CAPACITY AS SECRETARY OF THE DEPT. OF AGRARIAN REFORM AND EDUARDO ADRIANO, PABLITO ADRIANO, IGNACIO VILLENA, DOMINGO SAYOTO, DOMINADOR MANTILLAS, PABLITO MANTILLAS, GRACIANO MAGLIAN, LEOPOLDO CALITIS, PRIMO GALANG, RENE GALANG, FRANCISCO HAYAG, MARCOS MENDOZA, NOE CABALLERO, ROLANDO PADAR, FRANCISCO SANTARIN, PEDRO PASTOR, JR., ROLANDO PASTOR, MELCHOR MENDOZA, MARIANO CAPILI, CONRADO FERRER, AND MARGARITO MENDOZA, RESPONDENTS.**

**EDUARDO ADRIANO, PABLITO ADRIANO, IGNACIO VILLENA, DOMINGO SAYOTO, DOMINADOR MANTILLAS, PABLITO MANTILLAS, GRACIANO MAGLIAN, LEOPOLDO CALITIS, PRIMO GALANG, RENE GALANG, FRANCISCO HAYAG, MARCOS MENDOZA, NOE CABALLERO, ROLANDO PADAR, FRANCISCO SANTARIN, PEDRO PASTOR, SR., ROLANDO PASTOR, MELCHOR MENDOZA, MARCIANO CAPILI, CONRADO FERRER, AND MARGARITO MENDOZA,\* PETITIONERS,**

**G.R. NO. 132361 VS. HON. COURT OF APPEALS, REMMAN ENTERPRISES, INC., AND HON. ERNESTO D. GARILAO, IN HIS CAPACITY AS SECRETARY OF AGRARIAN REFORM, RESPONDENTS.**

### R E S O L U T I O N

**CHICO-NAZARIO, J.:**

Before this Court is a consolidation of two separate Petitions for Review on *Certiorari* filed by petitioner Remman Enterprises, Inc. (REMMAN) in G.R. No. 132073, and petitioners Eduardo Adriano, *et al.*, in G.R. No. 132361. Both Petitions assail the Decision<sup>[1]</sup> dated 30 April 1997 and Resolution<sup>[2]</sup> dated 8 January 1998 of the Court of Appeals in CA-G.R. SP No. 42004.

REMMAN is a private domestic corporation engaged in the business of developing subdivisions. On 17 August 1995, REMMAN filed with the Secretary of the Department of Agrarian Reform (DAR), through the Socialized Housing One-Stop Processing Center (SHOPC),<sup>[3]</sup> an application for exemption from the coverage of the Comprehensive Agrarian Reform Program (CARP) over 17 parcels of land with a total land area of 46.9180 hectares located at Bo. San Jose, Dasmariñas, Cavite.<sup>[4]</sup>

As culled from the records, the subject parcels of land were covered by Transfer

Certificate of Title No. T-7707, in the names of Nieves Arguelles *vda. de* Saulog and Ignacio, Luciano, Virginia, Teodoro, Melquiades, Maura, Ruben, and Lilia, all surnamed Saulog (Saulog family). The Saulog family acquired the same by inheritance from Eliseo Saulog, deceased spouse of Nieves. On 7 February 1995, the Saulog family and REMMAN executed a Deed of Sale over the subject parcels of land.

In support of its application, REMMAN proffered, *inter alia*: (1) a certification by the Human Settlements Regulatory Commission (HSRC)<sup>[5]</sup> dated 16 February 1995, to the effect that the subject parcels of land are within the residential zone; (2) a certification by the National Irrigation Administration (NIA) dated 21 December 1995 signifying that the subject parcels of land are not irrigated or irrigable within the areas programmed for irrigation development under the NIA Irrigation Development Program; and (3) a certification from the Office of the Municipal Engineering of the Municipality of Dasmariñas, Cavite, dated 8 February 1998, attesting that the subject parcels of land are within the residential zone.

On 5 June 1996, the DAR Secretary Ernesto D. Garilao rendered an Order<sup>[6]</sup> denying the application for lack of merit.

The DAR Secretary ruled that REMMAN has no personality to file the action as the Deed of Sale between the Saulog family and REMMAN was neither notarized nor registered with the Register of Deeds; hence, the same is not binding against third parties, and the Saulog family must still be deemed the owners of the subject premises. In denying REMMAN's application for exemption, the DAR Secretary further relied on a certification dated 3 November 1995, issued by the Municipal Agrarian Reform Office of Dasmariñas, Cavite, avowing to the effect that the subject properties are covered by Operation Land Transfer under Presidential Decree No. 27, and that there are twenty-four (24) farmer-beneficiaries occupying a total of 46.5935 hectares of the subject lots. In the same order, the DAR Secretary found the subject parcels of land to be irrigated; therefore, non-negotiable for conversion.

