



Republic of the Philippines
Supreme Court
Baguio City

SECOND DIVISION

HEIRS OF LAZARO GALLARDO,
namely: **PROSPERIDAD PANLAQUI-**
GALLARDO, MARIA CARMEN P.
GALLARDO-NUNAG,
MARIO LAZARO P. GALLARDO,
JOY CATALINA P. GALLARDO,
PINKY PERPETUA P. GALLARDO
and **LAZARO P. GALLARDO, JR.,**
Petitioners,

- versus -

PORFERIO SOLIMAN,
VIVIAN VALETE, and
ANTONIO SOLIMAN,
*Respondents.**

GR. No. 178952

Present:

CARPIO, *Chairperson,*
BRION,
DEL CASTILLO,
PEREZ, *and*
PERLAS-BERNABE, *JJ.*

Promulgated:

APR 10 2013 *HH Cabalag/Perfecto*

X - - - - -

DECISION

DEL CASTILLO, J.:

When one party enters into a covenant with another, he must perform his obligations with fealty and good faith. This becomes more imperative where such party has been given a grant, such as land, under the land reform laws. While the tenant is emancipated from bondage to the soil, the landowner is entitled to his just compensation for the deprivation of his land.

This Petition for Review on *Certiorari*¹ assails the May 21, 2007 Resolution² of the Court of Appeals (CA) in CA-GR. SP No. 98730 as well as its

* The Provincial Agrarian Reform Officer and the Register of Deeds of Tarlac who were originally impleaded as respondents were no longer indicated in the caption pursuant to Section 4, Rule 45 of the Rules of Court.

¹ *Rollo*, pp. 15-35.

² *Id.* at 37-38; penned by Associate Justice Amelita G. Tolentino and concurred in by Associate Justices Lucenito N. Tagle and Mariflor P. Punzalan-Castillo.

July 23, 2007 Resolution³ denying petitioners' Motion to Reconsider.⁴

Factual Antecedents

Petitioners Prosperidad Panlaqui-Gallardo (Prosperidad), Maria Carmen P. Gallardo-Nunag, Mario Lazaro P. Gallardo, Joy Catalina P. Gallardo, Pinky Perpetua P. Gallardo and Lazaro P. Gallardo, Jr. are the heirs of Lazaro Gallardo (Lazaro). Lazaro and Prosperidad are the registered owners of a 4.3699-hectare parcel of land in Balingcanaway, Tarlac, Tarlac, covered by Transfer Certificate of Title No. (TCT) 97603⁵ (the land). The land was placed under the coverage of Operation Land Transfer pursuant to Presidential Decree (PD) No. 27,⁶ and respondent Porferio Soliman (Porferio) was instituted as a qualified farmer tenant-transferee thereof.

On June 2, 1995, petitioners filed a Complaint⁷ for collection of land amortizations, dispossession, ejectment, and cancellation of Deed of Transfer⁸ and Emancipation Patent against respondent Porferio before the Office of the Provincial Agrarian Reform Adjudicator (PARAD), Diwa ng Tarlak, Tarlac City. The case was docketed as DARAB Case No. 898-T'95.

The Complaint was later amended⁹ to include, as additional respondents, Vivian Valeté (Vivian), Antonio Soliman (Antonio), the Provincial Agrarian Reform Office of Tarlac (Tarlac PARO), and the Register of Deeds of Tarlac.

It appears that a *Kasunduan*¹⁰ dated December 10, 1985 and a notarized Deed of Transfer¹¹ were executed by Lazaro and Porferio. Under said deeds, Porferio, as sole farmer-beneficiary and in consideration for the transfer of the whole of the land in his favor, obliged himself to pay the petitioners 999 cavans of *palay* in 15 equal yearly amortizations under the government's Direct Payment Scheme pursuant to PD 27. It was agreed that an advance payment of 66 cavans and 28 kilos, representing total lease payments made by Porferio to Lazaro since 1973, shall be deducted from the 999 cavans, thus leaving an annual amortization to be made by Porferio of about 62 cavans or 16 cavans¹² per hectare per year. However, Porferio paid only a total of 121.2 cavans or 480.9 cavans short of the

³ Id. at 40-42.

⁴ CA *rollo*, pp. 147-155.

⁵ DARAB records, p. 5.

⁶ DECREETING THE EMANCIPATION OF TENANTS FROM THE BONDAGE OF THE SOIL, TRANSFERRING TO THEM THE OWNERSHIP OF THE LAND THEY TILL AND PROVIDING THE INSTRUMENTS AND MECHANISM THEREFOR. October 21, 1972.

