

PINDAÑGAN AGRICULTURAL COMPANY, INC., PLAINTIFF AND APPELLEE, VS. JOSE P. DANS, ETC., ET AL., DEFENDANTS AND APPELLANTS.

G.R. No. L-14591. April 25, 1962

Ponente: LABRADOR, J.

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LABRADOR, J.:

This is an appeal to this Court from a decision of the Court of First Instance of Pangasinan, Hon. Amado Santiago, presiding, in Civil Case No. 10394, entitled "Pindañgan Agricultural Company, plaintiff, versus Jose P. Dans, etc., et al., defendants." The decision renders without effect the resolution of the defendant officials, namely, The District Land Officer, The Director of Lands and the Secretary of Agriculture and Natural Resources, rejecting Lease Application No. 109 and Sales Application of July 9, 1949, both of the plaintiff corporation, and all applications and provisional permits granted to the other defendants over the land in question; orders the Secretary of Agriculture and Natural Resources to give due course to said lease and sales applications of plaintiff corporation and to execute in favor of the plaintiff corporation either a document of lease or of sale of said lands; condemns defendants Jose P. Dans, Placido L. Mapa, and Pedro U. Asensi to pay jointly and severally to the plaintiff the sum of P8,000 as damages, and declares the writ of preliminary injunction issued therein by the judge as permanent.

The record discloses the following facts: The land in question contains an area of over 491 hectares located at Barrios Pindañgan and San Pedro, Municipality of Alcala, Pangasinan and originally belonged to Cristina Gonzales who had inherited it from her father Francisco Gonzales. Cristina Gonzales de Schenkel mortgaged the land to the defunct Agricultural Bank of the Philippine Islands, and for failure to pay the loan and to redeem the property, the mortgage was foreclosed on November 22, 1922 and title to the land was transferred to the Government on November 28, 1923. To get back the land Cristina Gonzales filed with the Bureau of Lands a lease application, for it, but the same was rejected because she was no longer a Filipino citizen, having in the meantime married a Swiss citizen, Ernest Schenkel. Subsequently, she formed a corporation known as the Cristina Gonzales Inc., which again applied for the lease of the same property and to which Cristina Gonzales assigned all her rights under the lease application Act No. 3219.

Before the ownership of the land was transferred to the Government, Cristina Gonzales had tenants working thereon, among them 93 heads of families, and when she lost ownership, said 93 heads of families wanted to occupy the land for themselves. So they filed a formal protest against the lease application of Cristina Gonzales & Co., claiming prior rights of possession thereon and accusing the corporation to be a dummy of Cristina Gonzales. The protest was not favorably acted upon and the property was leased to the corporation. So the 93 heads of families appealed to the Secretary of Agriculture, who dismissed their appeal on December 3, 1926.

Cristina Gonzales & Co. filed Civil Case No. 4644 in the Court of First Instance of Pangasinan to enjoin the said 93 heads of families from entering into and occupying the land. On their part, the 93 heads of families instituted

another action against the corporation (Civil Case No. 4969, entitled "Gregorio Torres, et al., versus Secretary of Agriculture"), to annul the lease award in favor of said corporation. The Court of First Instance, acting upon the latter case, annulled the lease award and declared the plaintiff tenants entitled to the land as highest bidders. On appeal, the Supreme Court modified the decision by denying award of the land to the tenants and instead remanded the case to the land officials for further proceedings, in accordance with said decision (G. R. No. 32243, 54 Phil., 851).

While G. R. No. 32243 was pending before the Supreme Court, Cristina Gonzales again filed an application for the repurchase of the land under the provisions of Act 3514, which authorized the sale of lands obtained by the Agricultural Bank to their previous owners. The sale was granted inspite of the opposition of the 93 heads of families. Cristina Gonzales was allowed to pay the land for P50,840.23, in ten equal installments and the grant was conditioned upon the outcome of said G. R. No. 32243. Due to her failure to pay the second installment, the Director of Lands cancelled on August 5, 1932 the deed of repurchase executed in favor of Cristina Gonzales de Schenkel.

Sometime in 1933, the 93 heads of families formed a company known as the Pindañgan Agricultural Company, for the purpose of facilitating acquisition of the land through administrative proceedings.

