



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

RIVULET AGRO-INDUSTRIAL
CORPORATION,

Petitioner,

-versus-

ANTHONY PARUÑGAO,
NARCISO B. NIETO, in their
respective capacity as
Undersecretaries of Legal Affairs
and Field Operations of the
Department of Agrarian Reform;
FELIX SERVIDAD, in his capacity
as Provincial Agrarian Reform
Officer II and the Officer-in-Charge
of the Department of Agrarian
Reform Provincial Office of Negros
Occidental; and JEFFERSON
DESCALLAR, in his capacity
as Police Chief Inspector of the
PNP-Negros Occidental Police
Provincial Office,

Respondents.

G.R. No. 197507

Present:

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

Promulgated:

JAN 14 2013 *H. W. Cabalag*

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DECISION

PERLAS-BERNABE, J.:

This is a petition for indirect contempt arising from respondents' alleged defiance of the December 15, 2010 Temporary Restraining Order¹

¹ Rollo (G.R. No. 197507), pp. 91-93.

(TRO) issued by the Court in G.R. No. 193585 entitled *Rivulet Agro-Industrial Corporation, petitioner v. Hon. Benedicto Ulep, in his capacity as Administrator of the Land Registration Authority and Romulo E. Gonzaga, in his capacity as Register of Deeds of Negros Occidental, respondents; Department of Agrarian Reform, intervenor*.

The Factual Antecedents

Petitioner Rivulet Agro-Industrial Corporation (Rivulet) was the registered owner of Hacienda Bacan, a 157.2992-hectare (ha.) agricultural land situated in Barangay Guintubhan, Isabela, Negros Occidental covered by Transfer Certificate of Title (TCT) No. T-105742.² Despite the sale in favor of Atty. Jose Miguel Arroyo (Atty. Arroyo) in a tax delinquency sale held on April 8, 1994, title to Hacienda Bacan remained in Rivulet's name.

In April 2001, the Department of Agrarian Reform (DAR) commenced the administrative process to acquire the subject property under Republic Act (R.A.) No. 6657 (Comprehensive Agrarian Reform Law of 1988) and sent Notices of Coverage (NOC) dated April 2, 2001³ and May 4, 2001⁴ to Atty. Arroyo. Thereafter, the DAR Municipal Office (DARMO) of Isabela conducted field investigation and segregation survey.

Subsequently, Rivulet through its duly authorized⁵ representative, Ignacio T. Arroyo, Jr. (Mr. Ignacio) voluntarily offered for sale (VOS) to the government the subject property for the amount of ₱45,689,760.00.⁶ A NOC⁷ dated September 7, 2001 was likewise served to Rivulet through Mr. Ignacio.

² Id. at 20-23.

³ Id. at 161.

⁴ Id. at 162.

⁵ Id. at 165. Secretary's Certificate dated June 21, 2001.

⁶ Id. at 163-164. Letter Offer dated June 11, 2001.

⁷ Id. at 166.

Thereafter, the DARMO screened potential agrarian reform beneficiaries and posted the list⁸ of qualified beneficiaries on May 16 to 21, 2002.

During the pendency of the administrative process or in October 2005, the *Sangguniang Bayan* of Isabela, Negros Occidental enacted an ordinance reclassifying Hacienda Bacan from agricultural to agro-industrial.⁹

With this development, the Provincial Agrarian Reform Officer (PARO) sought the legal opinion of the DAR Policy, Planning and Legal Affairs Office on whether or not the CARP coverage may still proceed as well as the propriety of the NOC issued to Atty. Arroyo considering that the sale to him was not annotated on Rivulet's title. On September 27, 2007, Undersecretary Nestor R. Acosta issued DAR Opinion No. 26, S. 2007¹⁰ finding Atty. Arroyo to be the owner of the land and declaring Rivulet's VOS through Mr. Ignacio to be ineffectual. Hence, he opined that coverage can proceed despite the reclassification of Hacienda Bacan as agro-industrial since the NOCs were served on Atty. Arroyo at the time the land was still classified as agricultural. However, the landowner is not precluded from filing an application for conversion or for retention within the bounds of law.

