

**SAMAHAN NG MAGSASAKA SA SAN JOSEP, REPRESENTED BY
DOMINADOR MAGLALANG, PETITIONER, VS. MARIETTA VALISNO,
ADELA, AQUILES, LEANDRO, HONORIO, LUMEN, NICOLAS, ALL
SURNAMED VALISNO; ...**

G.R. No. 158314. June 03, 2004

Ponente: YNARES-SATIAGO, J.

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YNARES-SATIAGO, J.:

The sole issue in this petition for review on certiorari is whether or not the grandchildren of the late Dr. Nicolas Valisno Sr. are entitled to retention rights as landowners under Republic Act No. 6657, or the Comprehensive Agrarian Reform Law (hereafter, “CARL”).

The original 57-hectare property, situated in La Fuente, Sta. Rosa, Nueva Ecija, was formerly registered in the name of Dr. Nicolas Valisno, Sr. under Transfer Certificate of Title No. NT-38406. Before the effectivity of Presidential Decree No. 27,[1] the land was the subject of a judicial ejectment suit, whereby in 1971, the Valisnos’ tenants were ejected from the property.[2] Among these tenants was Dominador Maglalang, who represents the SMSJ in the instant proceedings.

Meanwhile, on October 20 and 21, 1972, Dr. Valisno mortgaged 12 hectares of his property to Renato and Angelito Banting.[3] Thereafter, the property was subdivided into ten lots and on November 8, 1972, individual titles were issued in the name of the eight children of Nicolas, Angelito Banting, and Renato Banting.[4]

After the mortgage on the 12 hectare portion was foreclosed and the property sold at public auction, four grandchildren of Dr. Nicolas Valisno, namely: Maria Cristina F. Valisno, daughter of Romulo D. Valisno; and Leonora Valisno Yujuico, Benedicto Valisno Yujuico and Gregorio Valisno Yujuico, children of Marietta Valisno redeemed the same from the mortgagees.[5] At the time of the redemption, Maria Cristina, Leonora and Gregorio were all minors; only Benedicto was of legal age, being then 26 years old.[6] The redemption was made on October 25, 1973, but the titles to the land were not transferred to the redemptioners until November 26, 1998.[7]

Subsequently, the entire 57-hectare property became the subject of expropriation proceedings before the Department of Agrarian Reform (“DAR”). In 1994, Dominador Maglalang, in behalf of the SMSP, filed a petition for coverage of the subject landholding under the CARL, which petition was dismissed for want of jurisdiction.[8] On June 14, 1995, Rogelio Chaves, DAR Provincial Agrarian Reform Officer (“PARO”), issued a Memorandum stating that the property had been subdivided among the heirs of Dr. Nicolas Valisno Sr. before the issuance of PD 27 into tracts of approximately six hectares each.[9] Nevertheless, PARO Chaves added that the excess over the five-hectare retention limit could still be covered under RA 6657.[10]

On appeal, the Office of the Regional Director issued an Order dated January 2, 1996, declaring the Valisno property exempt from the coverage of PD 27 and RA 6657.[11] This was reversed by then Secretary Garilao, who held that the property is covered by the Comprehensive Agrarian Reform Program, subject to the retention rights

of the heirs of Nicolas, Sr. The Valisno heirs filed a motion for reconsideration of the said order, but the same was denied.

On September 25, 1997, the Valisno heirs filed a Consolidated Application for Retention and Award under RA 6657. Specifically, the petition was filed by (1) Adela, Aquiles, Leandro, Honorio, Lumen, Nicolas and Marietta Valisno, seven children of Nicolas Valisno, Sr., who applied for retention rights as landowners; (2) Randy V. Wagner, Maria Marta B. Valisno, Noelito Valisno, Mary Ann L. Valisno, Philip V. Branzuela and Brendon V. Yujuico, grandchildren of Nicolas Sr. (hereafter collectively the “Grandchildren-Awardees”), who applied to be considered qualified child-awardees; and (3) Ma. Cristina Valisno, Benedicto V. Yujuico, Gregorio V. Yujuico and Leonora V. Yujuico, likewise grandchildren of Nicolas Sr. (hereafter collectively the “Redemptioner-Grandchildren”), who applied for retention rights as landowners over the 12-hectare portion of the property alleged to have been mortgaged by Nicolas Sr. in 1972 to Angelito and Renato Banting.

The SMSJ, through Dominador Maglalang, opposed the Consolidated Application for Retention, specifically objecting to the award in favor of the Grandchildren-Awardees because they are not actually tilling nor directly managing the land in question as required by law.