On November 10, 1933, Cristina Gonzales de Schenkel filed with the Secretary of Agriculture a motion for reconsideration of the order cancelling both her deed of repurchase and her second application for repurchase. The Secretary granted her second application for repurchase, and so the Director of Lands executed a second deed of repurchase in favor of Cristina Gonzales de Schenkel for which she paid P5,084.62 as first installment. The Pindañgan Agricultural Company (hereinafter called the company) protested against the execution of the second deed of repurchase and also filed its own lease application (No. 109). The protest was disregarded and the lease application of the Company was rejected because of the execution of the second deed of repurchase. The tenants composing the Company were, therefore, ordered to vacate the premises. Thereupon the Company filed Civil Case No. 7421 with the Court of First Instance of Pangasinan against the spouses Cristina Gonzales and Ernest Schenkel and the land officials, to annul the second deed of repurchase and to declare their rights to the property. Decision was rendered by the Court of First Instance annulling and rescinding the sale made in favor of Cristina Gonzales de Schenkel. On appeal, the Supreme Court affirmed the decision, on the ground that Cristina Gonzales had become a Swiss citizen and because of the ruling in the Krivenko Case. A motion for reconsideration filed by the Company to have its preferential right to the land declared by the Court, was denied, on the ground that such matter is of an administrative character.

On July 9, 1949, the Company filed a sales application for the land as a supplement and/or alternative to its lease application No. 109. However, on October 4, 1949, the Director of Lands rejected such sales application, for the following reasons:

"Investigation conducted in the premises in October, 1948 by representatives of this Office disclosed that the lands herein referred to are actually occupied and cultivated by 178 individual, holders of specific portions or area of varying sizes, each of whom is making a claim in his own rights. Those occupants and cultivators have been found to be former tenants, or successors-interest of former tenants, of the original owner, and remained as such occnpnan&stenants when the Pindañgan Agricultural Company, Inc. took over the administration of the property. The Investigating officers were able to ascertain that these occupants-tenants have long wished, desired and hoped to perfect individual claims on the portions actually cultivated by them as soon as it is legally possible for them to do go. They disclaim any benefit derived from the activities ofr the Pindañgan Agricultural Company, Inc., and they are not agreeable to any arrangement whereby the corporation may be enabled to acquire the property. It was further found that only a few of the actual occupants and cultivators are members of the corporation, and even these members do not recognize the corporation's right to acquire for

them their actual holdings. It appears from the investigator's findings that the Pindañgan Agricultural Company, Inc. does not have actual and effective administration of the property.

"Records further disclose that the provisional permit issued to the Pindañgan Agricultural Company, Inc. in 1934 and renewed in 1935, by virtue of which the corporation has been enabled to assume administration of the lands, carried the following conditions:

'8. The permit applied for shall be subject to revocation at any time, and shall be good only during the pendency of the controversy regarding the conveyance of the land covered by this application, in favor of Cristina Gonzales under Act No. 3514.

'9. That the object of this application for a permit, is to utilize the land applied for while the rightful claimant to the said land remains undetermined and that the permit automatically express upon decision of the case with respect to the right of Cristina Gonzales, Inc. to acquire the property.'

"Obviously, the corporation no longer has any right, power or authority to occupy, hold or administer the property as a result of the decision of the Supreme Court in G. R. No. 46798 referred to herein above. Upon this premise, and considering the opposition of the actual occupants and cultivators to the disposition of the lands to the corporation, this Office feels that the instant sales application of the Corporation is not acceptable.

"It is timely to recall here that there are potent reasons of state behind the policy of breaking up big landed estates and of creating a class of small, independent farmers whenever and wherever it is possible. The same reasons support the policy of equitable distribution of public property, and of preventing corporate entities from having control of excessive area of the public domain devoted to agriculture. The proposal of the Pindañgan Agricultural Company, Inc. to acquire ownership of the 491.8964 hectares involved in this case appears to be inconsistent with these policies, for the lands consist of an old, productive landholding, and compose a latifundium in a place populated by earnest, industrious farmers. The counter-proposal of the actual cultivators and occupants to have direct and individual concession to them of their respective holding in the premises in accordance with law, is believed just and reasonable." (pp. 2-3, Exh. "G", Exh. "2")

The order of the Director of Lands was based upon a report (Exh. "1-A") submitted by District Land Officer Pedro Yu Asensi dated October 5, 1948. In said report the District Land Officer found, after an investigation, that only a few of the occupants are stockholders of the Company and that those who are members thereof have lost confidence in the company and in the men running the same. Consequently, said District Land Officer recommended subdivision of the land in favor of the actual occupants. The report in its pertinent parts says:

"From the answers given by the petitioners to the undersigned's questions and from information gathered thru conversation with some of them, the following facts are deemed to have been established:

"The petitioners numbering a little less than 200 family heads, whose names appear in a list attached hereto and marked Annex "I" of this report, are actually occupying the land formerly owned by Dona Cristina Gonzales de Schenkel located in the barrios of Pindañgan and San Pedro, Alcala, Pangasinan and have been planting yearly thereon rice, corn and vegetables since they began occupying the same in 1905. They succeeded, in occupying the land as leases or tenants when it was still the property of the late Don. Francisco Gonzales, father of Dona Cristina Gonzales. As tenants, they had been paying to the owner of the land at P25.00 a hectare of 1st class riceland; P15.00 a hectare of 2nd class riceland; and; P10.00 a hectare of 3rd class riceland. They continued occupying the land as tenants of Dona Cristina Gonzales when the same passed into her hands.

