

EN BANC

[G.R. No. 143275, March 20, 2003]

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. ARLENE DE LEON AND BERNARDO DE LEON, RESPONDENTS.

R E S O L U T I O N

CORONA, J.:

Before us are the motion for reconsideration dated October 16, 2002 and supplement to the motion for reconsideration dated November 11, 2002 filed by movant-petitioner Land Bank of the Philippines (LBP, for brevity) seeking a reversal of this Court's Decision^[1] dated September 10, 2002 which denied LBP's petition for review.

Herein respondent spouses Arlene and Bernardo de Leon filed a petition to fix the just compensation of a parcel of land^[2] before the Regional Trial Court of Tarlac, Branch 63, acting as a Special Agrarian Court. On December 19, 1997, the agrarian court rendered summary judgment fixing the compensation of the subject property as follows: (1) ₱1,260,000 for the 16.69 hectares of riceland and (2) ₱2,957,250 for the 30.4160 hectares of sugarland.

The Department of Agrarian Reform (DAR, for brevity) and LBP both filed separate appeals using different modes. DAR filed a petition for review while LBP interposed an ordinary appeal by filing a notice of appeal. DAR's petition for review^[3] was assigned to the Special Third Division of the Court of Appeals while LBP's ordinary appeal^[4] was assigned to the Fourth Division of the same court.

On November 6, 1998, the appellate court's Special Third Division rendered a decision in the petition for review filed by DAR, the dispositive portion of which reads:

WHEREFORE, premises considered, the petition for review is GIVEN DUE COURSE. The decision dated February 9, 1998 is partially reconsidered. The trial court is ordered to recompute the compensation based on the selling price of palay at 213.00 per cavan. Petitioner is ordered to pay legal interest at 6% of the compensation so fixed from 1990 until full payment is made by the government.^[5]

Meanwhile, on February 15, 2000, the appellate court's Fourth Division dismissed LBP's ordinary appeal primarily holding that LBP availed of the wrong mode of appeal.^[6] LBP filed a motion for reconsideration but the same was denied.

On July 14, 2000, LBP filed before this Court a petition for review of the decision of the Court of Appeals. On September 10, 2002, this Court rendered a Decision, the dispositive portion of which reads:

WHEREFORE, the appealed **RESOLUTIONS**, dated February 15, 2000 and May 22, 2000, respectively, of the Court of Appeals are hereby **AFFIRMED**. No costs.

SO ORDERED.^[7]

In affirming the dismissal by the appellate court of LBP's ordinary appeal, this Court held that Section 60^[8] of RA 6657 (The Comprehensive Agrarian Reform Law) is clear in providing petition for review as the appropriate mode of appeal from decisions of Special Agrarian Courts. Section 61^[9] (the provision on which LBP bases its argument that ordinary appeal is the correct mode of appeal from decisions of Special Agrarian Courts) merely makes a general reference to the Rules of Court and does not categorically prescribe ordinary appeal as the correct way of questioning decisions of Special Agrarian Courts. Thus, we interpreted Section 61 to mean that the specific rules for petitions for review in the Rules of Court and other relevant procedures of appeals shall be followed in appealed decisions of Special Agrarian Courts.

We likewise held that Section 60 of RA 6657 is constitutional and does not violate this Court's power to "promulgate rules concerning the protection and enforcement of constitutional rights, pleadings, practice and *procedure in all courts*, the admission to the practice of law, the Integrated Bar and legal assistance to the underprivileged."^[10] We ruled that the Rules of Court does not categorically prescribe ordinary appeal as the exclusive mode of appeal from decisions of Special Agrarian Courts. The reference by Section 61 to the Rules of Court in fact even supports the mode of a petition for review as the appropriate way to appeal decisions of the Special Agrarian Courts. Furthermore, the same Section 5(5), Article VIII of the 1987 Philippine Constitution quoted by LBP states that "rules of procedure of special courts and quasi-judicial bodies shall remain effective unless disapproved by the Supreme Court." Since Section 60 is a special procedure and this Court has not yet provided for a particular process for appeals from decisions of agrarian courts, the said section does not encroach on our rule-making power.

