

THIRD DIVISION

[G.R. No. 132163, January 28, 2003]

**GRACIANO PADUNAN, PETITIONER, VS. DEPARTMENT OF
AGRARIAN REFORM ADJUDICATION BOARD (DARAB) AND
MARCOS RODRIGUEZ, RESPONDENTS.**

D E C I S I O N

CORONA, J.:

This is a petition for review on certiorari of the decision^[1] dated August 14, 1997 of the Court of Appeals affirming the decision^[2] of the Department of Agrarian Reform Adjudication Board (DARAB, for brevity) in DARAB Case No. 0489 which, in turn, affirmed the decision^[3] of the Provincial Adjudicator of Nueva Ecija in DARAB Case No. 1154'NE'90.

The facts of the case are as follows:

The landholdings subject of the present controversy consist of three parcels of agricultural land with an area of sixteen thousand two hundred twenty-seven (16,227), six thousand five hundred eighty-seven (6,587) and nine thousand nine (9,009) square meters, respectively, situated in Barangay Bantug, Marawa, Jaen, Nueva Ecija.^[4] Angelina R. Rodriguez was the original beneficiary under PD 27 of the said three parcels of land covered by Certificate of Land Transfer (CLT, for brevity) Nos. 0341310, 0341311 and 0341312.^[5]

On July 21, 1981, Angelina Rodriguez waived her rights over the said landholdings in favor of private respondent Marcos Rodriguez by virtue of the *Sinumpaang Salaysay* duly executed and thumbmarked by her.^[6] The waiver was concurred in by the Samahang Nayon of Marawa, Jaen, Nueva Ecija in its Kapasyahan Blg. 15.^[7] Thereafter, private respondent Marcos Rodriguez possessed and cultivated the said landholdings as tenant-beneficiary under PD 27.

On July 21, 1988, private respondent Marcos Rodriguez obtained a loan from herein petitioner, Graciano Padunan, for P50,000 with the subject landholdings as collateral. The loan agreement between private respondent Marcos Rodriguez and petitioner Graciano Padunan was embodied in a *Kasunduan* which further provided that petitioner was authorized to possess and cultivate the land for two years and/or until repayment of the mortgage debt.^[8]

On January 10, 1990, Emancipation Patents (EP, for brevity) Nos. 414430, 414440 and 414448 covering the subject three parcels of land were issued to Angelina Rodriguez, even though she had already waived her rights over the said land in favor of private respondent Marcos Rodriguez on July 21, 1981.^[9]

On October 9, 1990, Angelina Rodriguez executed, for the second time, a waiver of rights by way of sale, this time in favor of petitioner Graciano Padunan for the sum of P55,000.^[10] Claiming ownership over the land, petitioner Graciano Padunan started constructing thereon a house and a warehouse.^[11]

Objecting to the construction made by petitioner Graciano Padunan, private respondent Marcos Rodriguez filed, on November 5, 1990, a case for injunction before the Provincial Agrarian Reform Adjudication Board (PARAD, for brevity) of Nueva Ecija.^[12]

On August 26, 1991, Provincial Adjudicator Romeo Bello decided in favor of private respondent Marcos Rodriguez, declaring him the lawful tenant-beneficiary of the subject land, directing the issuance of the corresponding EPs in his name and ordering herein petitioner Graciano Padunan to vacate the premises upon payment of the mortgage debt. The dispositive portion of the decision of the Provincial Adjudicator reads as follows:

"WHEREFORE, premises considered, judgment is hereby rendered as follows:

- "1. Declaring petitioner Marcos Rodriguez as the lawful tenant-beneficiary of the subject landholding;
- "2. Directing the issuance of the corresponding Emancipation Patents in favor of the petitioner;
- "3. Directing the respondent to vacate the premises in question in favor of the petitioner after paying the mortgage consideration in the amount of P50,000.00;
- "4. Dismissing all claims for damages and counterclaims."^[13]

From the above decision, herein petitioner Graciano Padunan appealed to the DARAB. On January 27, 1995, the DARAB affirmed in toto the decision of Provincial Adjudicator Romeo Bello. Thus, petitioner Graciano Padunan elevated the case to the Court of Appeals.