"When the land in question became private property of the National Government as a result of the foreclosure of the mortgage executed by Dona Cristina Gonzales in favor of the Agricultural Bank, the former tenants of said Dona Cristina Gonzales continued occupying the land altho in 1923 they stopped paying rental for the

land for, they alleged, they did not know whom to pay. Since; then they have not been paying rental for the land. But in inspite of this, they do not claim nor intend to claim said land; altho each of them individually is desirous of acquiring by purchase the portions they are actually occupying either from the Government or from (the heirs of) Dona Cristina Gonzales de Schenkel in the event the property is repurchased by the former owner.

"Only a few of the actual occupants of the land are stockholders of the Pindañgan Agricultural Company Inc., the great majority of them are not. But the stockholders do not seem to understand their actual relation with the company for they said that after they were asked to contribute or pay P10.00 each they do not know how the money they paid was spent since there was no accounting made. As a matter of fact, both stockholders and those who are not, do not favor that the Pindañgan Agricultural Company be given the right to lease it much less to buy the same from the Government because they claim that they do not get any benefit from the said company. In other words, the occupants of the land who are the former tenants of Dona Cristina Gonzales de Schenkel have already lost their confidence in the company and the men running it and because of this they declared that they no longer recognize said company and the men managing it as working for their interests and wellbeing as far as the land in question is concerned. But contrary to the allegation contained in the last paragraph 2 of the petition, the occupants of the land have not been paying yearly tribute to the corporation since 1933.

* * * * *

"In view of the foregoing findings, the undersigned is of the opinion and so recommends that the land in question be subdivided into as many lots as there are actual occupants (numbering 178 family heads as per Annex "I") and then sell each lot to each of them at a price deemed reasonable by the Government, the terms of payment should be that which is followed by the Bureau of Lands in disposing by sale of private property of the National Government minus the auction proceedings. This recommendation is in consonant with the announced policy of the Government of splitting big tracts of estates into small parcels and! resale them to the actual bonafide occupants thereof. The undersigned is also of the opinion that regardless of the outcome of the appeals to the Supreme Court made by Dona Cristina Gonzales de Schenkel and the Pindañgan Agricultural Company Inc. in a civil case brought against the former by the latter in the Court of First Instance in Lingayen in connection with the land in question, that the Secretary of Agriculture and Natural Resources, thru the Bureau of Lands, has legal rights to dispose of the land during the pendency of the said appeals, because the issues raised in the appeals do not question the ownership of the National Government to the land originally owned by Dona Cristina Gonzales de Schenkel." (Exhibit "1-A")

A motion for reconsideration of said order was filed witfe the Director of Lands by the Company, but this was denied on January 6, 1950, in an order of the Director of Lands, which in part reads thus:

"The facts about the antecedents of these lands, as stated in the second paragraph of the order, are correct. They are the basic facts borne out by the records of the case, both judicial and administrative, in which the lands have been previously involved. From the records alone of these previous administrative and judicial cases, it can be readily seen and concluded that the Company had not come beyond the stage of merely proposing, or applying for, a lease over these properties, which proposal or application were never approved. Its Lease Application No. 109 and the provisional permit issued to it have been rejected in 1936 yet; and if the corresponding orders to vacate, which were issued with the rejection of said application and permit, have not been enforced or executed it was because they were suspended by this Office due to the suit filed in court by the Company which was decided by the Supreme Court only on April 30, 1949. This Office never agreed, or compromised, to recognize occupancy rights in favor of the Company during the progress of the litigation in the courts, so that there can be no valid basis for the Company's claim now for preferential right merely because the Company had been enabled to continue occupying the premises during the pendency of the suit. As a matter of fact, those records will show that in the judicial cases herein referred to one of the issues put forth by the Company on which it sought a favorable ruling, was its claim for preferential right. The Company

has formally pleaded this claim and discussed it in the briefs but the Court of First Instance did not grant the plea and the Supreme Court denied it.