On April 14, 2008, Atty. Arroyo caused the annotation¹¹ of a Declaration of Trust¹² on TCT No. T-105742, declaring that he purchased the subject property as mere trustee of Rivulet and claims no interest thereon. Thereafter, Rivulet submitted to the DARMO an application for land use conversion¹³ and notice of land use conversion application¹⁴ which were forwarded to the DAR Provincial Office (DARPO) for review.¹⁵

⁸ Id. at 172.

⁹ Id. at 121.

¹⁰ Id. at 173-177

¹¹ Id. at 23. Entry No. 470625.

¹² Id. at 207-208.

¹³ Id. at 178-190.

¹⁴ Id. at 191.

¹⁵ Id. at 122.

Meanwhile, the DARMO conducted a field investigation on the subject landholding and identified the potential farmworker-beneficiaries.¹⁶ An updated list of agrarian reform beneficiaries¹⁷ was subsequently posted.¹⁸

On June 20, 2008, the PARO sent a Notice of Land Valuation and Acquisition¹⁹ to Rivulet, through Mr. Ignacio, informing it of the government's offer of ₱42,310,068.17 as compensation for a 131.6459-ha. portion of the subject property. The government also valued the hacienda roads and vacant portions of the same property covering 16.5760 has. at ₱691,192.68,²⁰ and the corresponding deposits²¹ were made in Landbank in favor of Rivulet.

Rivulet filed administrative protests²² against the actions of the DAR and the Landbank which culminated in the Order²³ of the DAR Secretary dated December 8, 2010 in **Adm. Case No. A-9999-06-MS-046-10** upholding the coverage of the subject landholding under the CARP against Rivulet's claim that the CARP had already expired, and that it was denied due process.

Meantime, the PARO requested²⁴ the Register of Deeds of Negros Occidental to issue title in the name of the Republic of the Philippines (*Republic*). However, the request was not processed because the Certifications of Deposit (CODs) were in the name of Rivulet while the title carried an annotation of Declaration of Trust in favor of Atty. Arroyo, hence,

¹⁶ Id. at 209-213.

¹⁷ Id. at 214-215

¹⁸ Id. at 125.

¹⁹ Id. at 227.

²⁰ Id. at 230.

²¹ Id. at 235-236. Certifications of Deposit dated July 8, 2008 and August 5, 2008.

²² Letter dated November 21, 2008 (*rollo*, G.R. No. 193585, pp. 115-119) and DARAB Case No. R-0605-6029-08 (id. at 321-332) which were subsequently consolidated into Adm. Case Nos. A-0600-0146-09 and A-0600-0147-09.

²³ *Rollo* (G.R. No. 193585) at 737-752.

²⁴ *Rollo* (G.R. No. 197507), p. 237.

the need to correct the CODs.²⁵ The PARO, however, reiterated her request²⁶ attaching therewith a copy of the Declaration of Trust executed by Atty. Arroyo.

For its part, Rivulet demanded the Register of Deeds not to cancel TCT No. T-105742 in its name²⁷ and not to issue any certificates of land ownership award (CLOAs)²⁸ in connection with the government's impending confiscation of Hacienda Bacan. No action or reply having been received, Rivulet filed before the Regional Trial Court (RTC) of La Carlota City, Negros Occidental, Branch 63 a petition²⁹ for injunction with application for preliminary injunction and/or TRO seeking to enjoin the Register of Deeds of Negros Occidental and the Administrator of the Land Registration Authority (LRA Administrator) from canceling TCT No. T-105742 in Rivulet's name; issuing a new certificate of title in the name of the *Republic*; and issuing and distributing CLOAs in favor of anyone during the pendency of the case (docketed as Civil Case No. 1148). However, the same was eventually dismissed in the Orders dated November 26, 2009³⁰ and June 29, 2010³¹ for lack of jurisdiction. Considering the passage of R.A. No. 9700,³² the RTC deferred to the primary jurisdiction of the DAR in the implementation of the CARP and acknowledged that its jurisdiction over agricultural lands is confined to the determination of just compensation and the prosecution of criminal offenses under Section 57 of R.A. No. 6657, as amended, which was fortified by Section 50-A inserted by R.A. No. 9700. On October 27, 2010, Rivulet filed a petition for review on *certiorari* before the Court arguing that R.A. No. 9700 did not divest the RTC of its

²⁵ Id. at 238.