On August 14, 1997, the Court of Appeals dismissed his petition for review for lack of merit. The appellate court ruled as follows:

"Petitioner's claim is based on an alleged sale/waiver of rights by Angelina R. Rodriguez in his favor.

"This contention is untenable.

"To begin with, rights over agrarian reform-covered landholdings under the agrarian reform program, are not legally transferable. They are deemed outside the commerce of man. However, the waiver of rights in favor of private respondent here is entirely different. The substitution was through transfer action authorized under existing laws and DAR issuances. Strictly speaking, the land involved was not really transferred. The designated farmer-beneficiary was just replaced by another qualified

farmer-beneficiary, as recommended and with the conformity of the Samahang Nayon in the locality.

"Then, too, the alleged waiver in favor of petitioner took place only after there had been a transfer action, with private respondents as the substitute farmer-beneficiary. So, when Angelina R. Rodriguez executed the waiver/sale in favor of petitioner, she no longer possessed any right over the subject landholding.

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"The annulment adjudged in the decision under review, springs from the finding that the issuance of Emancipation patents in the name of farmer beneficiary Angelina R. Rodriguez was erroneous. The issuance of said Emancipation patents was due to inadvertence. Thus, annulment thereof is a correction of an administrative error; a matter within the exclusive competence of the public respondent as adjudicating arm of DAR. And as stressed by public respondent, the said Emancipation patents in question were not even registered with the proper Registry of Property.

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"PARAD's decision under scrutiny is not anemic of evidentiary support. Records contain documents showing that the former farmer beneficiary Angelina R. Rodriguez, waived by a *Sinumpaang Salaysay* dated July 21, 1981 (Exh. 'B'), her rights over subject landholdings in favor of the private respondent and that said waiver was with the confirmation by the local Samahang Nayon, as embodied in Kapasyahan Blg. 15 (Exh. 'C'). PARAD was thus reasonably convinced that there was a valid 'transfer action' in favor of private respondent.

"As found by PARAD, petitioner is, at best, in possession of the said land, not as a farmer-beneficiary but as a mortgagee, so that it was but proper and just for PARAD to rule the way it did; directing settlement of the mortgage debt before private respondent could reassume possession of the landholdings in question.

"WHEREFORE, the Petition for Review under consideration is hereby DISMISSED. No pronouncement as to costs."^[14]

Not satisfied with the decision of the Court of Appeals, petitioner Graciano Padunan filed the instant Petition for Review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, based on the following grounds:

"The conclusion of the Court of Appeals that the Department of Agrarian Reform Adjudication Board (DARAB) possessed jurisdiction to rule on the validity of Emancipation patents is not in accord with the law and with applicable jurisprudence.

"The conclusion of the Court of Appeals that the Emancipation patents subject of this case could be cancelled by the Department of Agrarian Reform Adjudication Board (DARAB) even if the registered owner to

whom said Patent was issued is not a party to the case is patently contrary to the Bill of Rights and not in accord with law and jurisprudence.

"The conclusion of the Court of Appeals that the Department of Agrarian Reform Adjudication Board (DARAB) could decide the instant case on issues not raised in the pleadings is patently contrary to the Bill of Rights and not in accord with law and jurisprudence.

"The Court of Appeals has sanctioned the departure of the Department of Agrarian Reform Adjudication Board (DARAB) from the established rule that its decisions must be supported by substantial evidence.^[15]

At the outset, it must be stated that petitioner Graciano Padunan raised not only questions of law but also issues of fact in his petition for review. He argued that the Court of Appeals, the DARAB and the PARAD failed to consider the fact that Angelina Rodriguez waived her rights over the subject landholdings in his favor with the conformity of the local Samahang Nasyon, and that he possessed and cultivated the land in accordance with the laudable objectives of land reform while private respondent Marcos Rodriguez mortgaged and abandoned the same.^[16]

It is a well-settled rule that only questions of law may be reviewed by the Supreme Court in an appeal by certiorari.^[17] Findings of fact by the Court of Appeals are final and conclusive and cannot be reviewed on appeal to the Supreme Court,^[18] more so if the factual findings of the Court of Appeals coincide with those of the DARAB, an administrative body with expertise on matters within its specific and specialized jurisdiction.^[19] 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.^[20] 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.

