

Title:

NGEI Multi-Purpose Cooperative Inc. and Hernancito Ronquillo vs. Filipinas Palmoil Plantation Inc. and Dennis Villareal

Facts:

The case revolves around a dispute concerning a lease agreement and its subsequent addendum between NGEI Multi-Purpose Cooperative Inc. (NGEI Coop), and Filipinas Palmoil Plantation, Inc. (FPPI). On December 2, 1988, NGEI Coop was awarded an agricultural land by the Department of Agrarian Reform for palm oil plantations. Subsequently, on March 7, 1990, a lease agreement was executed between NGEI Coop and FPPI, which was later extended on January 29, 1998, through an addendum providing for another 25-year lease.

Issues arose when NGEI Coop and Hernancito Ronquillo filed a complaint seeking the nullification of both the lease agreement and the addendum, claiming that the addendum was executed without proper authority and consent, and that its terms were unjust.

The procedural journey began with the filing of the complaint before the Department of Agrarian Reform Adjudication Board (DARAB) Regional Adjudicator, who initially declared the addendum null and void but later reversed the decision upon FPPI's motion for reconsideration. The DARAB Central Office affirmed the Regional Adjudicator's decision, which was then appealed to the Court of Appeals (CA) and subsequently to the Supreme Court.

Issues:

1. Whether the CA err when it affirmed the DARAB's decision upholding the validity of the Addendum despite claims of it being executed without proper authority and consent, and its terms being unjust.
2. Whether the contractual terms of the Addendum were in violation of DAR Administrative Orders and existing laws.
3. Whether the CA properly relied on substantial evidence in upholding the validity of the Addendum.
4. Whether the petitioner's cause of action has prescribed.

Court's Decision:

The Supreme Court found the petition bereft of merit, affirming the CA's decision. It established that the legal issues were predominantly factual in nature and therefore, not

under the Court's jurisdiction for review. The Court highlighted the principle that factual findings of administrative officials, especially when affirmed by the CA, are generally binding on the Court.

The Supreme Court recognized that the DARAB and the CA's findings were based on substantial evidence that showed the Addendum had been acted upon by both parties for several years, indicating implicit consent and ratification. Furthermore, it addressed the argument of prescription, finding that the petitioner's cause of action to declare the Addendum void was already barred by the statute of limitations.

Doctrine:

- The validity of contracts and the obligations arising from them must be upheld when executed with all the required formalities and when not contrary to law, morals, good customs, public order, or public policy.
- Factual findings of administrative agencies, especially when affirmed by the CA, are generally binding on the Supreme Court.

Class Notes:

- Contracts are the law between the parties and must be complied with in good faith unless their stipulations are contrary to law, morals, good customs, public order, or public policy.
- Factual findings by administrative bodies, confirmed by appellate courts, are generally not subject to review by the Supreme Court; the Court is not a trier of facts.
- Actions to enforce rights under a contract must be brought within the time frame specified by the statute of limitations to avoid prescription.
- The role of substantial evidence in affirming the decisions of administrative agencies and their findings.

Historical Background:

The case underscores the complexities involved in agrarian disputes, particularly those involving lease agreements within the context of Philippine agrarian reform efforts. The legal journey of the case from the DARAB to the Supreme Court illustrates the procedural intricacies in contesting such agreements and emphasizes the importance of authority and consent in executing amendments to lease contracts in agrarian settings.