²⁶ Id. at 239.

²⁷ *Rollo* (G.R. No. 193585), p. 154. Letter dated November 24, 2008.

²⁸ Id. at 226. Letter dated November 28, 2008.

²⁹ *Rollo* (G.R. No. 197507), pp. 24-37.

³⁰ *Rollo* (G.R. No. 193585), pp. 50-55.

³¹ Id. at 56-61.

³² 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.

jurisdiction over the controversy and that it has sufficiently established its entitlement to the injunctive relief sought. The case was docketed as G.R. No. 193585.

On October 26, 2010, Rivulet's TCT No. T-105742 was canceled and TCT No. T-281475³³ was issued in the name of the *Republic*. CLOA No. 00916859³⁴ over a portion of the subject property was likewise issued and subsequently approved by authority of *then* President Gloria Macapagal-Arroyo.

On December 15, 2010, the Court issued a TRO³⁵ in G.R. No. 193585 **enjoining** the Register of Deeds of Negros Occidental and the LRA Administrator and/or all persons acting upon their orders or in their place and stead from canceling TCT No. T-105742 in Rivulet's name; issuing a new certificate of title in the name of the *Republic*; and issuing and distributing CLOAs in favor of anyone during the pendency of the case.

Incidentally, Rivulet refiled its application for land use conversion on June 15, 2010 which, however, was denied by the DAR Secretary in DARCO Order No. Case-10-02789, series of 2010³⁶ dated December 1, 2010 on the grounds that the subject land had already been placed under CARP coverage nine (9) years prior to the application for land use conversion and that it remained economically feasible and sound for agricultural purposes.

³³ *Rollo* (G.R. No. 197507), pp. 314-317.

³⁴ *Id.* at 318.

³⁵ *Supra* note 1.

³⁶ *Rollo* (G.R. No. 193585), pp. 753-762.

On March 9, 2011, respondent Undersecretary Paruñgao sought advice from the Office of the Solicitor General (OSG) on the possibility of installing farmer beneficiaries in the subject property despite the TRO, citing that the acts sought to be enjoined had already been performed prior to its issuance and that the DAR was not among those enjoined.³⁷ Respondent Undersecretary Nieto likewise sought clarification from Undersecretary Paruñgao on the same matter.³⁸

In a letter³⁹ dated April 5, 2011, the OSG advised Undersecretary Paruñgao that there appears no legal obstacle to the installation of farmer-beneficiaries in Hacienda Bacan. It opined that the TRO was directed only against the Register of Deeds of Negros Occidental and the LRA Administrator and that the installation of farmer-beneficiaries was not among the acts enjoined. Moreover, the CARP Law directs the DAR to proceed with the distribution of the acquired land to the farmer-beneficiaries upon the issuance of CLOAs in their favor. Accordingly, the farmer-beneficiaries were installed in the subject landholding with the assistance of the members of the PNP.⁴⁰

The Petition

In the instant petition, Rivulet claims that the act of respondents in installing farmer-beneficiaries in the subject landholding constitutes an open defiance and disobedience of the Court's December 15, 2010 TRO for which they should be cited for indirect contempt of court.

³⁷ *Rollo* (G.R. No. 197507), p. 319.

³⁸ *Id.* at 320.

³⁹ *Id.* at 321-325.

⁴⁰ *Id.* at 135.

In their Comment,⁴¹ respondents denied having committed any contumacious act based on the following justifications: *a)* they were not among the government officials enjoined by the subject TRO; *b)* the subject act was not included in the acts enjoined; and *c)* the acts sought to be enjoined had already been consummated prior to its issuance. They further averred that their act was in accordance with Section 24 of R.A. No. 6657, as amended by R.A. No. 9700 and Item No. IV(G)(1)⁴² of DAR Administrative Order No. 2, Series of 2009.⁴³

On July 30, 2012, the Court issued a Resolution⁴⁴ in G.R. No. 193585 dismissing the petition for review on *certiorari* filed by Rivulet against the Register of Deeds of Negros Occidental and the LRA Administrator. It emphasized that the issuance of title in the name of the *Republic* is a ministerial duty on the part of the Register of Deeds after full payment of the compensation for the subject land in cash and in bond had been deposited in the landowner's name. Moreover, such duty cannot be enjoined except by the Court pursuant to Section 55⁴⁵ of R.A. No. 6657, as amended by R.A. No. 9700.

