

HEIRS OF VICENTE HIDALGO, SR., PETITIONERS, VS. DEPARTMENT OF AGRARIAN REFORM, RESPONDENT.

G.R. NO. 136211. March 31, 2005

Ponente: CHICO-NAZARIO, J.

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CHICO-NAZARIO, J.:

Before Us is a petition for review on certiorari, assailing the Decision[1] of the Court of Appeals dated 22 July 1998 which affirmed the Orders of the Department of Agrarian Reform (DAR) dated 19 April 1996 and 12 December 1996. These Orders held that the landholdings of the petitioners are not exempt from the coverage of Operation Land Transfer (OLT) of the government pursuant to Presidential Decree No. 27[2] (PD No. 27). Assailed, as well, is the Resolution[3] of the Court of Appeals dated 20 October 1998 which denied the Motion for Reconsideration for lack of merit.

THE FACTS

The facts of this case, by and large, are not in dispute. PD No. 27 took effect on 21 October 1972. Pursuant to this law, several parcels of land with an aggregate area of 26.2987 hectares, more or less, owned by the late Vicente F. Hidalgo, Sr., located in Milaor, Camarines Sur, were placed under the OLT program of the government. The petitioners herein protested the inclusion of these parcels of land to the OLT program because, according to them, the same had already been sold to them before their father's death on 17 April 1979.

These parcels of land were sold in this wise:

- (1) Deed of Absolute Sale dated 08 August 1972 executed by Vicente Hidalgo, Sr., in favor of his daughter Angela Hidalgo Palacio, covering 2.0337 hectares located in Cabugao, Milaor, Camarines Sur;
- (2) Deed of Absolute Sale dated 14 August 1972 executed by Vicente Hidalgo, Sr., in favor of his daughter Dominica Hidalgo, covering 4.5252 hectares located in Borongborongan (Alimbuyog), Milaor, Camarines Sur; and
- (3) Deed of Absolute Sale dated 30 August 1974 executed by Vicente Hidalgo, Sr., in favor of his daughter Josefina Hidalgo Bergantin, covering 4.7 hectares located in Borongborongan (Alimbuyog), Milaor, Camarines Sur.

In view of the protest, the DAR Municipal Agrarian Reform Office conducted an investigation on the matter. The investigation found out that the sales made by Vicente Hidalgo, Sr., to his daughters Angela Hidalgo Palacio and Dominica Hidalgo in the year 1972 were not registered with the Register of Deeds.

The protest was denied by the DAR Regional Director for Region V in his Order dated 20 January 1992. According to the Regional Director, a sale prior to the effectivity of PD No. 27, if not registered, does not bind the DAR or any third party. It was also mentioned that the third sale executed in 1974 in favor of Josefina Hidalgo Bergantin was an illegal transaction which was designed to circumvent the law.[4]

A motion for the reconsideration of the order was filed by Dominica Hidalgo in the form of a letter. It was denied by the DAR Regional Office for Region V in an order dated 15 June 1994.

An appeal was made to the DAR, alleging among other things, that the tenant farmers had knowledge of the sale to the heirs of Vicente Hidalgo, Sr. This, according to the petitioners, was already equivalent to registration.

Then DAR Secretary Ernesto D. Garilao issued an Order[5] dated 19 April 1996 denying the appeal, the decretal portion of which states:

WHEREFORE, premises considered, this Order is hereby issued denying the appeal filed by Dominica Hidalgo for utter lack of merit and the Order dated January 20, 1992 issued by the Regional Director of DAR Region V is hereby AFFIRMED.[6]

A motion for reconsideration was filed by Dominica Hidalgo, but was denied by the DAR Secretary in an Order[7] dated 12 December 1996.

A special civil action for certiorari dated 31 January 1996 was thereafter filed before the Court of Appeals by the petitioners herein, alleging that Secretary Garilao acted without or in excess of jurisdiction or with grave abuse of discretion when he issued the Orders dated 19 April 1996 and 12 December 1996.

The Court of Appeals promulgated a Decision on 22 July 1998 denying the petition, the decretal portion of which states:

WHEREFORE, the petition for review is hereby DENIED for lack of merit. Accordingly, the assailed Orders are AFFIRMED.[8]

After a motion for reconsideration was filed by the petitioners, the Court of Appeals issued a Resolution on 20 October 1998, which reads:

Petitioners' MOTION FOR RECONSIDERATION dated August 4, 1998, which merely reiterate(d) (the) issues raised in their petition and passed upon by this Court, is hereby DENIED for lack of merit.

Still not satisfied, the petitioners filed the instant petition, under Rule 45 of the 1997 Rules on Civil Procedure.

ASSIGNMENT OF ERRORS

The petitioners assigned as errors the following:

I

THE COURT OF APPEALS COMMITTED GRAVE ERROR IN NOT HOLDING THAT THE KNOWLEDGE OF THE TENANT FARMERS OF THE SALES IS EQUIVALENT TO REGISTRATION AND IN HOLDING THAT THE DAR MEMORANDUM DATED 07 MAY 1982 WHICH STATES THAT UNREGISTERED TRANSFER OF OWNERSHIP OF LANDS SHALL NOT BE CONSIDERED A VALID TRANSFER OF OWNERSHIP INsofar AS TENANT FARMERS ARE CONCERNED REGARDLESS OF WHETHER OR NOT THE TENANT FARMERS HAVE KNOWLEDGE OF THE SALES.

II

THE COURT OF APPEALS COMMITTED GRAVE ERROR IN NOT DECLARING NULL AND VOID THE DAR MEMORANDUM DATED 07 MAY 1982 FOR BEING CONTRARY TO LAW AND JURISPRUDENCE.[9]

ISSUE

The solitary issue that should be resolved in this case is whether or not there was a valid transfer of ownership of the subject parcels of land to the heirs of Vicente Hidalgo, Sr., thereby exempting the same from the coverage of the OLT Program of the government pursuant to PD No. 27.

THE COURT'S RULING

The petitioners submit that the knowledge of the tenant farmers of the sales between Vicente Hidalgo, Sr., and his heirs over the parcels of land was already equivalent to registration. They rely heavily on the case of *Antonio v. Estrella*,^[10] where we held in part:

It is however elementary that “while under the Torrens System registration is the operative act that binds the land, and in the absence of record there is only a contract that binds the parties thereto, without affecting the rights of strangers to such contract, actual knowledge thereof by third persons is equivalent to registration.”^[11]

In answer to this, the respondent cites the case of *Sajonas v. Court of Appeals*^[12] where we ruled that it is the act of registration that gives validity to the transfer or creates a lien upon the land which is titled under the Torrens System.^[13] In this case, we held:

Under the Torrens system, registration is the operative act which gives validity to the transfer or creates a lien upon the land. A person dealing with registered land is not required to go behind the register to determine the condition of the property. He is only charged with notice of the burdens on the property which are noted on the face of the register or certificates of title.^[14]

We note that the position taken by the petitioners, i.e., actual knowledge being equivalent to registration, is based upon the false premise that the tenant farmers indeed had actual knowledge that Vicente Hidalgo, Sr., had sold the parcels of land to his daughters prior to the effectivity of PD No. 27 on 21 October 1972. The Order of the then DAR Secretary Ernesto D. Garilao dated 19 April 1996 did not state that the tenant farmers had actual knowledge of the sales before 21 October 1972. On the contrary, the Secretary found otherwise. Part of the Order reads:

... [I]n so far as the transfer of ownership of lands duly executed prior to October 21, 1972 but not registered with the Register of Deeds concerned before said date shall not be considered a valid transfer of ownership, and therefore the land shall be placed under Operation Land Transfer. In order that the foregoing transfers of ownership [may] [be] binding upon the tenants, such tenants should have knowledge of such transfer/conveyance prior to October 21, 1972, have recognized the person of the new owners and have been paying rentals/amortization to such new owners. Records show that it does not contain substantial evidence that the tenants have actual knowledge prior to October 21, 1972^[15]

This factual finding of the DAR is entitled to great weight. Factual findings of agencies exercising quasi-judicial functions are accorded not only respect but even finality, aside from the consideration that this Court is not a trier of facts.^[16]

Considering that there was no factual finding that the tenant farmers had actual knowledge of the sales between Hidalgo and his heirs, then, our pronouncement in the case of *Antonio v. Estrella* where there was a finding of fact that there was prior knowledge, is inapplicable. In this case we held:

. . . In the case at bar the records show that petitioners were notified by the Zafra sisters of the sale of the parcels of land to the private respondents as evidenced by the Joint Affidavit dated July 12, 1972 (Exhibit “A-6” for appellees) and that such fact was never controverted at any stage of the proceedings by the petitioners.^[17]

The factual findings of the DAR, which were not disputed nor opposed by the Court of Appeals, that the tenant farmers had no prior knowledge of the transfer of ownership before the effectivity of PD No. 27 shall not be disturbed.

