

## THIRD DIVISION

**[ G.R. No. 178895, January 10, 2011 ]**

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE  
DEPARTMENT OF AGRARIAN REFORM, THROUGH THE HON.  
SECRETARY NASSER C. PANGANDAMAN, PETITIONER, VS.  
SALVADOR N. LOPEZ AGRI-BUSINESS CORP., REPRESENTED BY  
SALVADOR N. LOPEZ, JR., PRESIDENT AND GENERAL MANAGER,  
RESPONDENT.**

**[G.R. NO. 179071]**

**SALVADOR N. LOPEZ AGRI-BUSINESS CORP., REPRESENTED BY  
SALVADOR N. LOPEZ, JR., PRESIDENT AND GENERAL MANAGER,  
PETITIONER, VS. DEPARTMENT OF AGRARIAN REFORM,  
THROUGH THE HONORABLE SECRETARY, RESPONDENT.**

### D E C I S I O N

**SERENO, J.:**

Before us are two Rule 45 Petitions <sup>[1]</sup> filed separately by the Department of Agrarian Reform (DAR), through the Office of the Solicitor General, and by the Salvador N. Lopez Agri-Business Corp. (SNLABC). Each Petition partially assails the Court of Appeals Decision dated 30 June 2006 <sup>[2]</sup> with respect to the application for exemption of four parcels of land - located in Mati, Davao Oriental and owned by SNLABC - from Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL).

There is little dispute as to the facts of the case, as succinctly discussed by the Court of Appeals and adopted herein by the Court, to wit:

Subject of this petition are four (4) parcels of land with an aggregate area of 160.1161 hectares registered in the name of Salvador N. Lopez Agri-Business Corporation. Said parcels of land are hereinafter described as follows:

| Title No.                           | Area         | Location                              |
|-------------------------------------|--------------|---------------------------------------|
| TCT No. T-12635 (Lot 1454-A & 1296) | 49.5706 has. | Bo. Limot, Mati, Davao Oriental       |
| TCT No. T-12637 (Lot 1298)          | 42.6822 has. | Bo. Don Enrique Lopez, Mati, Dvo. Or. |
| TCT No. T-12639 (Lot 1293-B)        | 67.8633 has. | Bo. Don Enrique Lopez, Mati, Dvo. Or. |

On August 2, 1991, Municipal Agrarian Reform Officer (MARO) Socorro C. Salga issued a Notice of Coverage to petitioner with regards (sic) to the aforementioned landholdings which were subsequently placed under Compulsory Acquisition pursuant to R.A. 6657 (Comprehensive Agrarian Reform Law).

On December 10, 1992, petitioner filed with the Provincial Agrarian Reform Office (PARO), Davao Oriental, an Application for Exemption of the lots covered by TCT No. T-12637 and T-12639 from CARP coverage. It alleged that pursuant to the case of *Luz Farms v. DAR Secretary* said parcels of land are exempted from coverage as the said parcels of land with a total area of 110.5455 hectares are used for grazing and habitat of petitioner's 105 heads of cattle, 5 carabaos, 11 horses, 9 heads of goats and 18 heads of swine, prior to the effectivity of the Comprehensive Agrarian Reform Law (CARL).

On December 13, 1992 and March 1, 1993, the MARO conducted an onsite investigation on the two parcels of land confirming the presence of the livestock as enumerated. The Investigation Report dated March 9, 1993 stated:

That there are at least 2 [5] to 30 heads of cows that farrow every year and if the trend of farrowing persist (sic), then the cattle shall become overcrowded and will result to scarcity of grasses for the cattle to graze;

That during the week cycle, the herds are being moved to the different adjacent lots owned by the corporation. It even reached Lot 1454-A and Lot 1296. Thereafter, the herds are returned to their respective night chute corrals which are constructed under Lot 1293-B and Lot 1298.

x x x

That the age of coconut trees planted in the area are already 40 to 50 years and have been affected by the recent drought that hit the locality.

