697 Phil. 433

THIRD DIVISION

[G.R. No. 184950, October 11, 2012]

NGEI MULTI-PURPOSE COOPERATIVE INC. AND HERNANCITO RONQUILLO, PETITIONERS, VS. FILIPINAS PALMOIL PLANTATION INC. AND DENNIS VILLAREAL, RESPONDENTS.

D E C I S I O N

MENDOZA, J.:

This is a petition for review on certiorari under Rule 45 of the Rules of Court assailing the May 9, 2008 Decision[1] of the Court of Appeals (*CA*) in CA-G.R. SP No. 99552 and its October 3, 2008 Resolution[2] denying the motion for reconsideration thereof.

The Facts

On December 2, 1988, the petitioner NGEI Multi-Purpose Cooperative Inc. (*NGEI Coop*), a duly-registered agrarian reform workers' cooperative, was awarded by the Department of Agrarian Reform (*DAR*) 3,996.6940 hectares of agricultural land for palm oil plantations located in Rosario and San Francisco, Agusan del Sur.

On March 7, 1990, NGEI Coop entered into a lease agreement with respondent Filipinas Palmoil Plantation, Inc. (*FPPI*), formerly known as NDC Gutrie Plantation, Inc., over the subject property commencing on September 27, 1988 and ending on December 31, 2007. Under the lease agreement, FPPI (as lessee) shall pay NGEI Coop (as lessor) a yearly fixed rental of ?635.00 per hectare plus a variable component equivalent to 1% of net sales from 1988 to 1996, and ½% from 1997 to 2007.[3]

On January 29, 1998, the parties executed an *Addendum* to the Lease Agreement (*Addendum*) which provided for the extension of the lease contract for another 25 years from January 1, 2008 to December 2032. The *Addendum* was signed by Antonio Dayday, Chairman of the NGEI Coop, and respondent Dennis Villareal (*Villareal*), the President of FPPI, and witnessed by DAR Undersecretary Artemio Adasa. The annual lease rental remained at P635.00 per hectare, but the package of economic benefits for the *bona fide* members of NGEI Coop was amended and increased, as follows:

Years Covered	Amount (Per Hectare)
1998 – 2002	P1,865.00
2003 – 2006	P2,365.00
2007 – 2011	P2,865.00
2012 – 2016	P3,365.00
2017 – 2021	P3,865.00

2022 – 2026	P4,365.00
2027 – 2031	P4,865.00
2032	P5,365.00[4]

On June 20, 2002, NGEI Coop and petitioner Hernancito Ronquillo (*Ronquillo*) filed a complaint for the Nullification of the Lease Agreement and the *Addendum* to the Lease Agreement before the Department of Agrarian Reform Adjudication Board (*DARAB*) Regional Adjudicator of San Francisco, Agusan del Sur (*Regional Adjudicator*). The case was docketed as DARAB Case No. XIII (03)–176. The petitioners alleged, among others, that the *Addendum* was null and void because Antonio Dayday had no authority to enter into the agreement; that said *Addendum* was approved neither by the farm worker-beneficiaries nor by the Presidential Agrarian Reform Council (*PARC*) Executive Committee, as required by DAR Administrative Order (*A.O.*) No. 5, Series of 1997; that the annual rental and the package of economic benefits were onerous and unjust to them; and that the lease agreement and the *Addendum* unjustly deprived them of their right to till their own land for an exceedingly long period of time, contrary to the intent of Republic Act (*R.A.*) No. 6657, as amended by R.A. No. 7905.

In its Decision,[5] dated February 3, 2004, the Regional Adjudicator declared the *Addendum* as null and void for having been entered into by Antonio Dayday without the express authority of NGEI Coop, and for having been executed in violation of the Rules under A.O. No. 5, Series of 1997.

FPPI filed a motion for reconsideration. The Regional Adjudicator, finding merit in the said motion, reversed his earlier decision in an Order, dated March 22, 2004. He dismissed the complaint for the nullification of the *Addendum* on the grounds of prescription and lack of cause of action. The Regional Adjudicator further opined that the *Addendum* was valid and binding on both the NGEI Coop and FPPI and, the petitioners having enjoyed the benefits under the *Addendum* for more than four (4) years before filing the complaint, were considered to have waived their rights to assail the agreement.

