

**FERNANDO SANTIAGO, ET AL., PLAINTIFFS AND APPELLEES, VS.
REALEZA CRUZ, ET. AL., DEFENDANTS AND APPELLANTS.***G.R. No. L-8271-72. December 29, 1955*

Ponente: BAUTISTA ANGELO, J.

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On June 20, 1952 Fernando Santiago impleaded Realeza Cruz and the Director of Lands in the Court of First Instance of Rizal seeking to annul the adjudication made by the latter in favor of the former of Lot No. 1, Block No. 19, Tambobong Estate, and to compel the Director of Lands to sell to him a portion of said lot which he is occupying.

On July 24, 1952, Francisco Samonte took a similar action in the same court against the same defendants seeking to nullify the agreement to sell executed by the Director of Lands in favor of Realeza Cruz covering Lot No. 19, Block No. 16, Tambobong Estate, in so far as Lot No. 19-a is concerned containing an area of 90 square meters, and to be declared entitled to purchase, said Lot No. 19-a in preference to the claim of Realeza Cruz. The Justice of the Peace of Malabon, Rizal, was made party-defendant in order to enjoin him from rendering decision in an ejectment case previously filed by Realeza against Francisco Samonte. Because the issues involved are fundamentally the same, the two cases were, upon agreement of the parties, tried jointly. And since the decision rendered granted practically what plaintiffs had prayed in their complaints, defendants appealed in both cases to the Court of Appeals, who later certified them to this Court on the ground that no question of facts are involved therein.

The lots herein litigated are portions of the Tambobong Estate situated in the municipality of Malabon, Province of Rizal. They were originally leased to Mrs. Elisa E. Cayco up to January 14, 1944 when, for valuable consideration, she sold her leasehold rights over the lots to Realeza Cruz. Prior to this transfer Fernando Santiago already had his house erected on a portion of Lot No. 1, Block No. 19, while Francisco Samonte had his house erected on another portion of Lot No. 19, Block No. 16, and both were sublessees of Mrs. Cayco to whom they had been paying nominal rentals. After the transfer, both sublessees kept on paying the rentals to Realeza Cruz, except Fernando Santiago who, stopped paying when the Government acquired the Tambobong Estate,

Shortly after Realeza Cruz had bought the leasehold rights over the lots from Mrs. Elisa E. Cayco, Francisco Samonte and Fernando Santiago, the latter acting through his wife because of certain physical disability executed a document wherein they acknowledged the transfer of the leasehold rights and gave their consent thereto at the same time agreeing to vacate the lots any time they may be required to do so. Samonte furthermore executed an affidavit wherein he not only recognized the leasehold rights of Realeza Cruz but waived whatever rights he might have with respect to the lot.

On April 2, 1952, Realeza Cruz filed with the Bureau of Lands an application to purchase the two lots in question. Her application to purchase Lot 1, Block 19, was contested by Fernando Santiago who claimed preferential right to buy the portion he was occupying. After an investigation of the conflicting claims, the Director of Lands

rendered decision on June 6, 1952 dismissing the protest and awarding the lot to Realeza Cruz. In view of this adverse, decision, and without taking any further step to secure relief from higher administrative officials, Santiago brought the case to court seeking nullification of the Director of Lands.

With regard to the application of Realeza Cruz to purchase Lot 19, Block 16, the same was unopposed, even by Francisco Samonte, whereupon an agreement to sell was executed by the Director of Lands in favor of Realeza on April 14, 1952. Samonte, apparently informed of the transaction, refused to pay the rent to Realeza, and having likewise refused to vacate the lot notwithstanding repeated demands, Realeza filed an ejectment case against Mm in the Justice of the Peace Court of Malabon, Rizal. It was while this ejectment case was awaiting decision that Samonte brought a court action claiming priority to buy the lot he was occupying and asking for the annulment of the sale made thereof to Realeza by the Director of Lands. He also asked for an injunction against the Justice of the Peace.

The first issue to be determined is whether these two cases should be dismissed for lack of sufficient cause of action on the part of the plaintiffs to press them in court in view of their failure to appeal to the Secretary of Agriculture and Natural Resources to obtain a reversal of the decision of the Director of Lands, or to exhaust the remedies open to them in the administrative branch under the law and precedents on the matter.

It is contended by appellees that such expediency is not necessary not only because there is no law expressly requiring it to confer jurisdiction upon the court but would only entail unnecessary delay which would redound to the detriment of appellees who are much desirous to own a piece of land they can call their own. While there are precedents which hold the view that before a litigant can bring a matter to court which has been passed upon by the Director of Lands it is necessary that he first exhaust all the remedies in the administrative branch of the government, we find no law expressly requiring such a prerequisite before the courts could acquire jurisdiction. That ruling would seem merely to apply to an action taken by an administrative official concerning public lands and not when it concerns private property. This is clearly implied in our decision in the case of Eloy Miguel vs. Anacleto M. Vda. de Reyes, 93 Phil., 542, wherein we made particular emphasis on the nature of the property involved. We there said that when the property involved is a piece of public land the remedy of the party aggrieved by the decision of the Director of Lands is to appeal to the Secretary of Agriculture and Natural Resources, and if he fails to pursue this remedy he cannot seek relief in the courts of justice. And the purpose behind the policy of requiring a party to first exhaust all administrative remedies before resorting to court would seem to be merely to provide "an orderly procedure which favors a preliminary administrative sifting process, particularly with respect to matters peculiarly within the competence of the administrative authority" (42 Am. Jur., 581).