That the presence of livestock (sic) have already existed in the area prior to the Supreme Court decision on *LUZ FARMS vs. Secretary of Agrarian Reform*. We were surprised however, why the management of the corporation did not apply for Commercial Farm Deferment (CFD) before, when the two years reglamentary (sic) period which the landowner was given the chance to file their application pursuant to R.A. 6657, implementing Administrative Order No. 16, Series of 1989;

However, with regards to what venture comes (sic) first,

coconut or livestock (sic), majority of the farmworkers including the overseer affirmed that the coconut trees and livestock (sic) were (sic) simultaneously and all of these were inherited by his (applicant) parent. In addition, the financial statement showed 80% of its annual income is derived from the livestock (sic) and only 20% from the coconut industry.

Cognitive thereto, we are favorably recommending for the exemption from the coverage of CARP based on LUZ FARMS as enunciated by the Supreme Court the herein Lot No. 1293-B Psd-65835 under TCT No. T-12639 except Lot No. 1298, Cad. 286 of TCT No. T-12637 which is already covered under the Compulsory Acquisition (CA) Scheme and had already been valued by the Land Valuation Office, Land Bank of the Philippines.

On June 24, 1993, TCT No. T-12635 covering Lots 1454-A & 1296 was cancelled and a new one issued in the name of the Republic of the Philippines under RP T-16356. On February 7, 1994, petitioner through its President, Salvador N. Lopez, Jr., executed a letter-affidavit addressed to the respondent-Secretary requesting for the exclusion from CARP coverage of Lots 1454-A and 1296 on the ground that they needed the additional area for its livestock business. On March 28, 1995, petitioner filed before the DAR Regional Director of Davao City an application for the exemption from CARP coverage of Lots 1454-A and 1296 stating that it has been operating grazing lands even prior to June 15, 1988 and that the said two (2) lots form an integral part of its grazing land.

The DAR Regional Director, after inspecting the properties, issued an Order dated March 5, 1997 denying the application for exemption of Lots 1454-A and 1296 on the ground that it was not clearly shown that the same were actually, directly and exclusively used for livestock raising since in its application, petitioner itself admitted that it needs the lots for additional grazing area. The application for exemption, however of the other two (2) parcels of land was approved.

On its partial motion for reconsideration, petitioner argued that Lots 1454-A & 1296 were taken beyond the operation of the CARP pursuant to its reclassification to a Pollutive Industrial District (Heavy Industry) per Resolution No. 39 of the Sangguniang Bayan of Mati, Davao Oriental, enacted on April 7, 1992. The DAR Regional Director denied the Motion through an Order dated September 4, 1997, ratiocinating that the reclassification does not affect agricultural lands already issued a Notice of Coverage as provided in Memorandum Circular No. 54-93: Prescribing the Guidelines Governing Section 20 of R.A. 7160.

Undaunted, petitioner appealed the Regional Director's Orders to respondent DAR. On June 10, 1998, the latter issued its assailed Order affirming the Regional Director's ruling on Lots 1454-A & 1296 and further declared Lots 1298 and 1293-B as covered by the CARP. Respondent ruled in this wise considering the documentary evidence

presented by petitioner such as the Business Permit to engage in livestock, the certification of ownership of large cattle and the Corporate Income Tax Returns, which were issued during the effectivity of the Agrarian Reform Law thereby debunking petitioner's claim that it has been engaged in livestock farming since the 1960s. Respondent further ruled that the incorporation by the Lopez family on February 12, 1988 or four (4) months before the effectivity of R.A. 6657 was an attempt to evade the noble purposes of the said law.

On October 17, 2002, petitioner's Motion for Reconsideration was denied by respondent prompting the former to file the instant petition. [3]

In the assailed Decision dated 30 June 2006, [4] the Court of Appeals partially granted the SNLABC Petition and excluded the two (2) parcels of land (Transfer Certificate of Title [TCT] Nos. T-12637 and T-12639) located in Barrio Don Enrique Lopez (the "Lopez lands") from coverage of the CARL.

However, it upheld the Decisions of the Regional Director [5] and the DAR [6] Secretary denying the application for exemption with respect to Lots 1454-A and 1296 (previously under TCT No. T-12635) in Barrio Limot (the "Limot lands"). These lots were already covered by a new title under the name of the Republic of the Philippines (RP T-16356).

