

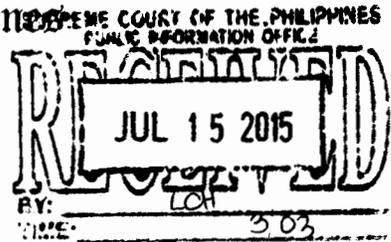


Republic of the Philippines

Supreme Court

Manila

FIRST DIVISION



DEPARTMENT OF AGRARIAN REFORM, through its PROVINCIAL AGRARIAN REFORM OFFICER OF DAVAO CITY, and THE MUNICIPAL AGRARIAN REFORM OFFICER OF CALINAN, DAVAO CITY, Petitioners,

G. R. No. 188174

Present:

SERENO, CJ, Chairperson, LEONARDO-DE CASTRO, BERSAMIN, PEREZ, and PERLAS-BERNABE, JJ.

- versus -

WOODLAND AGRO-DEVELOPMENT, INC.,

Respondent.

Promulgated:

JUN 29 2015

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DECISION

SERENO, CJ:

This Petition for Review under Rule 45 seeks the nullification of the Decision<sup>1</sup> dated 2 February 2009 issued by the Regional Trial Court of Davao City Branch 14 (RTC) and its Order<sup>2</sup> dated 8 May 2009 in Special Civil Case No. 30855-2005. The RTC nullified the Notice of Coverage (NOC) dated 11 December 2003 and Notice of Acquisition (NOA) dated 5 October 2004 issued by petitioner Department of Agrarian Reform (DAR) over a portion of a parcel of land owned by respondent Woodland Agro-Development, Inc. (Woodland). The court also denied DAR's Motion for Reconsideration.<sup>3</sup>

The issue before this Court is whether Republic Act No. 8532 (R.A. 8532) authorized the DAR to issue Notices of Coverage and Acquisition after 15 June 1998, or beyond the 10-year implementation period provided

<sup>1</sup> Rollo, pp. 14-17; Penned by Presiding Judge George E. Omelio.

<sup>2</sup> Id. at 22.

<sup>3</sup> Id.



for in Section 5 of Republic Act No. 6657 (R.A. 6657) or the Comprehensive Agrarian Reform Law (CARL), which states:

SECTION 5. Schedule of Implementation. — The distribution of all lands covered by this Act shall be implemented immediately and completed within ten (10) years from the effectivity thereof.

The Court rules that R.A. 8532 extended the term of the implementation of the Comprehensive Agrarian Reform Program (CARP) under the CARL. Consequently, the NOC dated 11 December 2003 and NOA dated 5 October 2004 issued over the portion of respondent's land are valid.

### ANTECEDENT FACTS

Woodland is the registered owner of a parcel of agricultural land covered by Transfer Certificate of Title (TCT) No. T-113207 with an area of 10.0680 hectares located at Subasta, Calinan, Davao City.<sup>4</sup> On 11 December 2003, the DAR issued an NOC<sup>5</sup> placing 5.0680 hectares under the coverage of the CARL for having exceeded the retention limit<sup>6</sup> provided by law.

TCT No. T-113207 was canceled, and a new title covering 5.0680 hectares was issued in the name of the Republic of the Philippines.<sup>7</sup> Thereafter, on 14 February 2005, Certificates of Land Ownership Award (CLOAs) were issued in favor of five farmer beneficiaries.<sup>8</sup>

On 3 March 2005, Woodland filed with the RTC a Complaint<sup>9</sup> for "Declaratory Relief, Annulment of the Notice of Coverage under R.A. 6657, with Prayer for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction." Woodland contended that the issuance of the NOC was illegal, because R.A. 6657 had already expired on 15 June 1998.<sup>10</sup> It argued that pursuant to Section 5 of the law, the agency had a period of ten (10) years to implement the CARP from the time of its effectivity on 15 June 1988. It further argued that the CARL's amendatory law, R.A. 8532, did not

<sup>4</sup> Id. at 6.

<sup>5</sup> Id. at 33.

<sup>6</sup> SECTION 6. *Retention Limits.* — Except as otherwise provided in this Act, no person may own or retain, directly or indirectly, any public or private agricultural land, the size of which shall vary according to factors governing a viable family-size farm, such as commodity produced, terrain, infrastructure, and soil fertility as determined by the Presidential Agrarian Reform Council (PARC) created hereunder, but in no case shall retention by the landowner exceed five (5) hectares. Three (3) hectares may be awarded to each child of the landowner, subject to the following qualifications: (1) that he is at least fifteen (15) years of age; and (2) that he is actually tilling the land or directly managing the farm: *Provided*, That landowners whose lands have been covered by Presidential Decree No. 27 shall be allowed to keep the areas originally retained by them thereunder: *Provided, further*, That original homestead grantees or their direct compulsory heirs who still own the original homestead at the time of the approval of this Act shall retain the same areas as long as they continue to cultivate said homestead.