⁷ DARAB records, pp. 1-4.

⁸ Id. at 6.

⁹ See Amended Complaint, id. at 44-48.

¹⁰ Id. at 7.

¹¹ Id. at 6.

¹² Id. at 7.

total amortizations due from 1986 to 1995, or 10 years into the deed. Petitioners claimed that notwithstanding written demands¹³ and the failure/refusal of Porferio to attend Barangay Agrarian Reform Committee (BARC) scheduled mediation¹⁴ and pay amortizations on the land to them or to the Land Bank of the Philippines,¹⁵ the Tarlac PARO issued Emancipation Patents (EP Nos. 437306 to 308)¹⁶ not only in favor of Porferio, but also of his children, herein respondents Vivian and Antonio who were not legally instituted farmer tenant-transferees of the land under PD 27.

Respondents Porferio, Vivian and Antonio alleged in their Amended Answer¹⁷ that TCT No. 97603 has been cancelled and new titles have been issued in their names, specifically TCT Nos. 21512, 21513, and 21514,¹⁸ pursuant to EP Nos. 437306 to 308. Thus, they argued that the PARAD has no jurisdiction over the case and no authority to cancel such titles as the same pertain to the regular courts. They further contended that between them and the petitioners, there is no tenancy relationship; and that they have exceeded payments for the land, having paid, since 1973, a total of 1,050 cavans plus ₱5,000.00, and an additional 187 cavans after 1985. As counterclaim, they sought reimbursement of their alleged overpayment, and the payment of actual, moral and exemplary damages, and attorney's fees.

Ruling of the PARAD

On November 24, 1999, the PARAD rendered its Decision¹⁹ declaring itself clothed with jurisdiction over the controversy which partakes of an agrarian dispute.²⁰ Notwithstanding its observation that the *Kasunduan* and the Deed of Transfer were defective for non-compliance with certain requirements of PD 27,²¹ the PARAD nevertheless opined that said deeds were “within the context of PD 27”.²² It also held that Porferio still owes petitioners 597.8 cavans of *palay*.²³

As regards the issue of whether Vivian and Antonio are entitled to the beneficial effects of PD 27 despite the fact that they were not instituted as tenants of the land, the PARAD held that the same has been mooted by the issuance of Emancipation Patents in their favor.²⁴ It also opined that the jurisdiction over said

¹³ Id. at 8; latest written demand made.

¹⁴ Id. at 9.

¹⁵ *Rollo*, p. 57.

¹⁶ See Transfer Certificates of Title Nos. 21512, 21513 and 21514, DARAB records, pp. 25-27.

¹⁷ Id. at 57-62.

¹⁸ Id. at 25-27.

¹⁹ Id. at 120-134; penned by Regional Adjudicator Fe Arche-Manalang.

²⁰ Id. at 127.

²¹ Such as lack of approval of any authorized official of the Department of Agrarian Reform and erroneous computation of the annual amortizations, id. at 130.

²² Id. at 131.

²³ Id.

²⁴ Id. at 132.

issue lies not with PARAD but the Secretary of the Department of Agrarian Reform (DAR). It thus upheld the validity of EP Nos. 437306 to 308 based on the presumption of the regularity in the performance of official functions.²⁵

The PARAD also ruled that the failure of Porferio, Vivian and Antonio to pay rentals/amortizations cannot be considered as deliberate²⁶ because they “labored under the honest belief that they are now vested with absolute ownership”²⁷ of the land; moreover they “cannot be expected to understand the legal implications of the existing lien/encumbrance annotated on their respective titles entered in 1990 to insure payment of the land value”²⁸ to petitioners. The PARAD thus directed Porferio, Vivian and Antonio to pay petitioners a total of about 478.24 cavans of *palay*, ₱25,000.00 moral and exemplary damages, ₱15,000.00 attorney’s fees, and costs.²⁹

Ruling of the Department of Agrarian Reform Adjudication Board (DARAB)

Petitioners appealed to the DARAB³⁰ which likewise upheld the validity of the Emancipation Patents following the ratiocination of the PARAD that they have been regularly issued.

It also affirmed the PARAD’s finding that respondents’ failure to pay the rentals/amortizations was not deliberate and willful. The DARAB further found that respondents have made a total payment of 280 cavans of *palay* to petitioners from 1982 to 1985, and thus have religiously paid the lease rentals for four years at 70 cavans annually.³¹ To this should be added payments made in 1986, 1988 and 1991 totaling 121.1 cavans.

