

FIRST DIVISION

[G.R. No. 158314, June 03, 2004]

SAMAHAN NG MAGSASAKA SA SAN JOSEP, REPRESENTED BY DOMINADOR MAGLALANG, PETITIONER, VS. MARIETTA VALISNO, ADELA, AQUILES, LEANDRO, HONORIO, LUMEN, NICOLAS, ALL SURNAMED VALISNO; RANDY V. WAGNER, MARIA MARTA B. VALISNO, NOELITO VALISNO, MARY ANN L. VALISNO, PHILIP V. BRANZUELA AND BRENDON V. YUJUICO; MA. CRISTINA VALISNO, BENEDICTO V. YUJUICO, GREGORIO V. YUJUICO AND LEONORA V. YUJUICO, RESPONDENTS.

D E C I S I O N

YNARES-SATIAGO, J.:

The sole issue in this petition for review on *certiorari* is whether or not the grandchildren of the late Dr. Nicolas Valisno Sr. are entitled to retention rights as landowners under Republic Act No. 6657, or the Comprehensive Agrarian Reform Law (hereafter, "CARL").

The original 57-hectare property, situated in La Fuente, Sta. Rosa, Nueva Ecija, was formerly registered in the name of Dr. Nicolas Valisno, Sr. under Transfer Certificate of Title No. NT-38406. Before the effectivity of Presidential Decree No. 27,^[1] the land was the subject of a judicial ejectment suit, whereby in 1971, the Valisnos' tenants were ejected from the property.^[2] Among these tenants was Dominador Maglalang, who represents the SMSJ in the instant proceedings.

Meanwhile, on October 20 and 21, 1972, Dr. Valisno mortgaged 12 hectares of his property to Renato and Angelito Banting.^[3] Thereafter, the property was subdivided into ten lots and on November 8, 1972, individual titles were issued in the name of the eight children of Nicolas, Angelito Banting, and Renato Banting.^[4]

After the mortgage on the 12 hectare portion was foreclosed and the property sold at public auction, four grandchildren of Dr. Nicolas Valisno, namely: Maria Cristina F. Valisno, daughter of Romulo D. Valisno; and Leonora Valisno Yujuico, Benedicto Valisno Yujuico and Gregorio Valisno Yujuico, children of Marietta Valisno redeemed the same from the mortgagees.^[5] At the time of the redemption, Maria Cristina, Leonora and Gregorio were all minors; only Benedicto was of legal age, being then 26 years old.^[6] The redemption was made on October 25, 1973, but the titles to the land were not transferred to the redemptioners until November 26, 1998.^[7]

Subsequently, the entire 57-hectare property became the subject of expropriation proceedings before the Department of Agrarian Reform ("DAR"). In 1994, Dominador Maglalang, in behalf of the SMSP, filed a petition for coverage of the subject landholding under the CARL, which petition was dismissed for want of

jurisdiction.^[8] On June 14, 1995, Rogelio Chaves, DAR Provincial Agrarian Reform Officer ("PARO"), issued a Memorandum stating that the property had been subdivided among the heirs of Dr. Nicolas Valisno Sr. before the issuance of PD 27 into tracts of approximately six hectares each.^[9] Nevertheless, PARO Chaves added that the excess over the five-hectare retention limit could still be covered under RA 6657.^[10]

On appeal, the Office of the Regional Director issued an Order dated January 2, 1996, declaring the Valisno property exempt from the coverage of PD 27 and RA 6657.^[11] This was reversed by then Secretary Garilao, who held that the property is covered by the Comprehensive Agrarian Reform Program, subject to the retention rights of the heirs of Nicolas, Sr. The Valisno heirs filed a motion for reconsideration of the said order, but the same was denied.

On September 25, 1997, the Valisno heirs filed a Consolidated Application for Retention and Award under RA 6657. Specifically, the petition was filed by (1) Adela, Aquiles, Leandro, Honorio, Lumen, Nicolas and Marietta Valisno, seven children of Nicolas Valisno, Sr., who applied for retention rights as landowners; (2) Randy V. Wagner, Maria Marta B. Valisno, Noelito Valisno, Mary Ann L. Valisno, Philip V. Branzuela and Brendon V. Yujuico, grandchildren of Nicolas Sr. (hereafter collectively the "Grandchildren-Awardees"), who applied to be considered qualified child-awardees; and (3) Ma. Cristina Valisno, Benedicto V. Yujuico, Gregorio V. Yujuico and Leonora V. Yujuico, likewise grandchildren of Nicolas Sr. (hereafter collectively the "Redemptioner-Grandchildren"), who applied for retention rights as landowners over the 12-hectare portion of the property alleged to have been mortgaged by Nicolas Sr. in 1972 to Angelito and Renato Banting.

The SMSJ, through Dominador Maglalang, opposed the Consolidated Application for Retention, specifically objecting to the award in favor of the Grandchildren-Awardees because they are not actually tilling nor directly managing the land in question as required by law.

On November 4, 1998, Regional Director Renato F. Herrera issued an Order which pertinently reads:

WHEREFORE, premises considered, an ORDER is hereby issued as follows:

1. GRANTING the application for retention of the heirs of Dr. Nicolas Valisno, Sr., namely: Marietta Valisno; Honorio Valisno; Leandro Valisno; Adela Valisno; Nicolas Valisno, Jr.; Aquiles Valisno; and Lumen Valisno of not more than five (5) hectares each or a total of 35 hectares covered by Title Nos. 118446, 118443, 118442, 118440, 118445, 118441 and 118444, respectively, all located at La Fuente, Sta. Rosa, Nueva Ecija;
2. PLACING the excess of 19.0 hectares, more or less, under RA 6657 and acquiring the same thru Compulsory Acquisition for distribution to qualified farmer-beneficiaries taking into consideration the basic qualifications set forth by law;

3. DENYING the request for the award to children of the applicants for utter lack of merit; and
4. DIRECTING the applicants-heirs to cause the segregation and survey of the retained area at their own expense and to submit within thirty (30) days the final approved survey plan to this Office.

SO ORDERED.^[12]

On appeal, the DAR Secretary affirmed the Order of the Regional Director with the following relevant ratiocination:

In the second assignment of error, appellants faulted the Regional Director for not giving due consideration to the two (2) mortgages constituted by the original owner over a portion of his landholding in 1972 and redeemed by the latter's grandchildren in 1973, when the 12-hectare land subject of the mortgages were ordered to be distributed to CARP beneficiaries.

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The alleged redemption of the mortgaged property by the four (4) grandchildren of Nicolas Valisno, Sr., namely Ma. Cristina, Leonora, Gregorio and Benedicto, is not likewise worthy of any credence. The mortgaged property was allegedly redeemed on October 25, 1973. From the evidence on record, three (3) of the alleged redemptioners represented to be of legal age in the Discharge of Mortgage were still minors, hence, without any legal capacity at the time the redemption was made.^[13]

On June 23, 2000, the motion for reconsideration filed by the heirs of Dr. Valisno was denied.^[14]

Respondent heirs filed a petition for review with the Court of Appeals, arguing that the Secretary of Agrarian Reform erred (1) in disallowing the award of one hectare to each of the seven Grandchildren-Awardees of Dr. Nicolas Valisno, as qualified children-awardees under the CARL; and (2) in not recognizing the redemption made by the four grandchildren of Dr. Nicolas Valisno over the 12-hectare riceland mortgaged to Renato and Angelito Banting.^[15]

On March 26, 2002, the Court of Appeals reversed the Orders of the DAR Secretary, granted the award of one hectare each for the seven Grandchildren-Awardees, and affirmed the retention rights of the Redemptioner-Grandchildren over three hectares each, or a total of 12 hectares.^[16]

Petitioners filed a partial motion for reconsideration, assailing the right of retention of the four Redemptioner-Grandchildren over the 12-hectare property, and praying that an amended decision be rendered placing the 12 hectares under the coverage of the CARP.^[17] This motion was denied on March 25, 2003. ^[18]

Hence, this appeal, on the sole assignment of error:

THE HONORABLE COURT OF APPEALS ERRED WHEN, IN EFFECT, IT RULED THAT THE REDEMPTIONERS (GRANDCHILDREN OF THE DECEASED NICOLAS VALISNO, SR.) WERE ENTITLED TO RETENTION RIGHTS AS LANDOWNERS UNDER THE AGRARIAN REFORM LAW DESPITE THE FACT THAT THE REDEMPTION WAS DONE BY THEIR PARENTS (CHILDREN OF THE DECEASED) ONLY IN THEIR NAME AND FOR THEIR BENEFIT.^[19]

The appeal lacks merit.

The Court of Appeals found the following facts relevant: *First*, that the mortgages were constituted over a 12-hectare portion of Dr. Valisno's estate in 1972. *Second*, that the titles to the property were transferred to the names of the mortgagees in 1972, viz., TCT No. NT-118447, covering a 6-hectare property in La Fuente, Sta. Rosa, Nueva Ecija, issued in the name of Angelito Banting; and TCT No. NT-118448, likewise covering a 6-hectare property in La Fuente, Sta. Rosa, Nueva Ecija, issued in the name of Renato Banting. *Third*, these properties were redeemed by the Redemptioner-Grandchildren on October 25, 1973, at the time of which redemption three of the four Redemptioner-Grandchildren were minors.

It is a well-settled rule that only questions of law may be reviewed by the Supreme Court in an appeal by *certiorari*.^[20] Findings of fact by the Court of Appeals are final and conclusive and cannot be reviewed on appeal to the Supreme Court.^[21] The only time this Court will disregard the factual findings of the Court of Appeals (which are ordinarily accorded great respect) is when these are based on speculation, surmises or conjectures or when these are not based on substantial evidence.^[22]

In the case at bar, no reason exists for us to disregard the findings of fact of the Court of Appeals. The factual findings are borne out by the record and are supported by substantial evidence.

Given these settled facts, the resolution of the sole issue in this case hinges on (1) the validity of the redemption in 1973, made when three of the Redemptioner-Grandchildren were minors; and (2) if the redemption was valid, the determination of the retention rights of the Redemptioner-Grandchildren, if any, under RA 6557.

The relevant laws governing the minors' redemption in 1973 are the general Civil Code provisions on legal capacity to enter into contractual relations. Article 1327 of the Civil Code provides that minors are incapable of giving consent to a contract. Article 1390 provides that a contract where one of the parties is incapable of giving consent is voidable or annulable. Thus, the redemption made by the minors in 1973 was merely voidable or annulable, and was not void *ab initio*, as petitioners argue.

Any action for the annulment of the contracts thus entered into by the minors would require that: (1) the plaintiff must have an interest in the contract; and (2) the action must be brought by the victim and not the party responsible for the defect.

^[23] Thus, Article 1397 of the Civil Code provides in part that "[t]he action for the annulment of contracts may be instituted by all who are thereby obliged principally or subsidiarily. However, persons who are capable cannot allege the incapacity of those with whom they contracted." The action to annul the minors' redemption in 1973, therefore, was one that could only have been initiated by the minors