The petitioners moved for a reconsideration of the said order but the Regional Adjudicator denied it in the Order dated April 28, 2004.

On appeal, the DARAB Central Office rendered the October 9, 2006 Decision.[6] It found no reversible error on the findings of fact and law by the Regional Adjudicator and disposed the case as follows:

> WHEREFORE, premises considered, the instant Appeal is DENIED for lack of merit and the assailed Order dated March 22, 2004 is hereby affirmed.
>
> SO ORDERED.[7]

After their motion for reconsideration was denied, the petitioners appealed to the CA via a petition for review under Rule 43 of the Rules of Court.

On May 9, 2008, the CA rendered the assailed decision upholding the validity and

binding effect of the *Addendum* as it was freely and voluntarily executed between the parties, devoid of any vices of consent. The CA sustained its validity on the basis of the civil law principle of mutuality of contracts that the parties were bound by the terms and conditions unequivocally expressed in the addendum which was the law between them.

In dismissing the petition, the CA ratiocinated that the findings of fact of the Regional Adjudicator and the DARAB were supported by substantial evidence. Citing the case of *Sps. Joson v. Mendoza*,[8] the CA held that such findings of the agrarian court being supported by substantial evidence were conclusive and binding on it.

The petitioners filed a motion for reconsideration of the said decision on the grounds, among others, that the findings of fact of the Regional Adjudicator were in conflict with those of the DARAB and were not supported by the evidence on record; and that the conclusions of law were not in accordance with applicable law and existing jurisprudence. The motion, however, was denied for lack of merit by the CA in its Resolution, dated October 3, 2008.

Hence, NGEI Coop and Ronquillo interpose the present petition before this Court anchored on the following

GROUNDS

(I)

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN NOT HOLDING THAT THE ASSAILED ADDENDUM IS VOID AB-INITIO, THE SAME HAVING BEEN EXECUTED WITHOUT THE CONSENT OF ONE OF THE PARTIES THERETO (Petitioner NGEI-MPC), BY REASON OF THE ABSENCE OF AUTHORITY TO EXECUTE THE SAME GIVEN BY SAID PARTY TO THE SUBSCRIBING INDIVIDUAL (Dayday) AND THE FACT THAT THE ADDENDUM WAS NEVER RATIFIED BY THE GENERAL MEMBERSHIP OF NGEI-MPC.

(II)

THE HONORABLE COURT OF APPEALS ERRED IN NOT HOLDING THAT THE ADDENDUM TO LEASE AGREEMENT IS NULL AND VOID FOR BEING CONTRARY TO LAW, MORALS, GOOD CUSTOMS, AND PUBLIC POLICY.

(III)

THE HONORABLE COURT OF APPEALS, WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION, SERIOUSLY ERRED IN HOLDING THAT THE DECISION OF THE DARAB IS SUPPORTED BY SUBSTANTIAL EVIDENCE.

(IV)

WHETHER OR NOT PETITIONERS' CAUSE OF ACTION HAS PRESCRIBED.[9]

The sole issue for the Court's resolution is whether the CA committed reversible error of law when it affirmed the decision of the DARAB which upheld the order of the Regional Adjudicator dismissing the petitioners' complaint for the nullification of the *Addendum.*

The Court finds the petition bereft of merit.

The petitioners contend that the CA gravely erred in upholding the validity of the *Addendum.* They allege that the yearly lease rental of P635.00 per hectare stipulated in the *Addendum* was unconscionable because it violated the prescribed minimum rental rates under DAR A.O. No. 5, Series of 1997 and R.A. No. 3844 which mandate that the lease rental should not be less than the yearly amortization and taxes. They also argue that it constitutes an infringement on the policy of the State to promote social justice for the welfare and dignity of farmers and farm workers.

