

**CELSO PAGTALUNAN AND PAULINA P. PAGTALUNAN, PETITIONERS,
VS. HON. ROQUE A. TAMAYO, PRESIDING JUDGE OF THE CFI OF
BULACAN, BRANCH VI, REPUBLIC OF THE PHILIPPINES AND
TURANDOT, TR...**

G.R. NO. 54281. March 19, 1990

Ponente: CORTES, J.

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CORTES, J.:

On January 17, 1978, respondent Republic of the Philippines filed a complaint with the Court of First Instance of Bulacan for expropriation of a parcel of land located in Bo. Tikay, Malolos, Bulacan, and owned by private respondents herein as evidenced by TCT No. 24006, issued by the Register of Deeds of the province of Bulacan [Petition, p. 2; Rollo, p. 10.] The complaint was docketed as Civil Case No. 5257-M and entitled "Republic of the Philippines v. Turandot Aldaba, et al."

On March 2, 1978, the Court of First Instance issued a writ of possession placing the Republic in possession of the land, upon its deposit of the amount of Seven Thousand Two Hundred Pesos (P7,200.00) as provisional value of the land. On June 8, 1978, petitioners herein filed a supplemental motion for leave to intervene, with complaint in intervention attached thereto, alleging that petitioner Celso Pagtalunan has been the bona fide agricultural tenant of a portion of the land. Petitioners asked the trial court to order payment to Celso Pagtalunan of just compensation for his landholding or, in the alternative, to order payment of his disturbance compensation as bona fide tenant in an amount not less than Fifteen Thousand Pesos (P15,000.00) per hectare.

On December 8, 1978, respondent Judge Roque A. Tamayo issued an order denying the petitioners' supplemental motion, holding that to admit petitioners' complaint in intervention would be tantamount to allowing person to sue the State without its consent since the claim for disturbance compensation is a claim against the State. On January 12, 1979, petitioners filed a motion for reconsideration but this was denied by respondent judge in an order dated February 13, 1979.

On July 23, 1980, the instant petition was filed and was docketed as G.R. No. 54281. On January 14, 1981, this Court issued a resolution denying the instant petition for lack of merit. On March 10, 1981, petitioners filed a motion for reconsideration, limiting the discussion on the issue of lack of jurisdiction of the trial court over the expropriation case. On August 19, 1981, this Court issued a resolution granting the motion for reconsideration and gave due course to the petition.

Meanwhile on December 22, 1978, the Office of the Solicitor General filed in behalf of the Republic of the Philippines a notice of appeal, as well as a first motion for extension of thirty (30) days from January 12, 1979 within which to file record on appeal which was granted by respondent court. The Solicitor General was appealing from that portion of the December 8, 1978 decision of the Court of First Instance which fixed the compensation for the land expropriated at Thirty Pesos (P30.00) per square meter. Counsel for private respondents filed an objection to the public respondent's record on appeal claiming that the same was filed beyond the reglementary

period. On August 13, 1979 the Court of First Instance dismissed the appeal interposed by the Republic. The Office of the Solicitor General moved for reconsideration but this was denied for lack of merit. Thereafter, public respondent filed with the Court of Appeals a petition for certiorari, prohibition and mandamus with preliminary injunction seeking the annulment of the orders of the Court of First Instance. On April 29, 1980, the Court of Appeals rendered a decision dismissing public respondent's petition. On October 24, 1980, public respondent filed with this Court a petition, docketed as G.R. No. 54886, asking this Court to annul the decision of the Court of Appeals and to direct and compel of the lower court to approve the Government's record on appeal and to elevate the same to the Court of Appeals. In a decision dated August 10, 1981, the Court granted the petition and directed the trial court to approve the Government's record on appeal and to elevate the same to the Court of Appeals.

I

The principal issue raised in the petition centers on the alleged right of petitioners to intervene in the expropriation proceedings instituted by the State against private respondents as registered owner of the subject property.

Intervention is not a matter of right but may be permitted by the courts when the applicant shows facts which satisfy the requirements of the law authorizing intervention [Gibson v. Revilla, G.R. No. L-41432, July 30, 1979, 92 SCRA 219.] Under Section 2, Rule 12 of the Revised Rules of Court, what qualifies a person to intervene is his possession of a legal interest in the matter in litigation, or in the success of either of the parties, or an interest against both, or when he is so situated as to be adversely affected by a distribution or other disposition of property in the custody of the court or an officer thereof. The Court has ruled that such interest must be actual, direct and material, and not simply contingent and expectant [Garcia v. David, 67 Phil. 279 (1939); Batama Farmers' Cooperative Marketing Association, Inc. v. Rosal, G.R. No. L-30526, November 29, 1971, 42 SCRA 408; Gibson v. Revilla, supra.]