<sup>7</sup> *Rollo*, p. 6.

<sup>8</sup> The five farmer beneficiaries are Alfredo M. Solmayor, Rolando D. Fuentes, Silvano E. Sedentario, Frank Lloyd S. Sedentario, and Alfredo E. Sedentario.

<sup>9</sup> *Rollo*, pp. 23-30.

<sup>10</sup> Id. at 24.

extend the DAR's authority to acquire agrarian lands for distribution. It theorized that the budget augmentations legislated in R.A. 8532 pertained only to the funding requirements of the other facets of the CARP implementation and excluded the acquisition of private agricultural lands.<sup>11</sup>

The DAR hinged its Answer<sup>12</sup> on Department of Justice (DOJ) Opinion No. 009, Series of 1997 issued by then DOJ Secretary Teofisto Guingona, Jr. He opined that Section 5 was merely directory in character; that the 10-year period of implementation was only a time frame given to the DAR for the acquisition and distribution of public and private agricultural lands covered by R.A. 6657.<sup>13</sup> The schedule was meant to guide the DAR in setting its priorities, but it was not by any means a limitation of authority in the absence of more categorical language to that effect.<sup>14</sup>

### THE RULING OF THE RTC

The RTC ruled that the DAR's act of sending Woodland an NOC was already a breach of R.A. 6657, since the NOC was issued beyond the 10-year period prescribed by law.<sup>15</sup> The trial court further ruled that R.A. 8532 only amended the CARL's provision on the sourcing of funds for the implementation of the CARP, and not the provision on the period within which the DAR may acquire lands for distribution. The court held that R.A. 8532 did not extend the 10-year period of land acquisition.<sup>16</sup> Neither did it overstep the DAR's jurisdiction to try agrarian matters, but only determined Woodland's rights under the CARL.<sup>17</sup>

The dispositive portion<sup>18</sup> of the RTC Decision reads:

Premises considered, this Court rules in favor of the plaintiff and judgment is rendered as follows:

1. Declaring that Republic Act No. [8532] did not extend the acquisition of private lands beyond June 15, 1998 and;
2. Nullifying the [Notice] of Coverage dated December 11, 2003 and the Notice of Acquisition dated October 5, 2004.

After its Motion for Reconsideration was denied, petitioner elevated the case to this Court via a Petition for Review under Rule 45.

### THE ISSUE

The sole issue raised by petitioner is whether it can still issue Notices of Coverage after 15 June 1998.

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<sup>11</sup> Id. at 27.

<sup>12</sup> Id. at 35-40.

<sup>13</sup> Id. at 36.

<sup>14</sup> Id.

<sup>15</sup> Id. at 15.

<sup>16</sup> Id. at 16.

<sup>17</sup> Id.

<sup>18</sup> Id. at 17.

### THE COURT'S RULING

Article XIII, Section 4 of the 1987 Constitution encapsulates the people's yearning for genuine agrarian reform. The provision states:

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.

Sixteen months after the ratification of the Constitution, Congress enacted the CARL.<sup>19</sup> The policy of the law is to pursue a Comprehensive Agrarian Reform Program that shall give highest consideration to the welfare of landless farmers and farmworkers to promote social justice; move the nation toward sound rural development and industrialization; and establish owner cultivatorship of economic-size farms as the basis of Philippine agriculture. To this end, a more equitable distribution and ownership of land shall be undertaken with due regard for the rights of landowners to just compensation and to the ecological needs of the nation 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.<sup>20</sup>

In *Secretary of Agrarian Reform v. Tropical Homes, Inc.*,<sup>21</sup> we recognized the CARL as a "bastion of social justice of poor landless farmers, the mechanism designed to redistribute to the underprivileged the natural right to toil the earth, and to liberate them from oppressive tenancy." To those who seek the law's benefit, it is the means towards a viable livelihood and ultimately, a decent life.<sup>22</sup>

The Court is guided by these principles in the resolution of the present Petition for Review on Certiorari.

The agrarian reform program, being one of the immutable hallmarks of the 1987 Constitution, must be faithfully implemented to meet the ends of social justice. The Court cannot subscribe to Woodland's stance that the DAR's authority to issue notices of coverage and acquisition ceased after the 10-year implementation period mentioned in Section 5 of the CARL. Such a view runs afoul of the constitutional mandate firmly lodged in Article XIII,

<sup>19</sup> The CARL was approved on 10 June 1988 and took effect after its publication on 14 June 1988.

<sup>20</sup> R.A. 6657, Section 2, pars. 1 & 2.

<sup>21</sup> 414 Phil. 389 (2001).

<sup>22</sup> Id. at 396-397.