Thus, on February 12, 2007, the DARAB rendered its Decision³² affirming the judgment of the PARAD, with modification that respondents were ordered to pay petitioners 448.35 cavans of *palay* or their money equivalent at the current market value representing the amortizations due accruing from 1986 up to the year 2000, and 29.89 cavans annually thereafter until the land value fixed at 999 cavans is fully paid. The award of moral and exemplary damages, attorney’s fees, and costs was deleted.

²⁵ Id.

²⁶ Id.

²⁷ Id. at 132-133.

²⁸ Id. at 133.

²⁹ Id. at 134.

³⁰ Docketed as DARAB Case No. 9481.

³¹ 70 cavans x 4 years = 280 cavans.

³² DARAB records, pp. 178-185; pp. 140-147; penned by Assistant Secretary and DARAB Vice Chairman Augusto P. Quijano and concurred in by Assistant Secretaries/Members Edgar A. Igano, Delfin B. Samson and Patricia Rualo-Bello.

Petitioners went up to the CA by Petition for Review.³³

Ruling of the Court of Appeals

Docketed as CA-GR. SP No. 98730, the Petition for Review assailed the DARAB Decision, contending that the issuance of the Emancipation Patents in respondents' name was irregular, and that Porferio's deliberate failure and refusal to pay the annual amortizations since 1986 despite demand should result in the cancellation of his title.

On May 21, 2007, the CA issued the assailed Resolution dismissing petitioners' Petition for Review on the ground that the verification and certification against forum shopping was signed by only four of the six petitioners. Petitioners Mario Lazaro P. Gallardo and Lazaro P. Gallardo, Jr. did not sign, and no special power of attorney to sign in their favor accompanied the Petition. The CA held that the certification against forum shopping must be executed and signed by all of the petitioners, or else it is insufficient.

Petitioners moved to reconsider which was again rebuffed by the CA in its July 23, 2007 Resolution.

Hence, the present Petition.

Issues

I

THE HON. COURT OF APPEALS X X X ERRED IN HOLDING THAT THE SIGNING OF THE VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING BY ONLY FOUR (4) OF THE SIX (6) PETITIONERS IS INSUFFICIENT TO MEET THE REQUIREMENTS OF THE RULE.

II

THE HON. COURT OF APPEALS X X X ERRED IN OUTRIGHTLY DISMISSING THE PETITION FOR REVIEW ON PURELY TECHNICAL GROUND.³⁴

Petitioners' Arguments

In seeking a reversal of the assailed CA Resolutions, petitioners claim substantial compliance, citing *Iglesia ni Cristo v. Judge Ponferrada*.³⁵ In said case,

³³ CA rollo, pp. 10-37.

³⁴ Rollo, p. 23.

³⁵ 536 Phil. 705 (2006).

this Court applied the rule on substantial compliance on account of the commonality of interest of all the parties in the subject of the controversy. Such commonality of interest clothed one of the plaintiffs-heirs/co-owners with the authority to inform the trial court on behalf of the others that they have not commenced any action or claim involving the same issues in another court or tribunal, and that there is no other pending action or claim in another court or tribunal involving the same issues.

Petitioners add that the verification and certification against forum shopping in their CA Petition for Review especially states that:

That we are signing this Petition for ourselves and also in behalves [sic] of our co-Petitioners because we have a community of interest as we are all co-heirs of the deceased Lazaro Gallardo and who have common interest in the property subject of the case and in connection with this case, we have not commenced any other action, counterclaim or proceeding involving the same issues raised in the above captioned case, in the Supreme Court, the Court of Appeals, or different Divisions thereof or any other tribunal or agency.³⁶

Petitioners further plead that their case be decided on the merits rather than on technicality. They add that instead of dismissing their Petition, the CA should have granted them ample time to correct the defective verification and certification. Finally, petitioners claim that they honestly believed that the signing by four of them constituted substantial compliance with the rules of procedure, and that therefore their case be treated as a special case to compel relaxation of the rules.

Respondents' Arguments

Respondents, in their Comment,³⁷ insist on the correctness of the assailed Resolutions, and that TCT Nos. 21512, 21513, and 21524 issued in their names can no longer be cancelled, nor may the land be returned to petitioners as a result of its being placed under the coverage of PD 27.

Our Ruling

We grant the Petition.

³⁶ CA *rollo*, p. 33. Emphasis supplied.

³⁷ *Rollo*, pp. 211-215.