"Under the circumstances of the case, we see no deprivation of a right on the part of the Company by the investigation ex parte which was conducted by a representative of this Office previous to the issuance of the rejection order now under reconsideration. We believe that the facts found in that investigation, stated in paragraph five of the order, could have come out, or could have been established, as findings even if the Company was a party in that investigation. In such a case as this, there is no extreme necessity for a formal hearing with notice and confrontation, and this Office is not bound to rely upon evidence which parties, interested or affected, may want to submit. As we once had occasion to say: "The Bureau of Lands is an administrative and regulative agency and is, for that reason, not bound to acquire its information concerning all matters involved in a proceeding before it entirely from the evidence of witnesses or other evidence produced before it, but may take into consideration the results of its general investigations, general information upon a given subject within its powers, and all matters which affect the matter and concerning which it must determine the facts." (In re: S. A. No. 13989 Antonio Mertel, Occidental Negros.)

"The Lands involved here comprise a considerably big area. They are not public lands but private property of Government, already well-developed and productive. In their disposition, we should act upon considerations of national policy. We have stated this in the penultimate paragraph of our order under reconsideration, and we reiterate it here. We believe that the Company, as a corporation, has not acquired pre-emption rights, and, upon its application, the sale of the lands must be at the Government's option. We exercise that option by denying the purchase proposed by the Company in line with the policy of breaking up big landed estates especially in these parts of the country." (Exhibit "I")

An appeal was prosecuted to the Secretary of Agriculture, who dismissed the same on April 22, 1950. (Exh. "I") In dismissing the appeal, the Secretary held that the Company has not acquired pre-emption rights or other preferential rights to the land, so that its disposition still lies with the Government; that the investigation conducted ex-parte is in order, there being no necessity for a formal investigation; and that national policy dictates breaking up of landed estates in favor of actual occupants.

"It is the policy of the Government to purchase big landed estates, subdivide the same into small lots, and distribute and sell them to the actual occupants thereof. In this case, the land in question already belongs to the Government. Why should it be sold to the appellant and give it a chance to exploit and make enormous profits to the prejudice of the actual occupants thereof who are willing, nay clamoring, to purchase their respective holdings from the Government;

"Moreover, the subdivision of the land in question into small lots for distribution and sale to the actual occupants thereof who are willing to acquire the same under the provisions of the law governing the matter is, more or less, in harmony with the campaign of the Government to establish peace and order and prevent those landless citizens from following the banner of communism by making them useful and responsible citizens of the country by providing them with small lots from which they could derive their sources of livelihood and upon which they could build their homes for themselves and their families.

"Furthermore, it appears from the very statement of counsel for appellant that the latter has subleased portions of the land in question to the actual occupants thereof and charge "nominal rentals only sufficient to pay the expenses of the administration and fees of the attorney's who handled and prosecuted the cases of the corporation in connection with the said land, among whom, were Judges Harvey and Vickers". With that actuation, the application of the corporation should be rejected because it has violated the provision of the Public Land Law—Section 90, paragraph (e) of Commonwealth Act No. 141, by allowing persons other than the applicant to derive benefits from the land applied for. It is claimed, however, by counsel for the appellant that the occupants thereof were members of the corporation. If this were true, why did it collect rentals from them? This only would go to show that there may be some truth in the allegation of the occupants of the land in

question that the corporation or rather the officers thereof had gained enormous profit at the expense of said occupants who were members of the corporation without any accounting since its creation." (Exhibit "J")