Hence, LBP filed the instant motion for reconsideration and supplement to the motion for reconsideration reiterating its claim in the petition for review that Section 60 of RA 6657 is unconstitutional. LBP still maintains that a legislative act like Section 60 infringes on the exclusive rule-making power of this Court in violation of the 1987 Philippine Constitution.

In the event that said argument is again rejected, LBP pleads that the subject Decision should at least be given prospective application considering that more than 60 similar agrarian cases filed by LBP via ordinary appeal before the Court of Appeals are in danger of being dismissed outright on technical grounds on account of our ruling herein. This, according to LBP, will wreak financial havoc not only on LBP as the financial intermediary of the Comprehensive Agrarian Reform Program but also on the national treasury and the already depressed economic condition of our country.^[11] Thus, in the interest of fair play, equity and justice, LBP stresses the need for the rules to be relaxed so as to give substantial consideration to the appealed cases.

On the first ground, we find it needless to re-discuss the reasons already

propounded in our September 10, 2002 Decision explaining why Section 60 of RA 6657 does not encroach on our constitutional rule-making power.

Be that as it may, we deem it necessary to clarify our Decision's application to and effect on LBP's pending cases filed as ordinary appeals before the Court of Appeals. It must first be stressed that the instant case poses a novel issue; our Decision herein will be a landmark ruling on the proper way to appeal decisions of Special Agrarian Courts. Before this case reached us, LBP had no authoritative guideline on how to appeal decisions of Special Agrarian Courts considering the *seemingly* conflicting provisions of Section 60 and 61 of RA 6657.

More importantly, the Court of Appeals has rendered conflicting decisions on this precise issue. On the strength of *Land Bank of the Philippines vs. Hon. Feliciano Buenaventura*, penned by Associate Justice Salvador Valdez, Jr. of the Court of Appeals, certain decisions^[12] of the appellate court held that an ordinary appeal is the proper mode. On the other hand, a decision^[13] of the same court, penned by Associate Justice Romeo Brawner and subject of the instant review, held that the proper mode of appeal is a petition for review. In another case,^[14] the Court of Appeals also entertained an appeal by the DAR filed as a petition for review.

On account of the absence of jurisprudence interpreting Sections 60 and 61 of RA 6657 regarding the proper way to appeal decisions of Special Agrarian Courts as well as the conflicting decisions of the Court of Appeals thereon, LBP cannot be blamed for availing of the wrong mode. Based on its own interpretation and reliance on the *Buenaventura* ruling, LBP acted on the mistaken belief that an ordinary appeal is the appropriate manner to question decisions of Special Agrarian Courts.

Hence, in the light of the aforementioned circumstances, we find it proper to emphasize the prospective application of our Decision dated September 10, 2002. A prospective application of our Decision is not only grounded on equity and fair play but also based on the constitutional tenet that rules of procedure shall not impair substantive rights.

In accordance with our constitutional power to review rules of procedure of special courts,^[15] our Decision in the instant case actually lays down a rule of procedure, specifically, a rule on the proper mode of appeal from decisions of Special Agrarian Courts. Under Section 5 (5), Article VIII of the 1987 Philippine Constitution, rules of procedure shall not diminish, increase or modify substantive rights. In determining whether a rule of procedure affects substantive rights, the test is laid down in *Fabian vs. Desierto*,^[16] which provides that:

[I]n determining whether a rule prescribed by the Supreme Court, for the practice and procedure of the lower courts, abridges, enlarges, or modifies any substantive right, the test is whether the rule really regulates procedure, that is, the judicial process for enforcing rights and duties recognized by substantive law and for justly administering remedy and redress for a disregard or infraction of them. If the rule takes away a vested right, it is not procedural. *If the rule creates a right such as the right to appeal, it may be classified as a substantive matter*; but if it operates as a means of implementing an existing right then the rule deals merely with procedure. (italics supplied)