The Court's disquisitions point favorably toward the direction of petitioners' argument. In *Heirs of Domingo Hernandez, Sr. v. Mingoa, Sr.*,³⁸ the Court ruled that –

'The general rule is that the certificate of non-forum shopping must be signed by all the plaintiffs in a case and the signature of only one of them is insufficient. However, the Court has also stressed that the rules on forum shopping were designed to promote and facilitate the orderly administration of justice and thus should not be interpreted with such absolute literalness as to subvert its own ultimate and legitimate objective. The rule of substantial compliance may be availed of with respect to the contents of the certification. This is because the requirement of strict compliance with the provisions regarding the certification of non-forum shopping merely underscores its mandatory nature in that the certification cannot be altogether dispensed with or its requirements completely disregarded. Thus, under justifiable circumstances, the Court has relaxed the rule requiring the submission of such certification considering that although it is obligatory, it is not jurisdictional.

In *HLC Construction and Development Corporation v. Emily Homes Subdivision Homeowners Association*, it was held that the signature of only one of the petitioners in the certification against forum shopping substantially complied with rules because all the petitioners share a common interest and invoke a common cause of action or defense.

The same leniency was applied by the Court in *Cavile v. Heirs of Cavile*, because the lone petitioner who executed the certification of non-forum shopping was a relative and co-owner of the other petitioners with whom he shares a common interest. x x x

x x x

In the instant case, petitioners share a common interest and defense inasmuch as they collectively claim a right not to be dispossessed of the subject lot by virtue of their and their deceased parents' construction of a family home and occupation thereof for more than 10 years. The commonality of their stance to defend their alleged right over the controverted lot thus gave petitioners x x x authority to inform the Court of Appeals in behalf of the other petitioners that they have not commenced any action or claim involving the same issues in another court or tribunal, and that there is no other pending action or claim in another court or tribunal involving the same issues.'

Here, all the petitioners are immediate relatives who share a common interest in the land sought to be reconveyed and a common cause of action raising the same arguments in support thereof. There was sufficient basis, therefore, for Domingo Hernandez, Jr. to speak for and in behalf of his co-petitioners when he certified that they had not filed any action or claim in another court or tribunal involving the same issue. Thus, the Verification/Certification that Hernandez, Jr. executed constitutes substantial compliance under the Rules.³⁹

³⁸ G.R. No. 146548, December 18, 2009, 608 SCRA 394.

³⁹ Id. at 405-407.

Similarly, in *Traveño v. Bobongon Banana Growers Multi-Purpose Cooperative*⁴⁰ the Court held that:

5) The certification against forum shopping must be signed by all the plaintiffs or petitioners in a case; otherwise, those who did not sign will be dropped as parties to the case. Under reasonable or justifiable circumstances, however, as when all the plaintiffs or petitioners share a common interest and invoke a common cause of action or defense, the signature of only one of them in the certification against forum shopping substantially complies with the Rule.⁴¹

The same position was taken in *Medado v. Heirs of the Late Antonio Consing*,⁴² where the Court held that “where the petitioners are immediate relatives, who share a common interest in the property subject of the action, the fact that only one of the petitioners executed the verification or certification of [non] forum shopping will not deter the court from proceeding with the action.”

The same situation obtains in this case. Petitioners are all heirs of the deceased Lazaro. As such, they undoubtedly share a common interest in the land, as well as common claims and defenses, as against respondents.

In *Medado*, the Court held further:

Furthermore, we have consistently held that verification of a pleading is a formal, not a jurisdictional, requirement intended to secure the assurance that the matters alleged in a pleading are true and correct. Thus, the court may simply order the correction of unverified pleadings or act on them and waive strict compliance with the rules. It is deemed substantially complied with when one who has ample knowledge to swear to the truth of the allegations in the complaint or petition signs the verification; and when matters alleged in the petition have been made in good faith or are true and correct x x x.⁴³

It was therefore error for the CA to have dismissed the Petition for Review.

Aside from the fact that petitioners substantially complied with the rules, we also find it necessary for the CA to decide the case on the merits considering the vital issues presented in the Petition. There is a need for the CA to resolve whether the Emancipation Patents issued in the name of Vivian and Antonio were valid, considering that by the evidence presented, they were never instituted as tenants to the land. Porferio appears to be the sole tenant of the land, as can be seen from the *Kasunduan* and notarized Deed of Transfer. It would be

⁴⁰ G.R. No. 164205, September 3, 2009, 598 SCRA 27.

⁴¹ Id. at 36 citing *Altres v. Empleo*, G.R. No. 180986, December 10, 2008, 573 SCRA 583, 597.

⁴² G.R. No. 186720, February 8, 2012, 665 SCRA 534, 545.