On August 15, 1950, plaintiff company filed a second amended complaint with the Secretary of Agriculture and Natural Resources, former Director Jose P. Dans of the Bureau of Lands, the District Land Officer Pedro U. Asensi, Emeterio de los Santos and forty four other occupants of the land subject of the action. The main allegations of the amended complaint are that plaintiff corporation has been in the exclusive possession of the land since 1937, paying the corresponding rentals up to March 3, 1947; that on July 1949, plaintiff filed a sales application covering the land for the purpose of acquiring the same under the provisions of Act No. 3038 and Commonwealth Act No. 141; that respondent Director of Lands, notwithstanding the absence of notice to the plaintiff, heard the protest against the application and its sales application was rejected by the Director of Lands without hearing and with grave abuse of discretion and without due process of law; that said arbitrary and illegal acts of the Bureau of Lands was due to political considerations; that not long after the rejection of plaintiff's sales application, the political followers of the political chieftains in the province of Pangasinan and the Director of Lands induced newcomers to intrude into the land; that through the help of and in connivance with the District Land Officer Asensi and in conspiracy with the Director of Lands, the defendants nonofficials filed sales applications for certain portions of the land in question, alleging falsely acquired possession of the said lands applied for, and that their applications were prepared in the branch office of the Bureau of Lands in Dagupan City; that through conspiracy with the lands officials, defendants herein, the said newcomers, obtained provisional and irrevocable permits to occupy the lands they have applied for, when the land so applied for and occupied, were already cultivated and were already planted to palay and other useful plants by plaintiff corporation; that the plaintiff filed a motion for reconsideration of the order of the Director of Lands, out the same was denied; that thereupon the plaintiff appealed to the Secretary of Agriculture and Natural Resources, who was then the defendant Placido Mapa, who in turn, with grave abuse of discretion, dismissed the appeal herein; that the plaintiff has a clear and clean right to lease the land, or buy the same, or both, and that its members have a preferential right to acquire the same in accordance with law; that the defendants officials have unlawfully failed and neglected to perform the duties enjoined them by law and had excluded plaintiff corporation from the enjoyment of its rights; that the defendants officials are about to give due course to the application and the provisional and revocable permits of defendants; that the plaintiff is willing and ready to lease the land or to purchase the same in accordance with law; that it has introduced improvements therein amounting to P20,000 and has already suffered damages amounting to P30,000. In its prayer, the plaintiff corporation asks that its application for lease or sale be given due course; that the defendants be ordered to pay jointly and severally the plaintiff the sum of P50,000 as damages.

Motions to dismiss the said complaint were filed by the defendants, but said motions were denied. Consequently, defendants filed their answers.

The defendants officials of the lands bureau and department denied the allegations of arbitrariness, partiality and arbitrariness in their acts, claiming that their investigations showed that the occupants of the lands desired to acquire their landholdings for themselves and not for the plaintiff corporation; that their actuations were not influenced by political considerations, but in accordance with the avowed policies of the country and in accordance with law, which policies and legal principles are set forth in their respective findings and resolutions; and that said findings and results are not subject to judicial review. The defendants non-officials, in their answer, denied that they have ever transferred their rights to the lands occupied by them, especially their rights of preference to acquire said holdings; denied that plaintiff corporation has been in possession of the land and that they themselves are in possession; denied that the lease granted by the Secretary of Agriculture to plaintiff was against their own right or deprived them thereof; alleged that the plaintiff company was organized that they may

have an agent or representative to protect and defend them in their rights, that they may ultimately acquire their respective landholdings by purchase. By way of counterclaim they alleged that by virtue of a preliminary injunction the Provincial Sheriff had obtained from them 30% of their palay production, valued at P10,580.00 and that they have suffered damages amounting to P5,000.

The case was scheduled for hearing on March 11, 1957, but upon motion of Atty. Jose Cusi, principal counsel of record of the Director of Lands, it was postponed to June 6, 1957. When the case was again called for hearing on June 6, 1957, Atty. Asensi, one of the defendants, asked for continuance for the reason that said Atty. Cusi has not arrived due to derailment of his train at Malolos. Sen. Primicias, counsel for the Company, objected to the postponement, and the lower court suspended the session until 10:00 in the morning of the same day.

Session was resumed at 10:00 o'clock A.M. and Asst. Prov. Fiscal D. Guillermo appeared as counsel for the official defendants in collaboration with Atty. Asensi. Said Fiscal reiterated the defendants' request for postponement, for the reason that he is not familiar with the facts of the case, which motion was denied. At this juncture, Atty. Arturo Malazo appeared in collaboration with Atty. Cardenas for the defendant non-officials and moved for a reconsideration of the order of the court denying the motion for postponement by the Fiscal. Objection to the motion was registered by Sen. Primicias. Fiscal Guillerrao reiterated his request for continuance until the next day to enable defendants to be represented by principal counsels. The lower court denied the motion and ordered plaintiff to present its evidence.

The plaintiff presented only one witness, Atty. Cipriano P. Primicias, president of the plaintiff company and Senator from Pangasinan. He recounted the history of the land from the time Cristina Gonzales originally owned it, with 93 heads of families occupying various portions as her tenants, the various suits that were occasioned by the attempts of Cristina Gonzales to regain possession of the land, the oppositions thereto filed by the plaintiff company, which litigations are set forth above as pertinent facts regarding the history of the proceedings relating to the land. On the irregularities and harassment perpetuated by the officials against the company, Senator Primicias declared that plaintiff filed its sales application on July, 1949 but that on October, 1949, even without notice to plaintiff, the Administrative Officer of the Bureau of Lands ordered their application rejected like a "bolt from the blue"; that the abuse of the officials consisted in that the officials invited trouble on the land, convincing some of the original incorporators of plaintiff company, only three however, to create trouble and succeeded in doing so because they belonged to the majority party; that the newcomers were asked to sign previously prepared applications for sale of small lots, so when the Director of Lands made his decision the said plaintiff company was not in possession; so in 1950, the complaint had to be amended to include the newcomers; that said newcomers grabbed the crops, which were valued at P8,000 in 1950.