The DAR and SNLABC separately sought a partial reconsideration of the assailed Decision of the Court of Appeals, but their motions for reconsideration were subsequently denied in the Court of Appeals Resolution dated 08 June 2007. [7]

The DAR and SNLABC elevated the matter to this Court by filing separate Rule 45 Petitions (docketed as G.R. No. 178895 [8] and 179071, [9] respectively), which were subsequently ordered consolidated by the Court.

The main issue for resolution by the Court is whether the Lopez and Limot lands of SNLABC can be considered grazing lands for its livestock business and are thus exempted from the coverage of the CARL under the Court's ruling in *Luz Farms v. DAR*. [10] The DAR questions the disposition of the Court of Appeals, insofar as the latter allowed the exemption of the Lopez lands, while SNLABC assails the inclusion of the Limot lands within the coverage of the CARL.

The Court finds no reversible error in the Decision of the Court of Appeals and dismisses the Petitions of DAR and SNLABC.

Preliminarily, in a petition for review on certiorari filed under Rule 45, the issues that can be raised are, as a general rule, limited to questions of law. [11] However, as pointed out by both the DAR and SNLABC, there are several recognized exceptions wherein the Court has found it appropriate to re-examine the evidence presented. [12] In this case, the factual findings of the DAR Regional Director, the DAR Secretary and the CA are contrary to one another with respect to the following issue: whether the Lopez lands were actually, directly and exclusively used for SNLABC's livestock business; and whether there was intent to evade coverage from the Comprehensive Agrarian Reform Program (CARP) based on the documentary

evidence. On the other hand, SNLABC argues that these authorities misapprehended and overlooked certain relevant and undisputed facts as regards the inclusion of the Limot lands under the CARL. These circumstances fall within the recognized exceptions and, thus, the Court is persuaded to review the facts and evidence on record in the disposition of these present Petitions.

**The Lopez lands of SNLABC are actually and directly being used for livestock and are thus exempted from the coverage of the CARL.**

Briefly stated, the DAR questions the object or autoptic evidence relied upon by the DAR Regional Director in concluding that the Lopez lands were actually, directly and exclusively being used for SNLABC's livestock business prior to the enactment of the CARL.

In *Luz Farms v. Secretary of the Department of Agrarian Reform*, [13] the Court declared unconstitutional the CARL provisions [14] that included lands devoted to livestock under the coverage of the CARP. The transcripts of the deliberations of the Constitutional Commission of 1986 on the meaning of the word "agricultural" showed that it was never the intention of the framers of the Constitution to include the livestock and poultry industry in the coverage of the constitutionally mandated agrarian reform program of the government. [15] Thus, lands devoted to the raising of livestock, poultry and swine have been classified as industrial, not agricultural, and thus exempt from agrarian reform. [16]

Under the rules then prevailing, it was the Municipal Agrarian Reform Officer (MARO) who was primarily responsible for investigating the legal status, type and areas of the land sought to be excluded; [17] and for ascertaining whether the area subject of the application for exemption had been devoted to livestock-raising as of 15 June 1988. [18] The MARO's authority to investigate has subsequently been replicated in the current DAR guidelines regarding lands that are actually, directly and exclusively used for livestock raising. [19] As the primary official in charge of investigating the land sought to be exempted as livestock land, the MARO's findings on the use and nature of the land, if supported by substantial evidence on record, are to be accorded greater weight, if not finality.

Verily, factual findings of administrative officials and agencies that have acquired expertise in the performance of their official duties and the exercise of their primary jurisdiction are generally accorded not only respect but, at times, even finality if such findings are supported by substantial evidence. [20] The Court generally accords great respect, if not finality, to factual findings of administrative agencies because of their special knowledge and expertise over matters falling under their jurisdiction. [21]

In the instant case, the MARO in its ocular inspection [22] found on the Lopez lands several heads of cattle, carabaos, horses, goats and pigs, some of which were covered by several certificates of ownership. There were likewise structures on the Lopez lands used for its livestock business, structures consisting of two chutes where the livestock were kept during nighttime. The existence of the cattle prior to the enactment of the CARL was positively affirmed by the farm workers and the