On November 4, 1998, Regional Director Renato F. Herrera issued an Order which pertinently reads:

WHEREFORE, premises considered, an ORDER is hereby issued as follows:

- GRANTING the application for retention of the heirs of Dr. Nicolas Valisno, Sr., namely: Marietta Valisno; Honorio Valisno; Leandro Valisno; Adela Valisno; Nicolas Valisno, Jr.; Aquiles Valisno; and Lumen Valisno of not more than five (5) hectares each or a total of 35 hectares covered by Title Nos. 118446, 118443, 118442, 118440, 118445, 118441 and 118444, respectively, all located at La Fuente, Sta. Rosa, Nueva Ecija;

- PLACING the excess of 19.0 hectares, more or less, under RA 6657 and acquiring the same thru Compulsory Acquisition for distribution to qualified farmer-beneficiaries taking into consideration the basic qualifications set forth by law;

- DENYING the request for the award to children of the applicants for utter lack of merit; and

- DIRECTING the applicants-heirs to cause the segregation and survey of the retained area at their own expense and to submit within thirty (30) days the final approved survey plan to this Office.

SO ORDERED.[12]

On appeal, the DAR Secretary affirmed the Order of the Regional Director with the following relevant ratiocination:

In the second assignment of error, appellants faulted the Regional Director for not giving due consideration to the two (2) mortgages constituted by the original owner over a portion of his landholding in 1972 and redeemed by the latter’s grandchildren in 1973, when the 12-hectare land subject of the mortgages were ordered to be distributed to CARP beneficiaries.

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The alleged redemption of the mortgaged property by the four (4) grandchildren of Nicolas Valisno, Sr., namely Ma. Cristina, Leonora, Gregorio and Benedicto, is not likewise worthy of any credence. The mortgaged property was allegedly redeemed on October 25, 1973. From the evidence on record, three (3) of the alleged redemptioners represented to be of legal age in the Discharge of Mortgage were still minors, hence, without any legal capacity at the time the redemption was made.[13]

On June 23, 2000, the motion for reconsideration filed by the heirs of Dr. Valisno was denied.[14]

Respondent heirs filed a petition for review with the Court of Appeals, arguing that the Secretary of Agrarian Reform erred (1) in disallowing the award of one hectare to each of the seven Grandchildren-Awardees of Dr. Nicolas Valisno, as qualified children-awardees under the CARL; and (2) in not recognizing the redemption made by the four grandchildren of Dr. Nicolas Valisno over the 12-hectare riceland mortgaged to Renato and Angelito Banting.[15]

On March 26, 2002, the Court of Appeals reversed the Orders of the DAR Secretary, granted the award of one hectare each for the seven Grandchildren-Awardees, and affirmed the retention rights of the Redemptioner-Grandchildren over three hectares each, or a total of 12 hectares.[16]

Petitioners filed a partial motion for reconsideration, assailing the right of retention of the four Redemptioner-Grandchildren over the 12-hectare property, and praying that an amended decision be rendered placing the 12 hectares under the coverage of the CARP.[17] This motion was denied on March 25, 2003. [18]

Hence, this appeal, on the sole assignment of error:

THE HONORABLE COURT OF APPEALS ERRED WHEN, IN EFFECT, IT RULED THAT THE REDEMPTIONERS (GRANDCHILDREN OF THE DECEASED NICOLAS VALISNO, SR.) WERE ENTITLED TO RETENTION RIGHTS AS LANDOWNERS UNDER THE AGRARIAN REFORM LAW DESPITE THE FACT THAT THE REDEMPTION WAS DONE BY THEIR PARENTS (CHILDREN OF THE DECEASED) ONLY IN THEIR NAME AND FOR THEIR BENEFIT.[19]

The appeal lacks merit.

The Court of Appeals found the following facts relevant: First, that the mortgages were constituted over a 12-hectare portion of Dr. Valisno's estate in 1972. Second, that the titles to the property were transferred to the names of the mortgagees in 1972, viz., TCT No. NT-118447, covering a 6-hectare property in La Fuente, Sta. Rosa, Nueva Ecija, issued in the name of Angelito Banting; and TCT No. NT-118448, likewise covering a 6-hectare property in La Fuente, Sta. Rosa, Nueva Ecija, issued in the name of Renato Banting. Third, these properties were redeemed by the Redemptioner-Grandchildren on October 25, 1973, at the time of which redemption three of the four Redemptioner-Grandchildren were minors.

It is a well-settled rule that only questions of law may be reviewed by the Supreme Court in an appeal by certiorari.[20] Findings of fact by the Court of Appeals are final and conclusive and cannot be reviewed on appeal to the Supreme Court.[21] The only time this Court will disregard the factual findings of the Court of Appeals (which are ordinarily accorded great respect) is when these are based on speculation, surmises or conjectures or when these are not based on substantial evidence.[22]

In the case at bar, no reason exists for us to disregard the findings of fact of the Court of Appeals. The factual findings are borne out by the record and are supported by substantial evidence.

