

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
FIRST DIVISION**

**GENEROSO QUIBAN,
*Petitioner,***

-versus-

**G.R. No. 90974
August 27, 1990**

**HON. WALERICO B. BUTALID,
Presiding Judge, Branch 26, Regional
Trial Court, 8th Judicial Region, San
Juan, Southern Leyte and MEDARDO
A. SALUDO,
*Respondents.***

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DECISION

GANCAYCO, J.:

The validity of a compromise agreement and the legal effect of the issuance of a Certificate of Land Transfer are the issues brought to the fore in this petition.

On November 20, 1987, private respondent filed a complaint against petitioner for recovery of shares as rental of a portion of land based on agricultural leasehold contract or its equivalent with damages in the Regional Trial Court of San Juan, Southern Leyte docketed as Civil Case No. R-329.

In due course, on July 6, 1989, a compromise agreement was submitted to the court by counsel of the parties. The agreement was approved by the court on the same date. It contains the following terms and conditions:

- “1. That defendant agreed as he does hereby agree to pay the amount of P38,010.00 to the plaintiff in two (2) installments: First Installment to be paid on or before September 30, 1989; and the Second Installment after the first harvest of 1990.
2. That the amount stated above is the price or total money value of the back rentals of plaintiffs land consisting of 271.5 cavans of palay.
3. That plaintiff agrees to the proposal of defendant and the parties herein do hereby declare that they shall be bound by the terms and conditions stated in this Compromise Agreement, and plaintiff voluntarily agrees to withdraw his case and other claims for damages and attorney’s fees; likewise, defendant agrees to withdraw all his claims for damages and/or counterclaim and the like, as averred of in the Answer.”^[1]

On August 2, 1989, petitioner filed an urgent motion for reconsideration of the said order of approval of said compromise agreement on the ground that the same is null and void and does not bind him and that the court has no jurisdiction on the matter as it is with the Department of Agrarian Reform. An opposition thereto was filed by private respondent. A supplemental pleading was filed by petitioner in support of his motion attaching thereto a copy of the Certificate of Land Transfer issued on October 20, 1980 and Original Certificate of Title dated September 22, 1988, pursuant to Emancipation Patent No. A-069083 covering the property in question, both issued in favor of petitioner.

On September 21, 1989, the trial court denied the motion for reconsideration.

Hence, this petition wherein it is alleged that the trial court committed a grave abuse of discretion amounting to lack or excess of jurisdiction based on the following grounds:

“I.

RESPONDENT COURT/JUDGE COMMITTED A GRAVE ERROR OF LAW IN APPROVING AND NOW THREATENING TO EXECUTE A COMPROMISE AGREEMENT THAT IS NOT SIGNED BY THE DEFENDANT OR THE PARTY CONCERNED.

II.

RESPONDENT COURT/JUDGE COMMITTED A GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION IN TAKING COGNIZANCE OF, AND LATER UPHOLDING (THE) LEASE AGREEMENT WHERE THE LEASEHOLD RELATIONSHIP HAS BEEN TERMINATED BY THE ISSUANCE OF A CERTIFICATE OF LAND TRANSFER AND CERTIFICATE OF TITLE UNDER AN EMANCIPATION PATENT.”^[2]

This case can very well be referred to the Court of Appeals which has concurrent jurisdiction over cases of this nature. However, due to the issues involved and to avoid any further delay, the Court opted to act on it.

An examination of the compromise agreement shows that the same is not signed by petitioner who is the party in interest in the case and who would be bound by the terms and conditions of the same. The compromise was signed by his daughter Agripina Sarsale over the name of petitioner. It has not been shown that Agripina has a special power of attorney from petitioner. She was not duly authorized in any other manner by petitioner to sign for and in his behalf and thus bind him. On the contrary, Agripina stated in her sworn statement that she did not voluntarily sign the same because she was only forced to do so by the two lawyers and the judge and that she was afraid to go to jail if she did not do so. She also stated that she did not have any authority to sign the same in behalf of her father.^[3]

A compromise agreement is not valid and binding when a party in the case has not signed the same. If any person signs for and in behalf of such party without being duly authorized to do so, the said agreement is void and has no legal effect.

However, to the mind of the Court, what should have been sufficient basis for the trial court to set aside the compromise agreement is the fact that petitioner was issued a Certificate of Land Transfer covering the said property on October 20, 1980 and the Original Certificate of Title No. 601 pursuant to Emancipation Patent No. A-069083.^[4]

Obviously, the land in question is covered by Presidential Decree No. 27 and its disposition is under the jurisdiction of the Department of Agrarian Reform which has issued the corresponding Certificate of Land Transfer and Original Certificate of Title in favor of the petitioner. The matter of lease rental and valuation of the property falls under the provisions of Executive Order No. 228 of July 17, 1987 which provide as follows:

“SECTION 1. All qualified farmer beneficiaries are now deemed full owners as of October 21, 1972 of the land they acquired by virtue of Presidential Decree No. 27 (hereinafter referred to as No. 27).

“SECTION 2. Henceforth, the valuation of rice and corn lands covered by P.D. No. 27 shall be based on the average gross production determined by the Barangay Committee on Land Production in accordance with Department Memorandum Circular No. 26, series of 1973 and related issuances and regulation of the Department of Agrarian Reform. The average gross production per hectare shall be multiplied by two and a half (2-1/2), the product of which shall be multiplied by Thirty Five Pesos (P35.00), the government support price for one cavan of 50 kilos of palay on October 21, 1972, or Thirty One Pesos (P31.00), the government support price for one cavan of 50 kilos of corn on October 21, 1972, and the amount arrived at shall be the value of the rice and corn land, as the case may be, for the purpose of determining its cost to the farmer and compensation to the landowner.

“Lease rentals paid to the landowner by the farmer beneficiary after October 21, 1972, shall be considered as advance payment for the land. In the event of dispute with the landowner regarding the amount of lease rental paid by the farmer beneficiary, the Department of Agrarian Reform and the Barangay Committee on Land Production concerned shall resolve the dispute within thirty (30) days from its submission pursuant to Department of Agrarian Reform Memorandum Circular No. 26, series of 1973, and other pertinent issuances. In the event a party questions in court the resolution of the dispute, the landowner’s compensation claim shall still be processed for payment and the proceeds shall be held in trust by the Trust Department of the Land Bank in accordance with the provisions of Section 5 hereof, pending the resolution of the dispute before the court.” (Emphasis supplied.)

Consequently, the trial court has no jurisdiction over the case, much less to pass upon the issue of payment of rentals.

It must be emphasized that once a Certificate of Land Transfer has been issued to a tenant covering the property under the supervision of and in compliance with the implementing rules and regulations of the Department of Agrarian Reform, he is thereby deemed to be the owner of the agricultural land in question. There is no more landlord and tenant relationship and all that remains is for the Department of Agrarian Reform to determine the valuation of the land in accordance with existing rules and regulations for purposes of compensation to the land owner.

WHEREFORE, the questioned orders of the trial court dated July 6, 1989 and September 21, 1989 are hereby reversed and set aside and another judgment is hereby rendered dismissing the complaint, without pronouncement as to costs. Let the records of the case be referred to the Department of Agrarian Reform for appropriate action.

SO ORDERED.

Narvasa, J., (Chairman), Cruz, Griño-Aquino and Medialdea, JJ., concur.

[1] Page 11, Rollo.

[2] Page 14, Rollo.

[3] Annex H to the Petition.

[4] Annexes A and B to Urgent Motion for Reconsideration of the Order which is marked as Annex D to the Petition; pages 48-49, Rollo.