Moreover, in the Order of 5 June 1996, the DAR Secretary took note of DARAB Case No. IV-Ca. 0087-92, filed by the Saulog family for annulment and cancellation of the emancipation patents issued to Eduardo Adriano, *et al.*, herein petitioners in G.R. No. 132361. The controverted emancipation patents in DARAB Case No. IV-Ca. 0087-92 cover the subject parcels of land which are sought to be exempted by REMMAN from coverage of the CARP. DARAB Case No. IV-Ca. 0087-92 was remanded by the DARAB Central Office to the Adjudicator of Cavite for further proceedings.<sup>[7]</sup>

The dispositive portion of the Order of 5 June 1996, reads, thus:

WHEREFORE, premises considered, and after having found that the instant application lacks merit, Order is hereby issued **denying** the same and placing the herein properties involving seventeen (17) parcels of land with an aggregate area of 46.9180 hectares located at Brgy. San Jose, Dasmariñas, Cavite under CARP coverage.<sup>[8]</sup>

REMMAN filed a Motion for Reconsideration thereon.

On 4 September 1996, the DAR Secretary Ernesto D. Garilao issued an Order, modifying the Order of 5 June 1996. The DAR Secretary held that when Presidential Decree No. 27 took effect, the subject parcels of land were owned in common by the Saulog family. The same law applies to lands primarily devoted to rice and corn under a system of share-crop or lease tenancy. The issue as to the type of crops planted in the subject parcels of land and the tenancy relationship not having been controverted, the DAR Secretary applied the rules on retention limits as specified in Presidential Decree No. 27 and Letter of Instruction No. 474.<sup>[9]</sup> Ruling on the retention limits, the DAR Secretary reached the following conclusion, viz<sup>[10]</sup>

Name of Co-owner	Tenanted R/C lands owned	Other Agri. Lands	PD 27 Coverage	Area Retained of Tenanted R/C Lands
Nieves	15.31915 has.	10.48575 has.	15.31915 has.	0.0 has.
Ignacio	1.39265 has.	0.95325 has.	0.0 has.	1.39265 has.
Luciano	1.39265 has.	0.95325 has.	0.0 has.	1.39265 has.
Virginia	1.39265 has.	0.95325 has.	0.0 has.	1.39265 has.
Teodoro	1.39265 has.	0.95325 has.	0.0 has.	1.39265 has.
Melquiades	1.39265 has.	0.95325 has.	0.0 has.	1.39265 has.
Maura	1.39265 has.	0.95325 has.	0.0 has.	1.39265 has.
Ruben	1.39265 has.	0.95325 has.	0.0 has.	1.39265 has.
Lilia	1.39265 has.	0.95325 has.	0.0 has.	1.39265 has.
Marietta	1.39265 has.	0.95325 has.	0.0 has.	1.39265 has.

Further, it was held that the farmer-tenants occupying the retained area of the children of Nieves *vda. de* Saulog shall remain therein, subject to the option of the farmers to accept disturbance compensation, in which case, they can vacate the retained lands. The remaining lands were declared to be outside of the coverage of the Comprehensive Agrarian Reform Law by virtue of Section 3(c)<sup>[11]</sup> of Republic Act No. 6657, subject to the payment of disturbance compensation to qualified farmer-beneficiaries. In the same vein, the DAR Secretary ruled that Presidential Decree No. 27 has not been expressly repealed by Republic Act No. 6657; hence, the tenant-farmers' vested rights should still be respected. Thus, the municipal reclassification of the subject parcels of land cannot remove the vested rights of the tenant-farmers granted to them by statute. Finally, on the issue of lack of standing on the part of **REMMAN** to file the application for exemption, the DAR Secretary, instead of strictly applying the procedural rules, relaxed the same.

The DAR Secretary disposed, thus:

PREMISES CONSIDERED, after having gone through all arguments, this Order is hereby issued:

1. Confirming the coverage of the 15.31915 hectare tenanted rice and corn share of Nieves *vda. de* Saulog under Operation Land Transfer;
2. Granting the retention of the other heirs of 1.39265 hectares of tenanted rice and corn, each, subject to the filing by the applicant of the proper petition in the proper forum [or a total of 12.53385

hectares];

3. Requiring the Municipal Agrarian Reform Officer to cause the preparation of Contracts of Agricultural Leaseholds between the owners of the lands and the farmer-tenants of the retained areas;
4. Excluding from the coverage of Agrarian Reform the 19.065 hectare land planted to mango by virtue of Section 3(c) of R.A. No. 6657, subject to the payment of disturbance compensation; and
5. Instructing the Regional Director of Region IV and the Provincial Agrarian Reform Officer to cause the proper execution of this Order.

[12]

Thereafter, REMMAN challenged the Orders of the DAR Secretary by filing a Petition for Review with the Court of Appeals.