Relying on the same A.O. No. 5, the petitioners further argue that the *Addendum* with another 25 years of extension period was invalid for lack of approval by the PARC Executive Committee; that Antonio Dayday had no authority to enter into the *Addendum* on behalf of NGEI Coop; that the authority given, if any, was merely for a review of the lease agreement and to negotiate with FPPI on the specific issue of land lease rental through a negotiating panel or committee, to which Dayday was a member; that Dayday's act of signing for, and in behalf of, NGEI Coop being *ultra vires* was null and void; that it was Vicente Flora who was authorized to sign the *Addendum* as shown in Resolution No. 1, Series of 1998; that the *Addendum* was not ratified through the use of attendance sheets for meal and transportation allowance; that neither did NGEI Coop and its members ratify the *Addendum* by their receipt of its so-called economic benefits; and that their acceptance of the benefits under the agreement was not an indication of waiver of their right to pursue their claims against FPPI considering their consistent actions to contest the subject *Addendum*.

The respondents, on the other hand, posit in their Comment[10] and reiterated in their Memorandum[11] that by raising factual issues, the petitioners were seeking a review of the factual findings of the Regional Adjudicator and the DARAB which is proscribed in a petition for review under Rule 45 of the Rules of Court. They add that the findings of the said administrative agencies, having been sustained by the CA in the assailed decision and supported by substantial evidence, should be respected.

The respondents further state that the CA correctly ruled that the *Addendum* was a valid and binding contract. They claim that the package of economic benefits under the *Addendum* was not unconscionable or contrary to public policy.

Indeed, the issues raised in this petition are mainly factual in nature. Factual issues are not proper subjects of the Court's power of judicial review. Well-settled is the

rule that only questions of law can be raised in a petition for review under Rule 45 of the Rules of Civil Procedure.[12] It is, thus, beyond the Court's jurisdiction to review the factual findings of the Regional Adjudicator, the DARAB and the CA as regards the validity and the binding effect of the *Addendum*. Whether or not the person who signed the *Addendum* on behalf of the NGEI Coop was authorized to do so; whether or not the NGEI Coop members ratified the *Addendum*; whether or not the rental rates prescribed in the *Addendum* were unconscionably low so as to be illegal, and whether or not the NGEI Coop had consistently assailed the validity of the *Addendum* even prior to the filing of the complaint with the Regional Adjudicator, are issues of fact which cannot be passed upon by the Court for the simple reason that the Court is not a trier of facts.

As held in the recent case of *Carpio v. Sebastian,*[13] thus:

> x x x It bears stressing that in a petition for review on certiorari, the scope of this Court's judicial review of decisions of the Court of Appeals is generally confined only to errors of law, and questions of fact are not entertained. We elucidated on our fidelity to this rule, and we said:
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> Thus, **only questions of law may be brought by the parties and passed upon by this Court in the exercise of its power to review. Also, judicial review by this Court does not extend to a reevaluation of the sufficiency of the evidence** upon which the proper x x x tribunal has based its determination.
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> It is aphoristic that **a re-examination of factual findings cannot be done through a petition for review on certiorari under Rule 45 of the Rules of Court** because as earlier stated, this Court is not a trier of facts; it reviews only questions of law. The **Supreme Court is not duty-bound to analyze and weigh again the evidence considered in the proceedings below**.[14]

In the present case, the Court finds no cogent reason to depart from the aforementioned settled rule. The DARAB made the following findings, *viz*:

> This Board finds that the said "*Addendum* to the Lease Agreement" is valid and binding to both parties. While the complainant impugn[s] the validity of the "*Addendum*" based on the ground that Chairman Dayday was not authorized by the Cooperative to enter into the Agreement, based on the records, a series of Resolution was made authorizing the Chairman to enter into the said "*Addendum*." Granting en arguendo that Chairman Dayday was not authorized to enter into the said Agreement, the fact remains that the terms and stipulations in the *Addendum* had been observed and enforced by the parties for several years. Both parties have benefited from the said contract. If indeed Chairman Dayday was not authorized to enter into said Agreement, why does the Cooperative have to wait for four (4) years to impugn the validity of the Contract. Thus, the Adjudicator a quo is correct in his findings that: