SPECIAL THIRD DIVISION

[G.R. No. 176549, October 10, 2018]

DEPARTMENT OF AGRARIAN REFORM, QUEZON CITY & PABLO MENDOZA, PETITIONERS, V. ROMEO C. CARRIEDO, RESPONDENT.

R E S O L U T I O N

JARDELEZA, J.:

We resolve the motion for reconsideration[1] filed by the Department of Agrarian Reform (DAR) of the Decision[2] dated January 20, 2016.

At the onset, we note that the DAR was not given the opportunity to participate in the proceedings before the Court of Appeals and before this Court, until it filed its motion for reconsideration of this Court's Decision. In its motion for reconsideration, the DAR contends that the agency had been denied due process when it was not afforded the opportunity to refute the allegations against the validity of DAR Administrative Order No. 5, Series of 2006[3] (AO 05-06) before the Court of Appeals and before this Court.[4] It argues that the basic requirement of due process has not been accorded to the agency because it was not even notified of the petition filed before the Court of Appeals; nor did the Court of Appeals notify the DAR of the proceedings and its Decision.[5] The DAR, therefore, insists that the Decision dated January 20, 2016 be reconsidered by this Court especially so that the issues involve the enforcement and validity of its regulations.[6]

We agree with the DAR. Being the government agency legally mandated to implement the Comprehensive Agrarian Reform Law of 1988[7] (CARL) and the primary agency vested with the expertise on the technicalities of the CARL,[8] the DAR's position on the issues raised before us deserves cogent consideration. In fact, the CARL specifically empowers the DAR to issue rules and regulations, whether substantive or procedural, to carry out the objects and purposes of the law.[9] Administrative rules and regulations ordinarily deserve to be given weight and respect by the courts in view of the rule-making authority given to those who formulate them and their specific expertise in their respective fields.[10] In this case, it cannot be denied that the DAR possesses the special knowledge and acquired expertise on the implementation of the agrarian reform program. To pay no heed to its position on the issues raised before us ignores the basic precepts of due process. Therefore, under these circumstances, we are impelled to revisit our Decision, this time taking into account the arguments and position of the DAR.

To reiterate, the core issue before us is whether Romeo C. Carriedo's (Carriedo) previous sale of his landholdings to Peoples' Livelihood Foundation, Inc. (PLFI) can

be treated as the exercise of his retention rights, such that he cannot lawfully claim the subject landholding as his retained area anymore.[11] The issue necessarily touches on the validity of Item No. 4 of AO 05-06 and the relevant provisions of the CARL. Further, the issue of whether Certificates of Land Ownership Awards (CLOAs) possess the indefeasibility accorded to a Torrens certificate of title is likewise raised before this Court.

We will discuss the issues *in seriatim*.

On the validity of Item No. 4, AO 05-06

The Decision adjudged Item No. 4 of AO 05-06 as *ultra vires* for providing terms which appear to expand or modify some provisions of the CARL.[12] The DAR argues that this ruling sets back the Comprehensive Agrarian Reform Program by upsetting its established substantive and procedural components. Particularly, the DAR contends that the nullification of Item No. 4 of AO 05-06 disregarded the long-standing procedure where the DAR treats a sale (without its clearance) as valid based on the doctrine of estoppel, and that the sold portion is treated as the landowner's retained area.[13]

Applying Item No. 4 of AO 05-06 to the facts of this case, the DAR submits that the subject landholding cannot be considered as the retained area of Carriedo anymore because he has already exercised his right of retention when he previously sold his landholdings without DAR clearance.[14] The DAR specifies that sometime in June 1990, Carriedo unilaterally sold to PLFI his agricultural landholdings with approximately 58.3723 hectares. The DAR, therefore, argues that Carriedo's act of disposing his landholdings is tantamount to the exercise of his right of retention under the law.[15]

Item No. 4 of AO 05-06, provides:

> II. STATEMENT OF POLICIES
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> x x x x
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> 4. Where the transfer/sale involves more than the five (5) hectare retention area, the transfer is considered violative of Sec. 6 of R.A. No. 6657.
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> In case of multiple or series of transfers/sales, the first five (5) hectares sold/conveyed without DAR clearance and the corresponding titles issued by the Register of Deeds (ROD) in the name of the transferee shall, under the principle of estoppel, be considered valid and shall be treated as the transferor/s' retained area but in no case shall the transferee exceed the five-hectare landholding ceiling pursuant to Sections 6, 70 and 73(a) of R.A. No. 6657. Insofar as the excess area is concerned, the same shall likewise be covered considering that the transferor has no right of disposition since CARP coverage has been vested as of 15 June 1988. Any landholding still registered in the name of the landowner after earlier dispositions totaling an aggregate of five (5) hectares can no longer be part of his retention area and therefore shall be covered under CARP.

The DAR's argument has merit.

The Constitution mandates for an agrarian reform program, thus:

ARTICLE XIII

x x x x

Agrarian and Natural Resources Reform

> Sec. 4. The State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof. To this end, the State shall encourage and undertake the **just distribution of all agricultural lands**, subject to such priorities and reasonable retention limits as the Congress may prescribe, **taking into account ecological, developmental, or equity considerations, and subject to the payment of just compensation**. In determining retention limits, the State shall respect the right of small landowners. The State shall further provide incentives for voluntary land-sharing. (Emphasis supplied.)

To give life to the foregoing Constitutional provision, the CARL provides, among others:

> Sec. 2. Declaration of Principles and Policies. -It is the policy of the State to pursue a Comprehensive Agrarian Reform Program (CARP). The welfare of the landless farmers and farmworkers will receive the **highest consideration to promote social justice** and to move the nation toward sound rural development and industrialization, and the establishment of owner cultivatorship of economic-size farms as the basis of Philippine agriculture.
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> To this end, **a more equitable distribution and ownership of land**, with due regard to the rights of landowners to just compensation and to the ecological needs of the nation, shall be undertaken to provide farmers and farmworkers with the opportunity to enhance their dignity and improve the quality of their lives through greater productivity of agricultural lands. (Emphasis supplied.)

x x x x

Both the Constitution and CARL underscore the underlying principle of the agrarian reform program, that is, *to endeavor a more equitable and just distribution of agricultural lands taking into account, among others, equity considerations.* We find merit in the DAR's contention that the objective of AO 05-06 is equitable[16]—that in order to ensure the effective implementation of the CARL, previous sales of landholding (without DAR clearance) should be treated as the exercise of retention rights of the landowner, as embodied in Item No. 4 of the said administrative order.[17]

The equity in this policy of AO 05-06 is apparent and easily discernible. By selling his landholdings, it is reasonably presumed that the landowner already received an

amount (as purchase price) commensurate to the just compensation conformable with the constitutional and statutory requirement. At this point, equity dictates that he cannot claim anymore, either in the guise of his retention area or otherwise, that which he already received in the previous sale of his land.

In *Delfino, Sr. v. Anasao*,[18] the issue of whether the inclusion of the two-hectare portion sold by Delfino to SM Prime Holdings, Inc. (without DAR clearance) resulted in the diminution of his retention rights was raised before this Court. In that case, Delfino was adjudged by the DAR to be entitled to five hectares of retention area, to be taken out from the tenanted area that he owns. Subsequently, however, and without prior clearance from the DAR, Delfino sold two hectares of land to SM Prime Holdings, Inc. This supervening event prompted the DAR Secretary to clarify his previous Order (albeit the same having already attained finality) and *found it fair and equitable to include the two-hectare portion sold to SM Prime Holdings, Inc. as part of Delfino's retention area*. Consequently, Delfino is now entitled only to the balance of three hectares. Upon motion for reconsideration by Delfino, the DAR Secretary explained that the clarification was made *in order not to circumvent the five-hectare limitation as said landowner "cannot [be allowed to] simultaneously enjoy x x x the proceeds of the [sale] and at the same time exercise the right of retention under CARP.* "[19] This Court upheld the clarification issued by the DAR Secretary insofar as in holding that Delfino had partially exercised his right of retention when he sold two hectares to SM Prime Holdings, Inc. after his application for retention was granted by the DAR.[20] We do not see any reason why the same principle cannot be applied in this case.

