

ARTURO CORSO, LUCIO GARCIA, CRISTITUTO PAYOS, REGALADO PAYOS, RAMON PAYOS, EULOGIO MATUGAS, MAXIMO SANOZA, OLIGARIO MATUGAS, APOLINARIO TAMBIS, BERNARDO BOISER REPRESENTED BY HI...

G.R. No. 62985. April 02, 1984

Ponente: MELENCIO-HERRERA, J.

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MELENCIO-HERRERA, J.:

A Petition to review the Decision of the then Court of Appeals in CA-G.R. No. SP-14465-CAR entitled "Nicasio Parilla, et als., vs. Arturo Curso, et als.," which affirmed the judgment of the then Court of Agrarian Relations in Ormoc City declaring the forfeiture of the Certificates of Land Transfer of the fifteen (15) petitioners herein as well as of their respective farmholdings.

Petitioners are the agricultural lessees of irrigated rice and corn lands owned by private respondents, located at Barrio Capiñahan, Naval, Biliran sub-province, Leyte, with a total area of approximately 64 hectares. These lands have been placed under Operation Land Transfer (OLT) with Certificates of Land Transfer (CLT) having been issued to petitioners.

On 25 January 1982, the landowners, private respondents herein, commenced before the Court of Agrarian Relations, Ormoc City, Branch I, an action for the forfeiture of petitioners' Certificates of Land Transfer over the subject property based on petitioners' alleged failure to pay to private respondents the corresponding lease rentals for a period of more than two (2) years since 1978 in violation of Section 2 of Presidential Decree No. 816, dated 21 October 1975, which provides:

"SECTION. 2. That any agricultural lessee of a rice or corn land under Presidential Decree No. 27 who deliberately refuses and/or continues to refuse to pay the rentals or amortization payments when they fall due for a period of two (2) years shall, upon hearing and final judgment, forfeit the Certificate of Land Transfer, issued in his favor, if his farmholding is already covered by such Certificate of Land Transfer and his farmholding;"

In their Answer, petitioners justified their nonpayment by stating essentially that it was in accordance with MAR Memorandum Circular No. 6, dated 28 February 1978 (MAR Circular, for short), and upon previous authorization from the MAR District Office; that they had deposited the rentals, instead, with the Land Bank; and that as the subject landholdings are covered by CLTs, it is the Ministry of Agrarian Reform (MAR) and not the Court of Agrarian Relations (CAR) that has jurisdiction over an action for forfeiture. The pertinent provision of the MAR Circular referred to reads:

"Payment of lease rentals to landowners covered by OLT* shall terminate on the date the value of the land is established. Thereafter, the tenant-farmers shall pay their lease rentals/amortizations to the LBP** or its authorized agents: x x x (Italics supplied)"[1]

On 14 April 1982, the CAR rendered judgment on the pleadings declaring the forfeiture of petitioners' Certificates of Land Transfer and the turn-over of their landholdings to the Samahang Nayon pursuant to Section 4 of P.D. 816, for failure to pay lease rentals for a period of over two years.

On appeal, respondent Appellate Court affirmed the CAR judgment in toto stating:

"In view of the foregoing observations, the appellants' second, third, fourth, fifth, sixth and seventh assignments of errors must likewise fail. The trial court correctly decided the case within the pale of PD 816. No prior referral of this case to the Ministry of Agrarian Reform was necessary, not only because the tenancy relationship between the parties was admitted in the pleadings, but, mainly because the law (P.D. No. 816) has allocated in the CAR the jurisdiction to hear this case.

"WHEREFORE, the appealed decision is affirmed in toto without pronouncement as to costs."[2]

Hence, the instant Petition, with petitioners having been allowed to litigate as paupers.

By reason of the nature of petitioners' defenses, we considered the Minister of Agrarian Reform impleaded, required comment from the contending parties as well as from the Solicitor General, and eventually gave due course to the Petition.

The five assignments of error raised by petitioners may be compressed into two major issues as delineated by the Solicitor General: (1) whether or not the CAR had jurisdiction over the action for forfeiture, and (2) whether or not the MAR Circular is inconsistent with, and violative of, Presidential Decree No. 816.

1. There is no question that an action for forfeiture falls within the original and exclusive jurisdiction of the CAR as provided for by Section 5 of P.D. 816, thus:

"SECTION 5. That any action for violation of the provisions of the preceding Sections 2 and 3 shall be cognizable by the Courts of Agrarian Relations which is hereby vested with original and exclusive jurisdiction to try and decide the same."

The related Section 2 of P.D. 816 has been quoted previously.