Given these settled facts, the resolution of the sole issue in this case hinges on (1) the validity of the redemption in 1973, made when three of the Redemptioner-Grandchildren were minors; and (2) if the redemption was valid, the determination of the retention rights of the Redemptioner-Grandchildren, if any, under RA 6557.

The relevant laws governing the minors' redemption in 1973 are the general Civil Code provisions on legal capacity to enter into contractual relations. Article 1327 of the Civil Code provides that minors are incapable of giving consent to a contract. Article 1390 provides that a contract where one of the parties is incapable of giving consent is voidable or annulable. Thus, the redemption made by the minors in 1973 was merely voidable or annulable, and was not void ab initio, as petitioners argue.

Any action for the annulment of the contracts thus entered into by the minors would require that: (1) the plaintiff must have an interest in the contract; and (2) the action must be brought by the victim and not the party responsible for the defect.[23] Thus, Article 1397 of the Civil Code provides in part that “[t]he action for the annulment of contracts may be instituted by all who are thereby obliged principally or subsidiarily. However, persons who are capable cannot allege the incapacity of those with whom they contracted.” The action to annul the minors’ redemption in 1973, therefore, was one that could only have been initiated by the minors themselves, as the victims or the aggrieved parties in whom the law itself vests the right to file suit. This action was never initiated by the minors. We thus quote with approval the ratiocination of the Court of Appeals:

Respondents contend that the redemption made by the petitioners was simulated, calculated to avoid the effects of agrarian reform considering that at the time of redemption the latter were still minors and could not have resources, in their own right, to pay the price thereof.

We are not persuaded. While it is true that a transaction entered into by a party who is incapable of consent is voidable, however such transaction is valid until annulled. The redemption made by the four petitioners has never been annulled, thus, it is valid.[24]

The transfer of the titles to the two 6-hectare properties in 1972 removed the parcels of land from the entire Valisno estate. The evidence clearly demonstrates that Renato Banting and Angelito Banting became the registered owners of the property in 1972. These two separate properties were then transferred to the Redemptioner-Grandchildren in 1973. Regardless of the source of their funds, and regardless of their minority, they became the legal owners of the property in 1973.

Moreover, although Maria Cristina, Leonora and Gregorio were all minors in 1973, they were undoubtedly of legal age in 1994, when SMSP initiated the petition for coverage of the subject landholding under the CARL, and of course were likewise of legal age in 1997, when all the Valisno heirs filed their Consolidated Application for Retention and Award under RA 6657.

As owners in their own right of the questioned properties, Redemptioner-Grandchildren enjoyed the right of retention granted to all landowners. This right of retention is a constitutionally guaranteed right, which is subject to qualification by the legislature.[25] It serves to mitigate the effects of compulsory land acquisition by balancing the rights of the landowner and the tenant and by implementing the doctrine that social justice was not meant to perpetrate an injustice against the landowner.[26] A retained area, as its name denotes, is land which is not supposed to leave the landowner’s dominion, thus sparing the government from the inconvenience of taking land only to return it to the landowner afterwards, which would be a pointless process.

In the landmark case of *Association of Small Landowners in the Philippines, Inc. v. Secretary of Agrarian Reform*,[27] we held that landowners who have not yet exercised their retention rights under PD 27 are entitled to the new retention rights under RA 6657.[28] The retention rights of landowners are provided in Sec. 6 of RA 6657, which reads in relevant part:

SECTION 6. Retention Limits. – Except as otherwise provided in this Act, no person may own or retain, directly or indirectly, any public or private agricultural land, the size of which shall vary according to factors governing a viable family-size, such as commodity produced, terrain, infrastructure, and soil fertility as determined by the Presidential Agrarian Reform Council (PARC) created hereunder, but in no case shall retention by the landowner exceed five (5) hectares. Three (3) hectares may be awarded to each child of the landowner, subject to the following qualifications: (1) that he is at least fifteen (15) years of age; and (2) that he is actually tilling the land or directly managing the farm; Provided, That landowners whose land have been covered by Presidential Decree No. 27 shall be allowed to keep the area originally retained by them thereunder, Provided further, That original homestead grantees or direct compulsory heirs who still own the

original homestead at the time of the approval of this Act shall retain the same areas as long as they continue to cultivate said homestead.