In its Decision dated 30 April 1997, the Court of Appeals declined to rule purely on the technical matters. Thus, the question as to REMMAN's personality to file the proceeding *a quo* was dispensed with. It affirmed the finding of the DAR Secretary on the grant of partial exemption to the extent of the 19.065 hectares planted with mango trees from the coverage of the CARP, as enunciated in par. 4<sup>[13]</sup> of the dispositive portion of the Order of the DAR Secretary dated 4 September 1996; it differed, however, as to the grant of disturbance compensation. The appellate court rationalized that the tenant-farmers are deemed owners of the land they are tilling under Presidential Decree No. 27, and subsequently, Executive Order No. 228<sup>[14]</sup> declared them full owners thereof. Hence, their ownership as vested can no longer be disturbed by the Comprehensive Agrarian Reform Law, and as such, the provisions of the aforesaid law which allow for exemptions from its coverage cannot apply to lands already declared under Operation Land Transfer under Presidential Decree No. 27.

On the issue of whether the subject lands are irrigated or irrigable, the Court of Appeals held that the question loses its significance because the rule on the non-negotiability of irrigated lands applies only to conversion proceedings but not to exclusion proceedings, as in the case at bar. The Court of Appeals decreed:

**WHEREFORE**, the appealed decision of the Secretary is hereby **AFFIRMED** with **MODIFICATION** only with respect to No. 4 of the dispositive portion, deleting therefrom the payment of disturbance compensation, such that should read this wise:

4. Excluding from the coverage of Agrarian Reform the 19.065 hectare land planted with mango by virtue of Sections 3 (c) and 11 of RA 6657.<sup>[15]</sup>

REMMAN filed a Partial Motion for Reconsideration. In like manner, Eduardo Adriano, *et al.*, filed a Motion for Reconsideration thereon. On 8 January 1998, the Court of Appeals denied the Motions.

Dissatisfied with the ruling, REMMAN instituted the instant Petition, docketed as G.R. No. 132073, setting forth numerous assignments of error, which we hereafter

synthesize for purposes of clarity. Similarly, Eduardo Adriano, *et al.*, filed a Petition for Review on *Certiorari*, docketed as G.R. No. 132361.<sup>[16]</sup>

REMMAN, petitioner in G.R. No. 132073, alleges that the Court of Appeals failed to rule on the decisive factual and legal issues properly interposed therewith. Simply stated, REMMAN posits that the Court of Appeals failed to rule on the factual issues anent the reclassification of the subject lands into residential land; the location of the subject lands in an urbanized area; and on the validity of the emancipation patents issued to therein private respondents, Eduardo Adriano, *et al.* It claims that the subject lands were effectively converted into residential lands by virtue of their being re-zoned as such by the Sangguniang Bayan of Dasmariñas, Cavite, and approved by the Human Settlements Regulatory Commission (HSRC), now the Housing and Land Use Regulatory Board. Relying on Republic Act No. 7279,<sup>[17]</sup> it theorizes that the lands in question are already urban land, especially in light of the fact that Dasmariñas, Cavite, has a population density of some 2,000 persons per square kilometer. Moreover, it avers that the Court of Appeals failed to address the crucial issue of whether Eduardo Adriano, *et al.*, qualified as farmer-beneficiaries under Presidential Decree No. 27. REMMAN similarly assigns as error the conclusion of the Court of Appeals that Eduardo Adriano, *et al.*, are full owners of the subject premises by virtue of Executive Order No. 228 and Presidential Decree No. 27, reiterating the arguments that it had raised before the appellate court.

Furthermore, **REMMAN** argues that the subject parcels of land are "strip lands" which are reserved for uses other than agricultural under the provisions of Presidential Decree No. 399; hence, the **DAR** Secretary was without reason to deny the exemption applied for. **REMMAN** contests the validity of the emancipation patents issued to Eduardo Adriano, *et al.*, on the ground that there was a failure to comply with the provisions of Presidential Decree No. 27 in that there was neither payment of amortizations as required by the law nor was there payment of realty taxes thereon by the tenant-farmers. According to **REMMAN**, the emancipation patents were issued without payment of just compensation to the Saulog family who are the previous owners of the parcels of land in question.

For their part, Eduardo Adriano, *et al.*, petitioners in G.R. No. 132361, asseverate that they have been denied due process because they were not made parties to **REMMAN's** application for exemption from the coverage of the **CARP**; hence, they cannot be deemed affected thereby. They assail **REMMAN's** failure to notify or apprise them of the application for exemption in light of the fact that they are the actual tenants of the subject lands which they have cultivated for more than thirty (30) years. Moreover, they contend that the Court of Appeals failed to heed their prayer for ocular inspection of the subject properties, such that, a full adjudication on the facts be rightly determined. In fine, it is prayed that the case be remanded to the court of origin for further proceedings and to grant them an opportunity to refute the evidence presented by **REMMAN** before the **DAR**.

At the crux of the instant controversy is whether the subject parcels of land are exempted from the coverage of the **CARP**.

Republic Act No. 6657, otherwise referred to as the Comprehensive Agrarian Reform Law (**CARL**), was enacted as a piece of social legislation pursuant to the policy of