

MARCELINO LAURETO, PETITIONER, VS. THE HON. COURT OF APPEALS, ELIAS RARO AND SELVINA R. REYES, RESPONDENTS.

G.R. No. 95838. August 07, 1992

Ponente: GRIÑO-AQUINO, J.

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GRIÑO-AQUINO, J.:

This is a petition for review on certiorari which seeks to reverse the Court of Appeals' decision dated August 23, 1990 affirming in toto the appealed verdict of the Regional Trial Court, Branch 39, Daet, Camarines Norte, in Civil Case No. 5174 entitled, "Elias Raro, et al., Plaintiffs vs. Marcelino Laureto, Defendant" for forfeiture of the petitioner's certificate of land transfer and collection of back rentals, despite a contrary decision of the Department of Agrarian Reform.

The facts of this case are as follows:

The private respondents are co-owners of 4.1978 (less than five) hectares of irrigated riceland located at Barangay Sto. Domingo, Vinzons, Camarines Norte, of which a portion of 1.5 hectares was leased to the petitioner under a "Kasunduan Buwisan Sa Sakahan" (Exh. D).

In December 1984, the private respondents filed a complaint against the petitioner in the Regional Trial Court of Daet, Camarines Norte, captioned "Elias Raro and Selvina R. Reyes vs. Marcelino Laureto" (Civil Case No. 5174) for forfeiture of certificate of land transfer and collection of back rentals because the petitioner had failed to pay the lease rentals and irrigation fees since 1977.

In his answer, the petitioner explained that the landholding is covered by Operation Land Transfer and asserted continuous payment on a 50/50 sharing basis until his Farmers Amortization Schedule (FAS) was approved by Regional Director Salvador Pejo of Region V showing that he had already overpaid the value of the land.

In the early part of 1985, the petitioner and respondent Raro each received a letter-advice dated January 29, 1985 from Director Pejo stating that henceforth the petitioner should no longer pay lease rentals to Raro pursuant to MAR Memorandum Circular No. 6, Series of 1978.

On July 11, 1985, respondent Raro filed a petition in the Department of Agrarian Reform (DAR) for cancellation of petitioner's two (2) certificates of land transfer (CLTs) Nos. 0-0426250 and 0-0426251.

Meanwhile in Civil Case No. 5174, after trial on the merits, the court rendered a decision on October 2, 1989 declaring the petitioner's CLTs forfeited, and ordering him to pay the lessor (Raro) 1,132 cavans of palay at fifty (50) kilos per cavan and to pay irrigation fees to the National Irrigation Administration (NIA).

On the other hand, the DAR, through Antonio M. Nuesa of Region V, issued on December 19, 1989 a contrary order denying Raro's petition to cancel the petitioner's CLT's. It declared the tenanted ricelands in his possession as covered by Operation Land Transfer.

The decision in Civil Case No. 5174 was, as previously mentioned, affirmed in toto by the Court of Appeals on

August 23, 1990. Hence, this petition for review alleging that the Court of Appeals erred:

1. in finding that petitioner no longer paid lease rentals to private respondents after 1976;
2. in cancelling the petitioner's certificates of land transfer;
3. in affirming the decision of the trial court which was rendered without jurisdiction, in violation of PD 946, without prior exhaustion of administrative remedy; and
4. in ordering petitioner to pay the irrigation fees; in effect granting private respondents the right of action which properly belongs to the National Irrigation Administration as the real party in interest.

The appellate court's finding that the petitioner had been remiss in his obligation to pay lease rentals to the private respondents is a factual finding which we may not disturb (Sec. 2, Rule 45, Rules of Court). In agrarian cases, substantial evidence will suffice to support factual findings (*Bagsican vs. Court of Appeals*, 141 SCRA 226; *Picardal vs. Lladas*, 21 SCRA 1483). Consequently, the cancellation of the petitioner's CLTs was proper under Section 2 of PD 816, which provides:

"Sec. 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."

The Court of Appeals correctly ruled that the petitioner may not "invoke the stop-payment order from the Department of Agrarian Reform to justify his breach since Department Memorandum Circular No. 6, Series of 1978 (page 17, Record) obligates the tenant to pay the lease rentals to the Land Bank of the Philippines, or its authorized agents, if the value of the land has been established. And it is of record that appellant did not adduce evidence that he made any remittance to the Land Bank of the Philippines (paragraph 4, page 2, Decision; page 189, Record)." (p. 22, Rollo.)

On the other hand, there is merit in the point raised by the petitioner that the judgment for rental arrears amounting to 1,132 cavans of palay at 50 kilos per cavan should be based on 46 kilos per cavan as provided in the contract of lease (Exh. D), which fixed the yearly rentals at 35 cavans of palay yearly of 46 kilos per cavan, not 50 kilos.

The petitioner's third argument that the court had no jurisdiction over the complaint for forfeiture of petitioner's certificate of land transfer as it falls within the exclusive jurisdiction of the Secretary of Agrarian Reform under Section 12 (b) No. 5 of P.D. 946 (p. 10, Petition) is not well-taken. The jurisdiction of the DAR Secretary extends only to the "issuance, recall or cancellation of certificates of land transfer outside the purview of Presidential Decree No. 816." (Sec. 12[b] 5, P.D. No. 946.) This case was brought under P.D. No. 816 because it is based on non-payment of the lease rentals for more than two (2) years (Sec. 2, P.D. 816). An action for violation of Section 2 of P.D. 816 falls within the original and exclusive jurisdiction of the Court of Agrarian Relations (Sec. 5, P.D. 816), now the Regional Trial Courts (Sec. 19, par. 7, B.P. 129).

The jurisdiction of the Regional Trial Court was not divested by the private respondents' subsequent filing of a petition in the Department of Agrarian Reform for cancellation of the petitioner's CLTs. It did not constitute forum-shopping for the DAR had no jurisdiction over a complaint under P.D. 816. The contrary order issued on December 19, 1989 by the DAR director of Region V was null and void for lack of jurisdiction.

The fourth assigned error has merit. The order for the petitioner to pay unpaid irrigation fees is improper for it in effect grants to the private respondents the right to collect irrigation fees which only the National Irrigation Administration (NIA) may collect.

WHEREFORE, the decision of the Court of Appeals is affirmed except: (a) the amount of the lease rentals owing from the petitioner to the private respondents which should be 1,132 cavans at only 46 kilos (instead of 50 kilos) per cavan as provided in the lease contract; and (b) the award of irrigation fees which should be deleted.

SO ORDERED.

Cruz, (Chairman), Medialdea, and Bellosillo, JJ., concur.

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