A subsequent law, P.D. 946, which took effect on 17 June 1976, similarly vested the CAR with exclusive and original jurisdiction over violations of P.D. Nos. 815 and 816, thus:

"SECTION 12. Jurisdiction over Subject Matter. - The Courts of Agrarian Relations shall have original and exclusive jurisdiction over:

x x x

"(r) Violations of Presidential Decrees Nos. 815 and 816."

In fact, corollarily, Section 12, subparagraph (b) of P.D. 946 spells out "matters exclusively cognizable by the Secretary (now Minister) of Agrarian Reform", to include:

"x x x

"(b) (5) issuance, recall or cancellation of certificate of land transfer in cases outside the purview of Presidential Decree No. 816." (Italics supplied)

It follows that an action for forfeiture of a Certificate of Land Transfer within the purview of P.D. No. 816 is not cognizable by the Ministry of Agrarian Reform.

Public and private respondents contend, however, that the CAR jurisdiction is subject to referral to, and a previous

certification of, triability by, the MAR, pursuant to P.D. 316[3] , and substantially reiterated in Section 12 of P.D. 946.[4]

We disagree. As pointed out by respondent Appellate Court:

"Clearly, this is not an action for ejectment of the defendants which requires a preliminary determination of the relationship between the contending parties. Indeed, the prayer of the plaintiffs' complaint or petition in the lower Court did not ask for the ejectment of the appellants. The prayer asks only for the forfeiture of the defendants' certificates of land transfer and for damages."

Indeed, there was no need for referral to the MAR since the tenancy relationship between the parties was admitted in the pleadings. Neither is the subject matter of this action for forfeiture one of "harrassment" or "removal" of tenants, even if it be speciously argued that removal would eventually result from forfeiture. Non-payment of rentals for a period of two years is clearly provided for as a ground for forfeiture of Certificates of Land Transfer and of the farmholdings involved.[5]

2. The CAR was of the opinion that as between P.D. 816 and the MAR Circular, it is the former that should prevail. Actually, we find no inconsistency nor incompatibility between them. Of significance are the two "whereas" clauses of P.D. No. 816 quoted hereunder:

"WHEREAS, in the meanwhile that the implementing rules and regulations of Presidential Decree No. 27 have not yet been issued completely, the status quo shall be maintained between the parties, that is, the landowner shall continue to pay the land taxes thereon if the said Landholdings is not yet covered by Certificate of Land Transfer, while on the other hand the tenant-farmer who is now called agricultural lessee shall continue to pay the rental to the landowner whether or not his landholding planted to rice and corn is already covered by Certificate of Land Transfer;

"WHEREAS, such payment of rental shall continue until and after the valuation of the property shall have been determined or agreed upon between the landowner and the Department of Agrarian Reform which, in turn, will become the basis for computing the amortization payment to be made by the agricultural lessee in 15 years with 6% interest per annum under Presidential Decree No. 27." (Italics supplied)[6]

Clearly, under P.D. No. 816, rentals are to be paid to the landowner by the agricultural lessee until and after the valuation of the property shall have been determined.

In the same vein, the MAR Circular provides:

"Payment of lease rentals to landowners covered by OLT shall terminate on the date the value of the land is established. Thereafter, the tenant-farmers shall pay their lease rentals/amortizations to the LBP* or its authorized agents x x x"[7]

and

"The value of the land is established on the date the Secretary (now Minister) or his authorized representative has finally approved the average gross production data established by the Barangay Committee on Land Production (BCLP) or upon the signing of the LTPA** by landowners and tenant-farmers concerned heretofore authorized."[8]

In other words, the MAR Circular merely provides guidelines in the payment of lease rentals/amortizations in implementation of P.D. 816. Under both P.D. 816 and the MAR Circular, payment of lease rentals shall terminate on the date the value of the land is established. Thereafter, the tenant farmers shall pay amortizations to the Land Bank (LBP). The rentals previously paid are to be credited as partial payment of the land transferred to tenant-farmers.

Private respondent's contention that the MAR Circular amends or nullifies P.D. 816 in that the Circular deprives the land-owner of participation in the determination of the valuation of the land unlike the P.D. which provides for it, is without merit inasmuch as two representatives of the land-owners are represented in the Barangay Committee on Land Production (BCLP)[9] ; the MAR Circular provides for the signing of a Land-owner-Tenant Production Agreement (LTPA) in the alternative[10] ; besides the fact that the land-owners herein received notice of the valuation made by the BCLP and were asked to present their side of the case.[11] Moreover, private respondents could have claimed for payment from the Land Bank but they did not.