In relation to this, we also take note of the submissions of the DAR pertaining to the "immense danger to the implementation of CARP" that it perceives to arise as a consequence of our Decision. Particularly, DAR posits that the Decision "will provide landowners unbridled freedom to dispose any or all of their agricultural properties without DAR clearance and still at a moment's notice decide which of those lands he wishes to retain, *to the prejudice not only of the tenants and/or farmer beneficiaries but of the entire CARP as well.*"[21] It further posits that to allow Carriedo to claim the subject landholdings as his retained area "will in effect put on hold the implementation of [the] CARP to wait for the landowner, despite selling majority of his agricultural landholdings, and despite receiving compensation for the same, to still be able to choose the retention area."[22]

The DAR, therefore, maintains that AO 05-06 is the regulation adopted by the agency precisely in order to prevent these perceived dangers in the implementation of the CARL. The policy behind AO 05-06 should deter any attempt to circumvent the provisions of the CARL which may arise under a factual milieu similar in this case.

We also agree with the DAR on this point.

AO 05-06 is in consonance with the Stewardship Doctrine, which has been held to be the property concept in Section 6,[23] Article II of the 1973 Constitution. Under this concept, private property is supposed to be held by the individual only as a trustee for the people in general, who are its real owners. As a mere steward, the individual must exercise his rights to the property not for his own exclusive and selfish benefit but for the good of the entire community or nation.[24] Property use

must not only be for the benefit of the owner but of society as well. The State, in the promotion of social justice, may regulate the acquisition, ownership, use, enjoyment, and disposition of private property, and equitably diffuse property ownership and profits.[25] It has been held that Presidential Decree No. 27, one of the precursors of the CARL, embodies this policy and concept.[26]

This interpretation is consistent with the objective of the agrarian reform program, which is, of course, land distribution to the landless farmers and farmworkers.[27] The objective is carried out by Item No. 4 of AO 05-06 as it provides for the consequences in situations where a landowner had sold portions of his/her land with an area more than the statutory limitation of five hectares. In this scenario, Item No. 4 of AO 05-06 treats the sale of the first five hectares as the exercise of the landowner's retention rights. The reason is that, effectively, the landowner has already chosen, and in fact has already disposed of, and has been duly compensated for, the area he is entitled to retain under the law.

Further, Item No. 4 of AO 05-06 is consistent with Section 70[28] of the CARL as the former likewise treats the sale of the first five hectares (in case of multiple/series of transactions) as valid, such that the same already constitutes the retained area of the landowner. This legal consequence arising from the previous sale of land therefore eliminates the prejudice, in terms of equitable land distribution, that may befall the landless farmers and farmworkers.

We note that records also bear that the previous sale of Carriedo's landholdings was made in violation of the law, being made without the clearance of the DAR.[29] To rule that Carriedo is still entitled to retain the subject landholding will, in effect, reward the violation, which this Court cannot allow. We emphasize that the right of retention 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.[30] In this case, however, Carriedo claims his right over the subject landholding ***not*** because he was "deprived" of a portion of his land as a consequence of compulsory land coverage, but precisely because he already previously sold his landholdings, so that the subject landholding is the only portion left for him.

Although constitutionally guaranteed, the exercise of a landowner's right of retention should not be done without due regard to other considerations which may affect the implementation of the agrarian reform program. This is especially true when such exercise pays no heed to the intent of the law, or worse, when such exercise amounts to its circumvention.

In view of the foregoing, we hold that Item No. 4 of AO 05-06 is valid. Indeed, the issue in this case is more than the mere claim of an individual to his retained area, but had been, at the onset, an issue of the implementation of the CARL in line with the mandate and objective as set forth in the Constitution.

On Certificate of Land Ownership Award

The Decision also adjudged that CLOAs are not equivalent to a Torrens certificate of title, and thus are not indefeasible.[31] The DAR disagrees and submits that this ruling relegated Emancipation Patents and CLOAs to the status of a Certificate of