The right to choose the area to be retained, which shall be compact or contiguous, shall pertain to the landowner. Provided, however, That in case the area selected for retention by the landowner is tenanted, the tenant shall have the option to choose whether to remain therein or be a beneficiary in the same or another agricultural land with similar or comparable features. In case the tenant chooses to remain in the retained area, he shall be considered a leaseholder and shall lose his right to be a beneficiary under this Act. In case the tenant chooses to be a beneficiary in another agricultural land, he loses his right as a lease-holder to the land retained by the landowner. The tenant must exercise this option within a period of one (1) year from the time the landowner manifests his choice of the area for retention.

This section defines the nature and incidents of a landowner's right of retention. For as long as the area to be retained is compact or contiguous and it does not exceed the retention ceiling of five hectares, a landowner's choice of the area to be retained must prevail.

Each of the four Redemptioner-Grandchildren is thus entitled to retain a parcel of land with a ceiling of five hectares, for a total of 20 hectares. The parcels of land in question total only 12 hectares, or only three hectares each, which is well within the statutory retention limits.

WHEREFORE, premises considered, the Decision of the Court of Appeals in CA-G.R. SP No. 59752 dated March 26, 2002, and Resolution of the Court of Appeals dated March 25, 2003, which upheld the retention rights of respondents Ma. Cristina Valisno, Benedicto V. Yujuico, Gregorio V. Yujuico and Leonora V. Yujuico, are AFFIRMED.

SO ORDERED.

Davide, Jr., C.J., Panganiban, Carpio, and Azcuna, JJ., concur.

[1] "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 Mechanisms Therefor", which took effect on 21 October 1972.

[2] Rollo, pp. 27-29.

[3] CA Records, p. 31.

[4] The ten individual lots are as follows:

Title Registered Owner Area (ha.)

Location

NT-118440 Adela Valisno 6 La Fuente, Sta. Rosa, N.E.

NT-118441 Aquiles Valisno 6 La Fuente, Sta. Rosa, N.E.

NT-118442 Leandro Valisno 6 La Fuente, Sta. Rosa, N.E.

NT-118443 Honorio Valisno 6 La Fuente, Sta. Rosa, N.E.

NT-118444 Lumen Valisno 6 La Fuente, Sta. Rosa, N.E.

NT-118445 Nicolas Valisno, Jr. 6 La Fuente, Sta. Rosa, N.E.

NT-118446 Marietta Valisno 6 La Fuente, Sta. Rosa, N.E.

NT-118447 Angelito Banting 6 La Fuente, Sta. Rosa, N.E.

NT-118448 Renato Banting 6 La Fuente, Sta. Rosa, N.E.

NT-118449 Romulo Valisno 3.7849 La Fuente, Sta. Rosa, N.E.

[5] CA Records, p. 31.

[6] *Id.*, p. 51.

[7] *Id.*

[8] Rollo, p. 30.

[9] It appears that seven of the eight children of Dr. Valisno received six hectares each. The remaining child, Romulo D. Valisno, received a share of only 3.7849 hectares. His share was reduced because of a money debt to his father. Narrative Investigative Report on the Property of Dr. Valisno, Sr., DAR Region III Municipal Agrarian Reform Office, CA Records, p. 31.

[10] Rollo, p. 30.

[11] *Id.*, p. 99; CA Records, p. 206.

[12] *Id.*, p. 33.

[13] CA Records, pp. 50-53.

[14] *Id.*, pp. 55-57.

[15] Rollo, p. 37.

[16] *Id.*, p. 44.

[17] CA Records, p. 233.

[18] *Id.*, p. 264.

[19] Rollo, pp. 15-16.

[20] RULES OF COURT, Rule 45, sec. 1; *Solangon v. Salazar*, G.R. No. 125944, 29 June 2001, 360 SCRA 379; *Fuentes v. Court of Appeals*, G.R. No. 109849, 26 February 1997, 268 SCRA 703.

[21] *Titong v. Court of Appeals*, G.R. No. 111141, 6 March 1998, 287 SCRA 102; *Atillo III v. Court of Appeals*, G.R. No. 119053, 23 January 1997, 266 SCRA 596.

[22] *Milestone Realty & Co., Inc. and William Perez v. Court of Appeals*, G.R. No. 135999, 19 April 2002.

[23] 4 TOLENTINO, CIVIL CODE OF THE PHILIPPINES 604-05.

[24] CA Records, p. 264.

[25] CONST., Art. XIII, Sec. 4.

[26] *Cabatan v. Court of Appeals*, G.R. Nos. L-44875-76, L-45160 and L-46211-12, 22 January 1980, 95 SCRA 323; *Dequito v. Llamas*, G.R. No. L-28090, 4 September 1975, 66 SCRA 504.

[27] 175 SCRA 343 (1989).

[28] Id. at 392.

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