But we are not concerned here with lands belonging to the public domain. We are dealing with lands of private ownership even if they were acquired by the Government for resale to private persons. The Tambobong Estate was formerly owned by a private corporation which was later acquired by the Government under Commonwealth Act No. 539, the administration of which was first placed under the Rural Progress Administration (Executive Order No. 191), and later transferred to the Bureau of Lands under Executive Order No. 376, and there is nothing in said Act or Orders which would warrant the claim of appellants that before an action could be taken to the courts in connection with lots belonging to said estate they would have to exhaust all administrative remedies as is required in connection with public lands. On the contrary, the policy of the Government would seem to vest in the Director of Lands "the exclusive power and jurisdiction to settle conflicting claims of preferential rights with regard to (each) purchase" as the Solicitor General himself has stated in his brief. Considering this void in the law, we do not feel justified in throwing these cases out of court simply because of this expediency, no matter how plausible it may be, to the prejudice of a speedy court adjudication on the merits of the controversy.

The next question to be determined refers to the preference that should be observed in the allocation of the lots in dispute among their different claimants which constitutes the root cause of the present controversy. In approaching this problem the first thing to be considered is the meaning and scope of the law which governs the administration and disposition of the Tambobong Estate in favor of those whom the law contemplates to extend its beneficent provisions. This law is Commonwealth Act No. 539. Section 1 of this Act provides that the home lots into which the lands acquired thereunder are to be subdivided to promote its objective shall be resold at reasonable prices and under such terms and conditions as may be fixed "to their bona fide tenants or occupants or private individuals who will work the lands themselves and who are qualified to acquire and own lands in the Philippines." An analysis of this provision would at once reveal that the intentment of the law is to award the lots to those who may apply in the order mentioned. This enumeration denotes the preferential rights the law wishes to accord to them. Thus, the first choice is given to the bona fide "tenants," the second to the "occupants" and the last to "private individuals." And this enumeration undoubtedly has been adopted considering the existing social problem and the different situations in which the claimants may be found. This is the order of preference followed by the Director of Lands in awarding the lots to appellant whose status as a bona fide tenant is not disputed, and since this action is in accordance with the intentment and purpose of the law, we see no plausible reason for disturbing it as we are now urged by appellees.

The foregoing interpretation is further justified by a comparison of the provisions of Commonwealth Act No. 539, under which the Tambobong Estate was acquired, with those of Commonwealth Act No. 20, which provided for the resale of home sites acquired thereunder at the time of the approval of the former Act. Note that while under Commonwealth Act No. 20 the home lots are to be resold only to bona fide occupants, the Act that had superseded it, Commonwealth Act No. 539, modified this provision by providing three groups of persons who may purchase the lots in the order of preference accorded to them. This change is indicative of the clear intent of Congress with regard to the preferential rights to be accorded to tenants, occupants and private individuals.

Another circumstance which justifies the action of the Director of Lands refers to the relative equities of the parties in connection with the lots in question. It should be noted that these lots were formerly leased by Mrs. Elisa E. Cayco who right along allowed appellees to occupy portions thereof on nominal rents. Appellants knew this situation so much so that when she acquired the leasehold rights of Mrs. Cayco she took steps to protect her rights. To this end, she sounded out the feeling of appellees concerning the transfer and they expressed their conformity thereto. Thus we find that, shortly after she had acquired the leasehold rights of Mrs. Cayco, appellees executed a document wherein they not only expressed their consent to such acquisition but agreed to vacate the lots any time appellant may so require. This attitude of appellees in assuring appellant that they will not dispute her right to the lots when she may need them works as a estoppel that, in the eyes of the law, bars them from disputing the preferential right of appellant over the property. Such an attitude works more onerously against appellee Santiago for he not only executed a document of renunciation as aforesaid but signed an affidavit wherein he acknowledged the right of appellant to purchase the lot affecting him and unconditionally renounced whatever rights he may have to purchase it. It should be observed in this connection that appellees never assailed the genuineness and due execution of these documents. Much as we sympathize with the cause of appellees, we cannot act otherwise considering the facts and the law.

We are not oblivious of the fact that appellant has some other lots within the Tambobong Estate on which she may erect her own house which apparently disqualifies her from acquiring the lots in preference to appellees considering the fundamental policy behind the acquisition of the Tambobong Estate—to give land to the landless so that they may have a piece of land they may call their own. But it should be observed that appellant acquired these lots not only for herself but for her seven children and she has no other property outside the Tambobong Estate. Moreover, there is nothing in Commonwealth Act No. 539 that would prohibit one from acquiring more

than one lot if the area is reasonable and the same is needed by him and his family. Such prohibition only exists in Republic Act No. 267 which refers to home sites to be acquired by cities and municipalities and not to private lands to be acquired by the insular government under Commonwealth Act No. 539. In the absence of such prohibition, we are not justified in adopting a restrictive interpretation which would be contrary to the clear language of the law.