In the present case, petitioners claim that Celso Pagtalunan possesses legal interest in the matter in litigation for he, not private respondents herein, is the party entitled to just compensation for the subject property sought to be expropriated or, in the alternative, disturbance compensation as a bona fide tenant based on Section 36 (1) of Rep. Act No. 3844, as amended by Rep. Act No. 6389.

Petitioners base their claim for just compensation on Certificate of Land Transfer No. NS-054560 issued to them, where the tenant farmer/grantee is "deemed owner" of the agricultural land identified therein.* Petitioners contend that the certificate is a muniment of title evidencing their legal ownership of a portion of the subject property. Thus, they conclude that they are entitled to a portion of the proceeds from the expropriation proceedings instituted over the subject property.

There is no merit to the above contention.

The Court is fully aware that the phrase "deemed to be the owner" is used to describe the grantee of a certificate of land transfer. But the import of such phrase must be construed within the policy framework of Pres. Decree No. 27, and interpreted with the other stipulations of the certificate issued pursuant to this decree.

Pres. Decree No. 27 (otherwise known as the "Tenant Emancipation Decree") was anchored upon the fundamental objective of addressing valid and legitimate grievances of land ownership giving rise to violent conflict and social tension in the countryside. More importantly, it recognized the necessity to encourage a more productive agricultural base of the country's economy. To achieve this end, the decree laid down a system for the purchase by small farmers, long recognized as the backbone of the economy, of the lands they were tilling. Landowners of agricultural lands which were devoted primarily to rice and corn production and exceeded the minimum retention area were thus compelled to sell, through the intercession of the government, their lands to qualified farmers at liberal terms and conditions. However, a careful study of the provisions of Pres. Decree No. 27, and the certificate

of land transfer issued to qualified farmers, will reveal that the transfer of ownership over these lands is subject to particular terms and conditions the compliance with which is necessary in order that the grantees can claim the right of absolute ownership over them.

A certificate of land transfer issued pursuant to Pres. Decree No. 27 provides:

xxx xxx xxx

I, Ferdinand E. Marcos, President of the Philippines, declare that _____ having manifested his desire to own the land under his cultivation and having complied with the implementing rules and regulations of the Department of Agrarian Reform, is hereby deemed to be the owner of the agricultural land described as follows:

xxx xxx xxx

subject to the conditions that the cost of the portion herein transferred to the tenant farmer as fixed by the authorities concerned, including the interest rate at the rate of six percentum (6%) per annum shall be paid by the tenant farmer in fifteen (15) equal annual amortization, that the tenant farmer must be a member of a Barrio Association upon organization of such association in locality, and that the title to the land herein shall not be transferred except by hereditary succession or to the Government in accordance with the provisions of Presidential Decree Number 27, the Code of Agrarian Reform and other existing laws and regulations.

xxx xxx xxx

[Annex "B" to the Petition; Rollo, p. 26, Underscoring supplied.]

And under Pres. Decree No. 266 which specifies the procedure for the registration of title to lands acquired under Pres. Decree No. 27, full compliance by the grantee with the above-mentioned undertakings is required for a grant of title under the Tenant Emancipation Decree and the subsequent issuance of an emancipation patent in favor of the farmer/grantee [Section 2, Pres. Decree No. 266.] It is the emancipation patent which constitutes conclusive authority for the issuance of an Original Certificate of Transfer, or a Transfer Certificate of Title, in the name of the grantee.

Hence, the mere issuance of the certificate of land transfer does not vest in the farmer/grantee ownership of the land described therein. The certificate simply evidences the government's recognition of the grantee as the party qualified to avail of the statutory mechanisms for the acquisition of ownership of the land tilled by him as provided under Pres. Decree No. 27. Neither is this recognition permanent nor irrevocable. Failure on the part of the farmer/grantee to comply with his obligation to pay his lease rentals or amortization payments when they fall due for a period of two (2) years to the landowner or agricultural lessor is a ground for forfeiture of his certificate of land transfer [Section 2, Pres. Decree. No. 816.]

Clearly, it is only after compliance with the above conditions which entitle a farmer/grantee to an emancipation patent that he acquires the vested right of absolute ownership in the landholding - a right which has become fixed and established, and is no longer open to doubt or controversy [See definition of "vested right" or "vested interest" in *Balbao v. Farrales*, 51 Phil. 498 (1928); *Republic of the Philippines v. de Porkan*, G.R. No. 66866, June 18, 1987, 151 SCRA 88.] At best, the farmer/grantee, prior to compliance with these conditions, merely possesses a contingent or expectant right of ownership over the landholding.