The petitioners further claim that the DAR Memorandum dated 07 May 1982 is contrary to law and jurisprudence. The pertinent portion of the Memorandum is quoted hereunder:

Transfers of ownership of lands covered by a Transfer Certificate of Title duly executed prior to October 21, 1972 but not registered with the Register of Deeds concerned before said date in accordance with the Land Registration Act (Act No. 496) shall not be considered a valid transfer of ownership insofar as the tenant farmers are concerned and therefore the land shall be placed under Operation Land Transfer.[18]

We find no reason to hold that the DAR Memorandum is contrary to law and jurisprudence. The subject Memorandum was issued by the DAR upon the mandate of PD No. 27 itself, viz:

The Department of Agrarian Reform through its Secretary is hereby empowered to promulgate rules and regulations for the implementation of this Decree.

The purpose of the OLT program is to emancipate the tenants from the bondage of the soil. In the case of *Torres v. Ventura*,[19] we pronounced:

. . . [T]o remind those who are involved in the execution of agrarian laws that it is the farmer-beneficiary's interest that must be primarily served. This also holds that agrarian laws are to be liberally construed in favor of the farmer-beneficiary. Anyone who wishes to contest the rights of the farmer to land given to him by the government in accordance with our agrarian laws has the burden of proving that the farmer does not deserve the government grant.

Culled from the above expositions, it is our conclusion that the parcels of land subject of the instant case are not exempt from the coverage of the OLT program of the government.

WHEREFORE, in view of all the foregoing, the Decision of the Court of Appeals dated 22 July 1998 and its Resolution dated 20 October 1998 are hereby **AFFIRMED**. Costs against the petitioners.

SO ORDERED.

Puno, (Chairman), Austria-Martinez, Callejo, Sr., and Tinga, JJ., concur.

[1] Rollo, pp. 19-22; Penned by Associate Justice Artemio G. Tuquero, with Associate Justices Emeterio C. Cui and Eubulo G. Verzola, concurring.

[2] Decreeing The Emancipation Of Tenants From The Bondage Of The Soil, Transferring To Them The Ownership Of The Land They Till And Providing The Instruments And Mechanism Therefor.

[3] Rollo, p. 29.

[4] Rollo, p. 41.

[5] CA Rollo, pp. 24-27.

[6] CA Rollo, p. 27.

[7] CA Rollo, pp. 31-34.

[8] Rollo, p. 22.

[9] Rollo, p. 9.

[10] G.R. No. L-73319, 01 December 1987, 156 SCRA 68.

[11] Citing *Southwestern University v. Laurente*, 25 SCRA 57 [1968]; *Ramos and Ayco v. Dueno and Otcada*, 50 Phil. 786 [1927]; *Gustilo v. Maravilla*, 48 Phil. 422, 488 [1925].

[12] G.R. No. 102377, 05 July 1996, 258 SCRA 79, 80.

[13] Rollo, p. 44.

[14] Citing *Reynes v. Barrera*, 68 Phil. 656.

[15] CA Rollo, pp. 25-26; Emphasis supplied.

[16] *Atlas Farms, Inc. v. National Labor Relations Commission*, G.R. No. 142244, 18 November 2002, 392 SCRA 128, citing *Bataan Shipyard and Engineering Corporation v. National Labor Relations Commission*, G.R. No. 102876, 04 March 1997, 269 SCRA 199, 209-210 (1999); *Aurora Land Projects Corp. v. NLRC*, G.R. No. 114733, 02 January 1997, 266 SCRA 48, 58-59.

[17] *Supra*, note 10, p. 69.

[18] Rollo, p. 44.

[19] G.R. No. 86044, 02 July 1990, 187 SCRA 96.

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