

## SECOND DIVISION

**[ G.R. No. 154654, September 14, 2007 ]**

**JOSEPHINE A. TAGUINOD AND VIC A. AGUILA, PETITIONERS,  
VS. COURT OF APPEALS, ANTONINO SAMANIEGO, JOSE DELA  
CRUZ, JOHN SAMANIEGO, ERNESTO SANTOS, MACARIO DELA  
CRUZ, ANDRES PASTORIN, BENETRITO DELA CRUZ, JESUS  
BATAAC, AND RODOLFO LAGUISMA, RESPONDENTS.**

### DECISION

**VELASCO, JR., J.:**

#### The Case

Were the petitioners able to prove that their lots were previously covered by homestead patents and thus outside the ambit of Presidential Decree No. (PD) 27<sup>[1]</sup> known as the Tenants Emancipation Decree? This is the core issue in this instant petition<sup>[2]</sup> under Rule 45 assailing the August 31, 2001 Decision<sup>[3]</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 36812, which reversed and set aside the January 1, 1995 Decision<sup>[4]</sup> of the Office of the President (OP) in O.P. Case No. 5113, granting the retention of not more than seven (7) hectares in favor of petitioners. Likewise challenged is the August 7, 2002 CA Resolution<sup>[5]</sup> rejecting petitioners' Motion for Reconsideration.

#### The Facts

On October 21, 1972, then President Ferdinand E. Marcos promulgated PD 27 for the emancipation of tenant-farmers from private agricultural lands they till that are primarily devoted to rice and corn. Pursuant to PD 27, the Department of Agrarian Reform (DAR) launched Operation Land Transfer (OLT) on January 2, 1973 to implement and enforce the law's provisos of transferring ownership to qualified tenant-farmers or farmer-beneficiaries of the rice or corn land they are cultivating under a system of sharecrop or lease-tenancy, with the landowner having retention of not more than seven (7) hectares of agricultural land. In accordance with the OLT and to prevent its circumvention, Memorandum Circular (MC) Nos. 2 and 2-A, series of 1973, and MC No. 8, series of 1974, were issued by the DAR.

When OLT was launched, Salud Alvarez Aguila was the registered owner of the disputed lots with Transfer Certificates of Title (TCT) Nos. T-12368 and T-65348,<sup>[6]</sup> with an aggregate area of 10.4496 hectares, being 7.8262 hectares and 2.6234 hectares, respectively, both under the Registry of Deeds of Isabela, Cagayan. TCT No. T-12368 emanated from Original Certificate of Title (OCT) No. I-3423 which was issued on January 11, 1936 based on a homestead patent issued on December 18, 1935. On the other hand, TCT No. T-65348 was derived from TCT No. T-36200-A which cancelled OCT No. I-2965. OCT No. I-2965 was issued on May 27, 1935 on

the basis of a homestead patent issued on June 27, 1935.

Subsequently, the 7.8262-hectare lot covered by TCT No. T-12368 was transferred to and registered in the name of petitioner Vic A. Aguila (who was then 14 years old) under TCT No. T-90872<sup>[7]</sup> dated January 19, 1976; while the other 2.6234-hectare lot under TCT No. T-65348 was transferred to petitioner Josephine A. Taguinod.

Both disputed lots were placed under the coverage of the OLT pursuant to PD 27, with the following tenants or farmer-beneficiaries, to wit:

<u>TCT No. T-90872</u>	<u>Lot No.</u>	<u>Area</u>
1. Jose dela Cruz	1	1.0055 has.
2. Ernesto Santos	2	0.9353 ha.
3. Antonino Samaniego	3	0.8561 ha.
4. John Samaniego	4	0.6030 ha.
5. Macario dela Cruz	5	0.4702 ha.
6. Macario dela Cruz	6	0.9395 ha.
7. Andres Pastorin	7	0.7430 ha.
8. Ernesto Santos	8	0.7656 ha.
9. [Benetrino] dela Cruz	9	0.5806 ha.
10. Jose dela Cruz	10	0.4939 ha
<u>TCT No. T-65348</u>		
1. Rodolfo Laguisma	1	1.2705 has.
2. Jesus Batac	2	1.2288 has. <sup>[8]</sup>

On January 26, 1976, or shortly after the transfer of the subject lot covered by TCT No. 90872 to petitioner Vic A. Aguila, Salud Aguila, on behalf of then minor petitioner Aguila, filed a notarized application for retention.<sup>[9]</sup> Much later, on October 24, 1984, when he was already of age, petitioner Aguila filed a letter-protest<sup>[10]</sup> for exclusion or exemption from the OLT of his landholding covered by TCT No. T-90872. Similarly, after acquiring the subject lot covered by TCT No. T-65384, petitioner Taguinod filed her June 24, 1988 letter-protest with the Team Leader of the DAR, Santiago, Isabela, seeking exclusion or exemption from the OLT of her landholding.

Meanwhile, the two subject lots were surveyed and a subdivision plan of the lots parceled to the farmer-beneficiaries was prepared and approved on July 11, 1987, with respondents-farmer-beneficiaries executing their respective "undertakings" to remit amortizations of their respective lots to the Land Bank of the Philippines (LBP).

On June 23, 1989, the DAR Municipal Agrarian Reform Officer (MARO) of San Fermin, Cauayan, Isabela sent a letter<sup>[11]</sup> to the Provincial Agrarian Reform Officer (PARO), recommending approval of the applications of Salud A. Aguila/Vic A. Aguila

and Josephine A. Taguinod for retention of rights over the two subject lots.

**The Ruling of the DAR PARO Officer in  
In Re: OLT Protest Under P.D. No. 27, Vic Alvarez Aguila, Petitioner**

On August 3, 1990, taking into consideration the MARO's recommendation, the PARO issued a Resolution granting the application for retention of petitioners. The decretal portion reads:

In view of the foregoing, it is respectfully recommended that an Order be issued:

1. Granting the petition/application for retention under P.D. 27 of not more than seven (7) hectares.
2. Cancelling the CLTs/EPs generated if any, in favor of Farmer-Beneficiary/ies concerned within the retention area.
3. Plac[ing] under OLT coverage the excess of seven (7) hectares.
4. Directing the MARO, Santiago, Isabela to cause the preparation and execution of Agricultural Leasehold Contracts between the petitioners and the tenant-tillers affected within the retention area.

[12]

From the above PARO Resolution, respondents-farmer-beneficiaries filed an Opposition to and Counter-Protest over Resolution dated August 3, 1990 of the PARO<sup>[13]</sup> and a Motion for Reconsideration to Set Aside Resolution dated August 3, 1990.<sup>[14]</sup>

**The Ruling of the DAR Regional Director  
in ADM. Case No. 02-24-'90 Isa.**

On August 21, 1991, the Regional Director of the DAR, Cagayan Valley Region 02, Tuguegarao, Cagayan issued an Order, which in effect affirmed the August 3, 1990 PARO Resolution with some modifications, thus:

WHEREFORE, premises considered, ORDER is hereby issued:

1. Granting the petition/application for retention under PD 27 of not more than seven (7) hectares;
2. Placing under OLT coverage the excess area of seven hectares;
3. Directing the MARO concerned to cause the preparation and execution of agricultural Leasehold Contracts between petitioners and tenant-tillers affected within the retention area;
4. Authorizing the petitioners to withdraw in their favor the lease rentals deposited with the Land Bank of the Philippines by the tenants, if any;

5. Directing the tenants outside the retention area to pay the LBP the value of the land.<sup>[15]</sup>

The Regional Director held that the transfer of the subject lots by landowner Salud Aguila to petitioners on January 19, 1976 was a violation of MC Nos. 2, 2-A, and 8, and therefore null and void and of no effect; thus, ownership of the subject lots should revert to Salud Aguila. Nonetheless, since landowner Salud Aguila filed her petition/application for retention on January 26, 1976 in accordance with Administrative Order (AO) No. 4, Subsection B, paragraph 2, which provided that landowners should file their application for retention before August 27, 1985, the deadline set by AO No. 1, Series of 1985, she may retain not more than seven (7) hectares of her landholdings covered by PD 27, regardless of whether or not she complied with Letters of Instruction (LOI) Nos. 41, 45 and 52.

From this adverse ruling, private respondents filed their motion for reconsideration denominated as Motion to Set Aside Order dated August 21, 1991 with the DAR Regional Director,<sup>[16]</sup> where they contended, *inter alia*, that landowner Salud Aguila was not entitled to a seven (7)-hectare retention over the subject lots, as she was the owner of several other landholdings, specifically 11 parcels of land, at the time the subject lots were placed under the coverage of the OLT program pursuant to PD 27. Private respondents submitted to the DAR a Certification from the Municipal Assessor of Santiago, Isabel, regarding Salud Aguila's ownership of a total of 13 landholdings, including the subject lots covered by TCT Nos. T-90872 and T-65348, with the corresponding copies of Tax Declarations covering the properties.

Petitioner Taguinod likewise filed a Motion for Reconsideration<sup>[17]</sup> of the August 21, 1991 Order, asserting that Salud Aguila was not the real owner of TCT No. T-65348, as such was inherited by Taguinod from her biological mother, Patrocinia Alvarez, and was only mortgaged in 1971 to her adoptive mother, Salud Aguila, for which she executed a deed of sale with a right to repurchase. Petitioner Taguinod further contended that she had already redeemed said property which was allegedly rightly hers.

In addition, petitioner Taguinod filed her September 16, 1991 appeal from the August 21, 1991 Order of the Regional Director with the DAR Secretary.

### **The Ruling of the DAR Secretary in ADM Case No. 02-24-90 Isa.**

On September 28, 1992, the DAR Secretary issued an Order<sup>[18]</sup> affirming the August 21, 1991 Order of the Regional Director and denying petitioner Taguinod's appeal, with the modification that respondent Antonino Samaniego was disqualified as a farmer-beneficiary on the ground that he was the landowner of nine (9) agricultural properties even larger than the aggregate area of the subject lots. The decretal portion reads:

WHEREFORE, premises considered, Order is hereby issued affirming in toto the Order dated August 21, 1991 of the Regional Director of DAR Region II and in addition thereto disqualifying Antonio Samaniego as tenant-beneficiary of his tillage.<sup>[19]</sup>

From the above order, private respondents filed a Motion for Reconsideration, pointing out that Antonio Samaniego was not the farmer-beneficiary but his son,

Antonino Samaniego, who was the tenant-tiller of a portion of the subject lot under TCT No. T-90872. Moreover, private respondents asserted that contrary to the findings of the Regional Director and the DAR Secretary, they had presented proof that landowner Salud Aguila was not entitled to retention for she owned other properties aside from the subject lots.

Consequently, on January 6, 1993, the DAR Secretary issued an Order<sup>[20]</sup> granting private respondents' Motion for Reconsideration, the fallo of which reads:

WHEREFORE, x x x the Order dated September 28, 1992 of this Office is hereby set aside. The MARO having jurisdiction over the subject property is hereby directed to execute the necessary correction, placing Antonino Samaniego as the rightful farmer-beneficiary.<sup>[21]</sup>

The DAR Secretary found that Salud Aguila was disqualified to retain seven (7) hectares of the subject lots as she owned several landholdings other than the subject lots, and that Antonino Samaniego was qualified as farmer-beneficiary as he is not Antonio Samaniego but the son of the latter.

From the January 6, 1993 Order of the DAR Secretary, petitioners interposed their Appeal<sup>[22]</sup> before the OP, docketed as O.P. Case No. 5113 (ADM Case No. 02-24-90).

**The Ruling of the Office of the President  
in O.P. Case No. 5113 (ADM Case No. 02-24-90)**

The OP saw it differently.

On January 1, 1995, the OP, through the Executive Secretary, rendered a Decision reversing the January 6, 1993 Order of the DAR Secretary and reinstating the latter's September 28, 1992 Order, the dispositive portion of which reads:

WHEREFORE, premises considered, the Order, dated January 6, 1993, of the Department of Agrarian Reform is hereby SET ASIDE. The earlier order of that Department, dated September 28, 1992, is hereby CONFIRMED and REINSTATED with a modification that subject landholdings are not covered by the OLT program of the government pursuant to P.D. No. 27. <sup>[23]</sup>

The OP primarily anchored its ruling on the fact that the subject lots were issued OCTs pursuant to homestead patents, specifically TCT No. T-90872 which was derived from OCT No. I-2423, and TCT No. T-65348 which was derived from OCT No. I-2965. Giving credence to petitioner Taguinod's contention that she and petitioner Aguila are the direct heirs of the original patentees or homesteaders of the subject lots, and pursuant to Commonwealth Act No. 141 or the Public Land Act, the OP held that the subject lots are exempt from the coverage of PD 27, citing *Alita v. Court of Appeals*.<sup>[24]</sup>

Private respondents filed a Motion for Reconsideration<sup>[25]</sup> of the above Decision, but this was denied through a Resolution<sup>[26]</sup> issued on February 24, 1995.

Aggrieved, private respondents assailed the above Decision and Resolution of the OP