In the case at bar, the valuation of the subject landholdings was already established on the basis of production data gathered by the Barrio Committee on Land Production (BCLP).[12] That valuation was approved by the Minister of Agrarian Reform on 16 August 1978.[13] Because of the approved valuation, and pursuant to the MAR Circular, petitioners requested authority from MAR to discontinue paying lease rentals to private respondents (Letter to Minister Estrella from petitioners dated 15 January 1979).[14] MAR authorized petitioners to stop paying lease rentals to the landowners in a Resolution dated 25 January 1982 in MAR Case No. 82-015.[15] Consequently, petitioners were no longer under obligation to pay rentals to private respondents as landowners. Instead, petitioners deposited the corresponding amortizations with the Land Bank of the Philippines.

Presidential Decree No. 816 imposes the sanction of forfeiture where the "agricultural lessee x x x deliberately refuses and/or continues to refuse to pay the rentals or Amortization payments when they fall due for a period of two (2) years." Petitioners cannot be said to have deliberately refused to pay the lease rentals. They acted in accordance with the MAR Circular, which implements P.D. 816, and in good faith. Forfeiture of their Certificates of Land Transfer and of their farmholdings as decreed by the CAR and affirmed by the Appellate Court is thus unwarranted.

WHEREFORE, the judgment of forfeiture of petitioners' Certificates of Land Transfer rendered by the former Court of Agrarian Relations in Ormoc City in CAR Case No. 1915 and its affirmance by the then Court of Appeals in CA-G.R. No. 14465-CAR is hereby SET ASIDE. No costs. SO ORDERED.

Plana, Gutierrez, Jr., and De la Fuente, JJ., concur.

Relova, J., in the result.

Teehankee, J., (Chairman), on official leave.

* Operation Land Transfer

** Land Bank of the Philippines

[1] p. 114, Rollo.

[2] p. 12, CA Decision.

[3] "SECTION 1. - No tenant-farmer in agricultural lands primarily devoted to rice and corn shall be ejected or removed from his farmholding until such time as the respective rights of the tenant-farmer and the landowner shall have been determined in accordance with the rules and regulations implementing Presidential Decree No. 27.

"SECTION 2. - Unless certified by the Secretary of Agrarian Reform as a proper case for trial or hearing by a court or judge or other officer of competent jurisdiction, no judge of the Court of Agrarian Relations, Court of First Instance, municipal or city court, or any other tribunal or fiscal shall take cognizance of any ejectment case or any other case designed to harass or remove a tenant of an agricultural land primarily devoted to rice

and corn, and if any such cases are filed, these cases shall first be referred to the Secretary of Agrarian Reform or his authorized representative in the locality for a preliminary determination of the relationship between the contending parties. If the Secretary of Agrarian Reform finds that that case is a proper case for the court or judge or other hearing officer to hear, he shall so certify and such court, judge or other hearing officer may assume jurisdiction over the dispute or controversy."

[4] "SECTION 12. No tenant-farmer in agricultural lands primarily devoted to rice and/or corn shall be ejected or removed from his farmholding until such time as the respective rights of the tenant-farmer and the landowner shall have been determined in accordance with the rules and regulations implementing Presidential Decree No. 27.

"No Judge of the Courts of Agrarian Relations, Courts of First Instance, municipal or city courts, or any other tribunal or fiscal shall take cognizance of any ejectment case or any other case designed to harass or remove a tenant of an agricultural land primarily devoted to rice and/or corn, unless certified by the Secretary of Agrarian Reform as a proper case for trial or hearing by a court or Judge or other officer of competent jurisdiction, and if any such case is filed, the case shall first be referred to the Secretary of Agrarian Reform or his authorized representative in the locality for a preliminary determination of the relationship between the contending parties. If the secretary of Agrarian Reform or his authorized representative in the locality finds that the case is a proper case for the Court or Judge or other hearing officer to hear, he shall so certify and such court, Judge or other hearing officer may assume jurisdiction over the dispute or controversy."

xxx xxx xxx (Italics supplied)

[5] Section 2, P.D. 816.

[6] pp. 124-125, Rollo.

[7] Section A, 2nd par., Memorandum Circular No. 6.

[8] Section A, 1st par., supra.

[9] MAR Memorandum Circular No. 26 dated November 5, 1973.

[10] supra.

* Land Bank of the Philippines

** Landowner-Tenant Production Agreement

[11] Letter to Mr. Nicasio Parilla, dated February 24, 1980, Annex "F", Answer, p. 23, CAR Records.

[12] Annex "C", Answer, p. 18, *ibid*.

[13] *Ibid*.

[14] Annex "A", Reply to Comment, p. 80, Rollo.

[15] Annex "E", Answer p. 20, CAR Records.

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