Wherefore, the decision appealed from is reversed, without pronouncement as to costs. The effect of this decision is to revive and enforce the action taken by the Director of Lands with regard to the lots in question.

Bengzon, Padilla, Reyes, A., Jugo and Concepcion, JJ., concur.

DISSENTING OPINION

PARAS, C. J., dissenting:

I have to disagree with the decision of the majority for the same reasons already set forth in my dissenting opinion in G. R. No. L-5872, Enrique Bernardo, et al. vs. Crisostomo S. Bernardo, et al.,[*] decided November 29, 1954. I may however reiterate, by way of emphasis, that the word "tenant" was added to Commonwealth Act No. 539 not for the purpose of giving a lessee any preference over an occupant, but merely to include such tenant or lessee as one of the beneficiaries of home distribution. It is worthwhile to remember that in Republic Act No. 1162, it was provided that, "the landed estates of haciendas expropriated by virtue of this Act shall be subdivided into small lots, none of which shall exceed one hundred and fifty square meters in area, to be sold at cost to the tenants, or occupants of said lots, and to other individuals, in the order mentioned," If the intention in enacting Commonwealth Act No. 539 was to accommodate, first, the tenant, secondly, the occupant and, lastly, "private individuals", the style used in Republic Act No. 1162 would have been followed.

The fact that the appellees agreed to vacate the lots occupied by them at any time the appellant might require, did not affect their status as bona fide occupants.. Within the meaning of Commonwealth Act No. 539, in my opinion, it is enough that the occupant should actually hold a given lot under a legitimate arrangement, whether it be with the owner of the Tambobong Estate or with the latter's

The majority have readily overlooked the fact that the appellant has some other lots within the Tambobong Estate on which she may erect her own house, reasoning out that she acquired the lots in question not only for herself but for her seven children and she has no other property outside the Tambobong Estate. It would suffice to observe that under Commonwealth Act No. 539, even assuming that a tenant has priority over an occupant, appellant's children are unquestionably not yet tenants and therefore cannot directly or indirectly acquire lots for themselves.

Labrador, J., concur.

[*] 96 Phil., 202.

DISSENTING OPINION

REYES, J. B. L., J., dissenting:

I concur with the Chief Justice that this case should be controlled by the findings of the trial Court (which are conclusive upon us) to the effect that—

"Defendant Realeza Cruz in both cases admits that the plaintiffs in both cases Fernando Santiago and Francisco Samonte are presently occupying the lots in question. The evidence in this case also shows that at the time defendant Realeza Cruz applied for the purchase of the lots in question, the herein plaintiffs were in possession and occupying the lots. Defendant Realeza Cruz alleged that her purpose in purchasing said lots was to use the same for the construction of her house and others for the future use of her children. But this allegation of the defendant is contrary to her admission in open court that she has no less than thirteen (13) tenants on the land and that her house is constructed on another lot. Apparently, ' she has no interest whatsoever in constructing her house on the lots in question and prefers, as the records show, to receive rents from her tenants. Moreover, one of the four (4) lots purchased by her from the Director of Lands is now being used as a fishpond." (Rec. of App., pp. 116-117.)

There is no showing that Realeza Cruz and her children cannot live in the other lots already possessed and acquired by them. Granting that a large family may find it somewhat inconvenient to put up with less space than it should like to have, such inconvenience is minimal compared to the appellees being forced to give up their homes, with no immediate prospect of stable shelter. Surely the state did not acquire the "hacienda" of Tambobong in order to enable a few parties to live at their ease at the cost of driving others away from their homes.

In the previous cases where we have upheld the superior right of lessees over that of the sublessees or other occupants of the hacienda lots, the needs of the contending parties were equally peremptory, so that our judgment could be rested, on other considerations. But where one party claimed a lot solely for greater convenience, while another demanded preference because of actual need of having a home secure from the fear of being driven away from it whenever his lessor should decide that his own interests, so demand, this Court has given preference to the more pressing need. Thus, in the case of Marukot vs. Jacinto et al., G. R. Nos. L-8036-8037-8038[*] we overruled the claim of the immediate lessee to be preferred in the acquisition of the disputed lot, on the precise ground that he already had his home and was actually residing in the Municipality of Caloocan. I see no fundamental difference in the fact that in one case the rejected claimant had his home in Caloocan while in the one at bar he lives in another lot inside the same "hacienda" of Tambobong. In either case, the law should prefer the one who seeks to avoid prejudice over him who seeks to obtain a profit: *potior est conditio ejus qui certat de damno vitando quam ejus qui certat de lucro captando*.

While Commonwealth Act No. 539, and the preceding Acts on the subject, contained 'no provision like the one found in Republic Act No. 267, that no person should be allowed to acquire more than one lot in the expropriated estates, such a condition is implicit in the homesite expropriations,. I submit that these expropriations were authorized to enable citizens to acquire homes stable and secure from dispossession by others, but not to enable privileged parties to enlarge their present landholdings.

[*] Supra, p. 128.

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