The defendants officials presented also one witness namely: Pedro U. Asensi, Division Inspector of the Bureau of Lands, and Division of Land Officer. He declared that he was directed by the Director of Lands to make an accurate inspection of the lands subject of litigation, upon the request of Congressman Benito who was the lawyer or public defender for the non-official defendants; that the defendants were then in actual possession of the land and for this reason they were given provisional permit to occupy the lands; that he made a report to the Director of Lands as a result of the investigation; that subsequent to his investigation the persons occupying the lands were required to file revocable permit applications for the portions they actually were occupying; that these applications were protested by the plaintiff company on the ground that the company had a previous right. Upon cross-examination he admitted that the sales application of the company was not given recognition by the Bureau of Lands for the reason that the Supreme Court in its decision on April 30, 1949 did not recognize any previous rights or preference on the company's part to the land; that even while the case was pending in the Supreme Court the defendants' applications had already been approved by the Director of Lands and said applicants were already

in possession at that time of his inspection.

After trial the judge rendered a decision the substance of which is indicated in the beginning of this Opinion. From this decision the defendants officials and non-officials appealed to this court, assigning the following errors:

By the defendants non-officials:

- The lower court erred in issuing writs of preliminary injunction without giving notice to the parties and in disregarding the nature of injunction as an equitable relief.
- The lower court erred in admitting the amended complaint of August 15, 1950 over the objection of the appellants thereby allowing plaintiff-appellee to change or modify its original theory of the case.
- The lower court committed a grave error and a wanton abuse of its discretion when it summarily and arbitrarily denied the several motions filed by the appellants-officials and appellants non-officials to postpone the hearing of June 6, 1957, in effect depriving defendants of their day in court.
- The lower court erred in taking cognizance of the action when it had neither power, authority nor jurisdiction so to do, the subject-matter of the action being exclusively within the province of the Bureau of Lands and the Department of Agriculture and Natural Resources.
- The lower court in finding in its decision of February 28, 1958 that the plaintiff-appellee had been in prior actual and material possession and occupation of the Government Agriculture land and in disregarding the findings of the Director of Lands as affirmed by the Secretary of Agriculture and Natural Resources that the appellant non-officials had been in actual and material possession and occupation of the land prior to the filing of the instant action.
- The lower court erred in declaring that the District Land Officer at Dagupan City, the Director of Lands and the Secretary of Agriculture and Natural Resources had abused their discretion in order to justify its undue interference in a purely "administrative" matter.
- The lower court erred in declaring that the plaintiff-appellee had preferential right to the sale or lease of the property, subject of the litigation.
- The lower court erred in failing to declare that a preferential right to acquire the property by sale or lease pertained to the appellants non-officials.
- The lower court erred in ordering the Director of Lands and the Secretary of Agriculture and Natural Resources to effect a direct sale of the agricultural land to the plaintiff-appellee in violation of the previous decisions and resolutions of our Honorable Supreme Court and the provisions of the Public Land Law (Commonwealth Act No. 141).
- The lower court erred in ordering the immediate execution of a portion of its decision of February 28, 1958 pending appeal.
- The lower court erred in denying the motion for reconsideration filed by appellants non-officials dated July 7, 1958 and the motion filed by appellants non-officials dated July 10, 1958.

By the defendant officials:

- The lower court erred in giving credence to the entire testimony of Atty. Cipriano Primicias, even to his commentaries and legal conclusions on the matter in controversy.
- The lower court erred in holding that the defendant land officials are guilty of abuse of discretion in rejecting the

plaintiff's lease application No. 109 and its sales application of July 9, 1949 because:

- Said land officials should have taken the cue from the decision of the Supreme Court in G. R. No. 46798 and approved plaintiff's lease application No. 109.
- That the denial of plaintiff's sales application of July 9, 1949 was due to political pressure exerted on the land officials by the party then in power.
- That Atty. Primicias, President and General Manager of the plaintiff corporation, was then in the minority party and could do nothing against the might of his political enemies.
- That defendant officials encouraged and abetted defection among the members (or stockholders) of the plaintiff corporation.
- That defendant officials also encouraged newcomers to enter the land in controversy, file sales application for it which were prepared at the office of the District Land Officer at Dagupan, and issued illegally revocable and provisional permits to such newcomers.
- That the newcomer's application were all dated subsequent to July 9, 1949.
- The lower court erred in holding that there is sufficient evidence to show that newcomers and opportunists took advantage of the political situation then prevailing in order to oust the original 93 heads of families from their possession of the land in question.
- The lower court erred in holding that the defendant officials have been remiss in their duty of doing justice to their fellow men and otherwise shown a disposition to tolerate and countenance oppressive acts which, to say the least, are unworthy and unjustified.
- The lower court erred in giving direct orders to the defendant officials in the dispositive part of the decision.
- The lower court erred in holding defendant officials personally liable for damages, jointly and severally, to the plaintiff in the sum of P8,000 and costs.

The main issue in this appeal is whether or not there is sufficient evidence in the record to support the trial court's finding: that the defendants officials have acted without or in excess of jurisdiction, or with grave abuse of discretion, in denying both the company's lease application No. 109 and its sales application of July 9, 1949. For it is a rule in this jurisdiction that the decisions of administrative officers shall not be disturbed by the courts, except when the former have acted without or in excess of their jurisdiction, or with grave abuse of discretion (Commissioner of Customs vs. Valencia, 100 Phil., 165; 54 Off. Gaz 3505).

The first reason or ground alleged as a basis of the charge of abuse of discretion is the fact that the District Land Officer, Pedro U. Asensi, proceeded upon the land, conferred with the occupants, many of whom were members of the plaintiff company, asked them their wishes in regard to the lands occupied, and made investigations generally regarding the origin, nature and extent of their landholdings all these without notice to the plaintiff company to give itself or its representative opportunity to be present. But the investigation made related only to the origin, nature and history of the landholdings, which matters do not need confrontation or cross-examination. What could or would have been the findings had the company been allowed to be present is not disclosed or shown, even at the trial. We might expect that the occupants would have been prevented, in view of the traditional bashfulness of the tenant or landworker, to disclose their real desires as to their landholdings, acknowledging instead, their loyalty to the company which claimed to champion their rights to their landholdings. The presence of representatives of the plaintiff would have, therefore, hampered the investigation and the disclosure of the true facts. There is no law or regulation that requires that investigations made by land administrative officer be in the

presence of all parties interested. Surely it would have been better if notice of the investigation was sent. The investigation, however, was a fact-finding investigation. It does not appear that it was made by question and answer. The absence of the plaintiff, therefore, is not fatal to its validity, as the same was not a trial. In any case, it is not claimed that the results of the investigation would have been otherwise, had plaintiff or his representatives be present.

We next come to the claim of plaintiff company to a right to be preferred either as a lessee or purchaser over the occupants of the lands. It should be borne in mind that plaintiff company's application for lease was never given due course. Precisely the object of the present suit for mandamus is to compel the lands officials to give due course thereto. As this Court ruled in one of the last litigations over the land, plaintiff company had no right of preference to be recognized in the suit, as this matter falls within administrative discretion; and the mere fact that the company had opposed the attempts of Cristina Gonzales to get back the land, thus making said land available for occupation by the public, did not create a right in the company to be preferred over and above the occupants which it served.

Furthermore the record shows that all that plaintiff company had obtained from the lands bureau over the land was a temporary permit to occupy it by way of lease; but this lease was later cancelled as the applications of the occupants were given recognition and preference, over and above that of the company.

It should be remembered that the disposition of public lands is lodged exclusively in the Director of Lands, subject only to the control of the Secretary of Agriculture and Natural Resources. Thus Commonwealth Act No. 141 provides:

"The Secretary of Agriculture and Commerce shall be the executive officer charged with carrying out the provisions of this Act through the Director of Lands, who shall act under his immediate control." (C. A. No. 141, Sec. 3, The Public Land Act)

"Subject to said control, the Director of Lands shall have direct executive control of the survey, classification, lease, sale of any other form of concession or disposition and management of the lands of the public domain, and his decisions as to questions of fact shall be conclusive when approved by the Secretary of Agriculture and Commerce." (C. A. No. 141, Sec. 4, The Public Land Act.)