⁴³ Id. at 546 citing *Bello v. Bonifacio Security Services, Inc.*, G.R. No. 188086, August 3, 2011, 655 SCRA 143, 147-148.

enlightening to know how Vivian and Antonio acquired patents and certificates of title in their name notwithstanding the fact that they were never instituted as tenants or beneficiaries of PD 27. This becomes more imperative considering that the PARAD's pronouncement that the issue regarding the cancellation of the Emancipation Patents and certificates of title issued to Vivian and Antonio lies within the exclusive jurisdiction of the DAR Secretary does not hold water. On the contrary, the DARAB has exclusive jurisdiction over cases involving the cancellation of *registered* emancipation patents. The DAR Secretary, on the other hand, has exclusive jurisdiction over the issuance, recall or cancellation of Emancipation Patents/Certificates of Land Ownership Awards that are *not yet registered* with the Register of Deeds.⁴⁴

Also, as the farmer tenant-transferee of the land under PD 27, Porferio is by law required to make amortizations on the land until he completes payment of the fixed price thereof. Under the *Kasunduan* and Deed of Transfer, he has to make good on his payments to the landowners. If he fails to pay, cancellation of any Certificate of Land Transfer or Emancipation Patent issued in his name is proper, pursuant to Section 2⁴⁵ of PD 816.⁴⁶ Considering the tenor of the law, the PARAD's and DARAB's pronouncement that respondents cannot be faulted for they "labored under the honest belief that they were now vested with absolute ownership"⁴⁷ of the land, and that they "cannot be expected to understand the legal implications of the existing lien/encumbrances annotated on their respective titles entered into in 1990 to insure payment of the land value"⁴⁸ to petitioners, appears to be anchored not on legal ground. Besides, it is common maxim that "ignorance of the law excuses no one from compliance therewith."⁴⁹ Moreover, when one party enters into a covenant with another, he must perform his obligations with fealty and good faith. This becomes more imperative where such party has been given a grant, such as land, under the land reform laws. While the tenant is emancipated from bondage to the soil, the landowner is entitled to his just compensation for the deprivation of his land.

The CA should likewise settle the issue as to whether Porferio may be said to have deliberately refused to honor his obligation to pay the amortizations on the land, per the *Kasunduan* and Deed of Transfer, considering that on record, written demand has been served upon him, and despite such demand, Porferio failed to pay the amortizations.

⁴⁴ *Lakeview Golf and Country Club, Inc. v. Luzvimin Samahang Nayan*, G.R. No. 171253, April 16, 2009, 585 SCRA 368, 378; *Padunan v. Department of Agrarian Reform Adjudication Board*, 444 Phil. 213, 222-223 (2003).

⁴⁵ Sec. 2. That any agricultural lessee of a rice or corn land under Presidential Decree No. 27 who deliberately refuses and/or continues to refuse to pay the rentals or amortization payments when they fall due for a period of two (2) years shall, upon hearing and final judgment, forfeit the Certificate of Land Transfer issued in his favor, if his farmholding is already covered by such Certificate of Land Transfer, and his farmholding.

⁴⁶ PROVIDING THAT TENANT-FARMERS AGRICULTURAL LESSEES SHALL PAY THE LEASEHOLD RENTALS WHEN THEY FALL DUE AND PROVIDING PENALTIES THEREFOR. October 21, 1975.

⁴⁷ DARAB records, pp. 132-133.

⁴⁸ *Id.* at 133.

⁴⁹ CIVIL CODE, Article 3.

Finally, an issue regarding interest arises, once it is resolved whether Porferio breached his agreement with Lazaro under the *Kasunduan* and Deed of Transfer. The issue of whether petitioners are entitled to recover interest on top of damages is a valid issue that must be addressed. This could be done through a proper assessment of the evidence.

Thus said, a remand of the case to the CA for proper disposition on the merits is in order.

WHEREFORE, the Petition is **GRANTED**. The May 21, 2007 and July 23, 2007 Resolutions of the Court of Appeals in CA-GR. SP No. 98730 are **SET ASIDE**. The case is **REMANDED** to the Court of Appeals for appropriate disposition.

SO ORDERED.

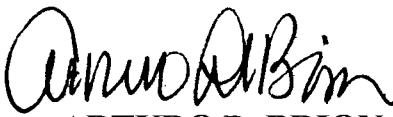


MARIANO C. DEL CASTILLO
Associate Justice

WE CONCUR:




ANTONIO T. CARPIO
Associate Justice
Chairperson



ARTURO D. BRION
Associate Justice



JOSE PORTUGAL PEREZ
Associate Justice



ESTELA M. PERLAS-BERNABE
Associate Justice

ATTESTATION

I attest 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.

**ANTONIO T. CARPIO**

*Associate Justice
Chairperson*

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, 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**

Chief Justice