In the present case, the State in the exercise of its sovereign power of eminent domain has decided to expropriate the subject property for public use as a permanent site for the Bulacan Area Shop of the Department of Public Works and Highways. On the other hand, petitioners have not been issued an emancipation patent. Furthermore, they do not dispute private respondents' allegation that they have not complied with the conditions enumerated in their certificate of land transfer which would entitle them to a patent [See Private Respondents' Comment, p. 3;

Rollo, p. 34. And also Memorandum of Private Respondents, p. 6; Rollo, p. 109.] In fact, petitioners do not even claim that they had remitted to private respondents, through the Land Bank of the Philippines, even a single amortization payment for the purchase of the subject property.

Under these circumstances, petitioners cannot now successfully argue that Celso Pagtalunan is legally entitled to a portion of the proceeds from the expropriation proceedings corresponding to the value of the landholding.

Anent petitioners' claim for disturbance compensation, the Court finds that the law cited by petitioners, Section 36 (1) of Rep. Act No. 3844, as amended by Rep. Act No. 6389, cannot be invoked to hold the State liable for disturbance compensation [See *Campos v. CA* [G.R. No. 51904, October 1, 1980] where this Court by resolution denied for lack of merit therein petitioner's claim that, as agricultural lessee or tenant, he was entitled to disturbance compensation against the State. It refers to situations where the peaceful enjoyment and possession by the agricultural tenants or lessees of the land is disturbed or interrupted by the owner/lessor thereof. Paragraphs 1 to 7 of the said section enumerate the instances when the lessees may be evicted by the owner/lessor, and paragraph 1 thereof provides that lessees shall be entitled to disturbance compensation from the owner/lessor, if the land will be converted by the latter into a residential, commercial or industrial land. Thus, Section 36 (1) of Rep. Act No. 3844, as amended, deals with the liability of an owner/lessor to his agricultural tenant/lessee and cannot be invoked to make the State liable to petitioners herein for disturbance compensation.

Nor may petitioners invoke this section as basis to hold private respondents liable for disturbance compensation. Section 36 (1) of Rep. Act No. 3844, as amended, is applicable only when it is the owner/lessor who voluntarily opts for the conversion of his land into non-agricultural land. In the present case, it is the State, not the private respondents, who disturbed petitioners' possession of the subject property. The conversion of the property into a permanent site for the Bulacan Area Shop of the Department of Public Works and Highways was undertaken by the government independent of the will of private respondents herein.

Parenthetically, it should be noted that the government has already paid petitioner Celso Pagtalunan approximately FIVE THOUSAND PESOS (P5,000.00) to compensate the latter for improvements introduced on the property, and expenses for relocating his home [Petitioners' Reply to the Opposition to their Motion for Reconsideration, p. 2; Rollo, p. 98. And also Private Respondents' Comment, p. 3; Rollo, p. 93.]

Considering, therefore, that petitioners are not entitled to just compensation for the expropriation of the subject property, nor to disturbance compensation under Rep. Act No. 3844, as amended, the Court finds that the trial court committed no reversible error in denying petitioners' motion for leave to intervene in the expropriation proceedings below.

II.

On the issue of jurisdiction, petitioners contend that since their motion to intervene alleges as justification therefor that petitioner Celso Pagtalunan is the bona fide tenant of the subject property, the case should have been referred to the Court of Agrarian Relations which has original and exclusive jurisdiction over expropriation proceedings for public purpose of all kinds of tenanted properties.

The Court finds no reason to dwell on this point. The issue of what court has jurisdiction over the expropriation proceedings in this case has been rendered moot and academic by B.P. Blg. 129. Under Paragraph 7, Section 19 of B.P. Blg. 129, all civil actions and special proceedings which were then under the exclusive jurisdiction of the Court of Agrarian Relations were placed under the exclusive and original jurisdiction of the Regional Trial Courts [formerly the Courts of First Instance].

WHEREFORE, the present petition is hereby DENIED for lack of merit.

SO ORDERED.

Fernan, C.J., Gutierrez, Jr., Feliciano, and Bidin, JJ., concur.

* Although the CLT was issued in the name of Paulina Pagtalunan, petitioners allege that it is petitioner Celso Pagtalunan who is the bona fide tenant of the subject property and that the CLT was only erroneously issued to Paulina. Paulina herself has admitted the error and expressed her willingness to transfer the said CLT in the name of her brother Celso. At the time the present petition was filed, petitioners have commenced proceedings in the Bulacan District Office of the Department of Agrarian Reform for the reissuance of subject CLT in the name of petitioner Celso Pagtalunan as the rightful grantee [See Annex "A" to Memorandum of Private Respondents, p. 3; Rollo, p. 114.]

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