Section 4, which seeks the just distribution of all agricultural lands to qualified farmers and farm workers to free them from oppressive tenancy agreements.

The success of the CARP depends heavily on the adept implementation by the DAR. The agency's primordial procedural tool for realizing the law's objectives is the issuance of Notices of Coverage and Acquisition. For us to sustain Woodland's theory that the DAR can no longer issue those notices after 15 June 1998 despite the enactment of R.A. 8532 would thwart the CARP's purpose. As the Court ruled in *Gonzales v. Court of Appeals*:<sup>23</sup>

[O]ur laws on agrarian reform were enacted primarily because of the realization that there is an urgent need to alleviate the lives of the vast number of poor farmers in our country. Yet, despite such laws, the majority of these farmers still live on a hand-to-mouth existence. This can be attributed to the fact that these agrarian laws have never really been effectively implemented.

Woodland asserts that R.A. 8532 only amended R.A. 6657 insofar as the funding requirements for the CARP are concerned. It disputes the extension of the DAR's authority to acquire and distribute private agricultural lands.

The first paragraph of Section 63, as originally worded and as amended, used the phrase "this Act" to refer to CARL as a whole.

Originally, the first paragraph of Section 63 reads:

SECTION 63. Funding Source. — The initial amount needed to implement **this Act for the period of ten (10) years upon approval** hereof shall be funded from the Agrarian Reform Fund created under Sections 20 and 21 of Executive Order No. 229. (Emphasis supplied)

As amended by R.A. 8532, the first paragraph of Section 63 stated:

SECTION 63. Funding Source. — The amount needed to implement **this Act until the year 2008** shall be funded from the Agrarian Reform Fund. (Emphasis supplied)

In 2009, Congress again amended certain provisions of the CARL, including Section 63.<sup>24</sup> The latest revision of the first paragraph recites:

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<sup>23</sup> 411 Phil. 232, 243 (2001).

<sup>24</sup> R.A. 9700.



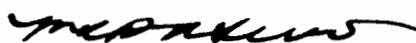
SECTION 63. Funding Source. - The amount needed to further implement the CARP as provided in **this Act, until June 30, 2014**, upon expiration of funding under Republic Act No. 8532 and other pertinent laws, shall be funded from the Agrarian Reform Fund and other funding sources in the amount of at least One hundred fifty billion pesos (₱150,000,000,000.00). (Emphasis supplied)

Clearly, Section 63 refers to the implementation of the CARL in its entirety, not just the funding source. Indeed, R.A. 8532 specifically amended Section 63 of R.A. 6657, but it does not follow that only Section 63 had been affected by the amendment. The fact that Section 63 falls under the chapter on “Financing” only emphasizes its general applicability. Hence, the phrase “until the year 2008” used in R.A. 8532 unmistakably extends the DAR’s authority to issue NOCs for purposes of acquiring and distributing private agricultural lands.

Finally, R.A. 9700 extended the acquisition and distribution of all agricultural lands until 30 June 2014.<sup>25</sup> The title alone of R.A. 9700 — An Act Strengthening the Comprehensive Agrarian Reform Program (CARP), Extending the Acquisition and Distribution of All Agricultural Lands, Instituting Necessary Reforms, Amending for the Purpose Certain Provisions of Republic Act No. 6657, Otherwise Known as the Comprehensive Agrarian Reform Law of 1988, As Amended, and Appropriating Funds Therefor — reveals that the CARP was indeed extended from 1998 to 2008 via R.A. 8532. Had there been no prior extension from 1998 to 2008, how else could the CARP have been extended by R.A. 9700 until 30 June 2014? There could have been an extension only if the program sought to be extended had not expired.

**WHEREFORE**, the foregoing Petition is **GRANTED**. The Decision dated 2 February 2009 and Order dated 8 May 2009 of the Regional Trial Court of Davao City Branch 14 in Special Civil Case No. 30855-2005 are **REVERSED** and **SET ASIDE**. The DAR’s Notice of Coverage dated 11 December 2003 and Notice of Acquisition dated 5 October 2004 are **UPHELD** with full effect.

**SO ORDERED.**



**MARIA LOURDES P. A. SERENO**  
Chief Justice, Chairperson

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<sup>25</sup>Id., sec. 5.

WE CONCUR:

*Teresita Leonardo de Castro*  
**TERESITA J. LEONARDO-DE CASTRO**  
Associate Justice

*Lucas P. Bersamin*  
**LUCAS P. BERSAMIN**  
Associate Justice

*Jose Portugal Perez*  
**JOSE PORTUGAL PEREZ**  
Associate Justice

*Estela M. Perlas-Bernabe*  
**ESTELA M. PERLAS-BERNABE**  
Associate Justice

### CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

*Maria Lourdes P. A. Sereno*  
**MARIA LOURDES P. A. SERENO**  
Chief Justice