Based on the documents presented, the Court of Appeals and the DARAB ruled that petitioner Graciano Padunan was only a mortgagee of the landholdings in question. The subject land was mortgaged to him by private respondent Marcos Rodriguez on July 21, 1988 by virtue of the *Kasunduan* duly entered between him and private respondent Marcos Rodriguez.^[21] However, instead of cultivating the land until payment of the mortgage debt, petitioner Graciano Padunan claimed ownership over the land and constructed a house and warehouse thereon, based on the alleged waiver of rights executed by Angelina Rodriguez in his favor on October 9, 1990.

It was, however, found by the PARAD, affirmed by the DARAB and the Court of Appeals, that Angelina Rodriguez no longer had any rights over the subject parcels of land as early as July 21, 1981.^[22] That was the date she executed a *Sinumpaang Salaysay* waiving her rights over the subject landholdings in favor of private respondent Marcos Rodriguez, a waiver of rights duly confirmed by the local Samahang Nasyon in its Kapasyahan Blg. 15 in accordance with existing laws and DAR issuances.^[23] Clearly therefore, private respondent Marcos Rodriguez was already the lawful tenant-beneficiary of the subject land under PD 27 at the time

Angelina Rodriguez entered into the questionable agreement with petitioner Graciano Padunan, thus making the second transfer null and void *ab initio* and Padunan at best a mere mortgagee of the subject landholdings by virtue of the *Kasunduan* between him and private respondent Marcos Rodriguez.

In fact, the DARAB categorically ruled that nothing in the evidence showed that petitioner Graciano Padunan was a tenant-beneficiary of the subject land. According to the DARAB:

"xxx. No way does it appear from the examination of evidences that herein Respondent-Appellant was a tenant-beneficiary of the landholding in question. Respondent-Appellant was a mere mortgagee of the subject property and his rights thereto end after the expiration of the mortgage contract and the corresponding obligations are met."^[24]

We rule that, since Angelina Rodriguez no longer had any rights over the parcels of land in question, the EPs issued to her on January 10, 1990 covering the subject landholdings were clearly issued by mistake. EPs can only be issued to agrarian reform beneficiaries and Angelina Rodriguez was no longer one at the time of their issuance in her name.^[25]

The question now is who has the authority to cancel the erroneously issued EPs - the DARAB or the Secretary of the Department of Agrarian Reform?

Petitioner Graciano Padunan argues that the DAR Secretary has exclusive jurisdiction to cancel EPs,^[26] pursuant to Section 12(b)(5) of PD 946^[27] which provides that it is the Secretary of Agrarian Reform who has jurisdiction, among other things, to issue, recall and cancel Certificates of Land Transfer.^[28]

Private respondent Marcos Rodriguez, on the other hand, argues that it is the DARAB which has jurisdiction, based on Rule II, Section 1, paragraph (f) of the DARAB Revised Rules of Procedure (1989) which provides that the DARAB has primary jurisdiction over "cases involving the issuance of Certificates of Land Transfer (CLTs), Certificates of Land Ownership Award (CLOAs) and Emancipation Patents (EPs), and the administrative correction thereof."^[29]

For its part, public respondent DARAB argues that its jurisdiction to cancel erroneously issued EPs is enshrined in Section 50 of RA 6657 which provides that the DARAB has original, primary and exclusive jurisdiction over agrarian reform matters and/or those related to agrarian reform implementation.^[30]

It must be stated at the outset that it is the law that confers jurisdiction and not the rules. Jurisdiction over a subject matter is conferred by the Constitution or the law and rules of procedure yield to substantive law. Otherwise stated, jurisdiction must exist as a matter of law.^[31]

With this well-established principle on jurisdiction, it is therefore incorrect for the private respondent Marcos Rodriguez to argue that the DARAB derives its jurisdiction from the DARAB Rules of Procedure. The DARAB derives its jurisdiction from RA 6657 or popularly known as the Comprehensive Agrarian Reform Law (CARL) of 1988.