"The decision of the Secretary of Agriculture and Commerce with respect to disposition of public lands, as far as the facts are concerned, being final under Act No. 2874 Section 3 and Commonwealth Act No. 141 Section 3, and said Secretary having accepted as a fact that the petition and occupation of certain land by one R. L. was previous to the petition and application of one L. A., the Supreme Court could not alter such conclusion (Alejandro vs. Aquino (1940) 70 Phil., 113; Vol. 12, Philippine Annotated Laws)

"As the Bureau of Lands, subject to control of the Secretary of Agriculture and Commerce, is given "direct executive control of ... sale or any other form of concession or disposition and management of the public domain" by Sections 4 and 5 of Commonwealth Act No. 141, the conferred authority must be deemed exclusive and as leaving no power in the courts, in the guise of official function, to deprive the Bureau of such control." (Director of Land vs. Abordo (1942) 74 Phil., 44; Vol. 12, (Philippine Annotated Laws)

Consequent to the power and discretion granted the Director of Lands as set forth above, the courts have no power to review, reverse or modify his decisions, as approved by the Secretary of Agriculture and Natural Resources. The findings and actions of the Director of Lands in the case at bar are in accordance with the facts and circumstances, as well as with the avowed policy of the Government initiated as early as the American occupation of permitting occupants or tenants of public agricultural lands to acquire by purchase or by homestead or free patents their respective landholdings (See Public Land Act 926 and The Friar Lands Act No. 1120). This same policy has been adopted by the Republic by the enactment of the law creating the Land Tenure Administration

under which parcels of private agricultural land occupied by tenants may be purchased by or expropriated at the instance of the Administration for resale at cost to the actual occupants. (Republic Act No. 1400). The same policy is followed by the National Land Resettlement and Rehabilitation Administration which enables landless tenants and farm workers to own agricultural lands (Republic Act No. 1160).

In view of the well established policy of the State to enable occupants or tenants of agricultural lands to acquire small landholdings, there cannot be any abuse of discretion on the part of the Director of Lands and the Secretary of Agriculture and Natural Resources in the case at bar when the old tenants of the lands in question, the actual occupants, were preferred over the plaintiff company in the acquisition of the property. If the purpose of the plaintiff company was to help the original tenants and occupants to secure their landholdings, there certainly can be no objection to the disposition to said tenants or occupants of their respective holdings in the land in question, in preference to the plaintiff company.

The trial court found that politics was behind the denial of the company's two applications. We can take judicial notice of the fact that when these applications were pending, Senator Primicias was the Minority Floorleader of the House, but there is no evidence, except for Senator Primicias' testimony, that pressure was ever exerted upon the defendant officials by politicians to deny said applications. But assuming that pressure was exerted, it does not appear that any right of the company was prejudiced thereby, because the decisions of the officials were based on the true facts.

Likewise, there is no proof to show that the defendant officials encouraged and abetted defection of the three original stockholders and their going against the corporation and the entry into the land of newcomers, except Senator Primicias' own testimony, which does not appear, corroborated by evidence tending to show that the politicians actually did influence the officials.

On the other hand, we find that the occupants, through Atty. Justino Z. Benito, the Public Defender, petitioned the Director of Lands to conduct an investigation with regard to their holdings in the land in question; that in compliance with a letter of the Director of Lands, the District Land Officer Pedro U. Asensi, one of the defendant officials herein, conducted the investigation on the premises on September 25, 1948; that over 100 occupants were present during said investigation and these facts were proved: that a little less than 200 persons, petitioners therein, were tenants of the Gonzaleses as early as 1905, and that they were occupying said land since then up to the date of the investigation; that they are desirous to own the land they occupy; that only a few of them are members of the Company and those who are stockholders or members of the Company do not know their exact relation with said Company, and that they have not derived any benefit from their membership; that these tenants are willing to purchase their landholdings from the Government. Based upon these findings, the District Land Officer, on October 5, 1948, recommended to the Director of Lands for the subdivision of the land and its sale to the occupants. (Exhibit 1-A, with annexes). It is apparent that the report on the investigation was the basis of the order of the Director of Lands complained of, dated October 4, 1949, and of the order of the dismissal of the appeal by the defendant Secretary of Agriculture and Natural Resources on April 22, 1950.

Consequent to the above findings, we find that there is no substantial evidence to support the findings and the decision of the trial court, and we therefore declare that said court has committed error in disturbing the decision of the administrative officials. We might add that the present action is one for mandamus, in which petitioner must show a clear legal right on its part and a corresponding legal duty on the part of the officers to grant due course or approve its lease or sales application before petition for the mandamus can be granted. We find that petitioner has not made a case and its petition must be denied.

Wherefore, the decision appealed from should be, as it is hereby set aside and the petition dismissed, with costs

against plaintiff-appellee. So ordered.

Bengzon, C.J., Bautista Angelo, Reyes, J. B. L., Paredes, and Dizon, JJ., concur.

Concepcion, J., concurs in the result.

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