The Court's Ruling

The petition lacks merit.

⁴¹ Id. at 116-152.

⁴² G. *Installation of Agrarian Reform Beneficiaries on Awarded Lands*

1. As owners of awarded lands under CARP, the ARB/s shall take possession of the land covered by his/her/their titles from the time the same is awarded to them through a registered CLOA.
2. In case taking possession of the awarded land by the ARBs would imperil or endanger their lives, the DAR shall assume responsibility for the installation of the ARB/s on the subject land with the assistance of the police or military until they are settled and in constructive and physical control of the property.

⁴³ Rules and Procedures Governing the Acquisition and Distribution of Agricultural Lands Under Republic Act (R.A.) No. 6657, as Amended by R.A. No. 9700.

⁴⁴ *Rollo* (G.R. No. 193585), pp. 844-846.

⁴⁵ SEC. 55. *No Restraining Order or Preliminary Injunction.* – Except for the Supreme Court, no court in the Philippines shall have jurisdiction to issue any restraining order or writ of preliminary injunction against the PARC, the DAR, or any of its duly authorized or designated agencies in any case, dispute or controversy arising from, necessary to, or in connection with the application, implementation, enforcement, or interpretation of this Act and other pertinent laws on agrarian reform.

Contempt of court is defined as a disobedience to the court by acting in opposition to its authority, justice, and dignity, and signifies not only a willful disregard of the court's order, but such conduct which tends to bring the authority of the court and the administration of law into disrepute or, in some manner, to impede the due administration of justice. To be considered contemptuous, an act must be clearly contrary to or prohibited by the order of the court. Thus, a person cannot be punished for contempt for disobedience of an order of the Court, unless the act which is forbidden or required to be done is clearly and exactly defined, so that there can be no reasonable doubt or uncertainty as to what specific act or thing is forbidden or required.⁴⁶

In the present case, while the DAR was an intervenor in G.R. No. 193585, the December 15, 2010 TRO issued by the Court was only expressly directed against the LRA Administrator, the Register of Deeds of Negros Occidental and/or all persons acting upon their order or in their place and stead, and specifically for the following acts: “(a) from canceling Transfer Certificate of Title No. 105742 issued in favor of petitioner RIVULET Agro-Industrial Corporation; (b) from issuing a new certificate of title in the name of the Republic of the Philippines; (c) from issuing Certificate of Land Ownership Award in favor of anyone covering Hacienda Bacan, a 157.2992-hectare property situated in the Municipality of Isabela, Province of Negros Occidental; and (d) distributing such Certificate of Land Ownership Award that it may have heretofore issued pending trial on the merits.”⁴⁷ Clearly, the DAR and its officials were not among those enjoined. Neither can they be considered agents of the LRA Administrator and the Register of Deeds of Negros Occidental. Moreover, the installation of farmer-beneficiaries was not among the acts specifically restrained, negating the claim that the performance thereof was a contumacious act.

⁴⁶ *Bank of the Philippine Islands v. Calanza*, G.R. No. 180699, October 13, 2010, 633 SCRA 186, 192-193, 195; *Lu Ym v. Mahinay*, G.R. No. 169476, June 16, 2006, 491 SCRA 253, 261-264.

⁴⁷ *Rollo* (G.R. No. 197507), p. 92.

It bears to stress that in G.R. No. 193585, the Court had already ruled that the issuance of title in the name of the *Republic* was a necessary part of the implementation of the government's Comprehensive Agrarian Reform Program. As such, it is the ministerial duty of the Register of Deeds to register the land in the name of the *Republic* after full payment has been made⁴⁸ and no injunctive relief can be issued, except by the Court, pursuant to Section 55⁴⁹ of R.A. No. 6657, as amended by R.A. No. 9700. While the Court issued a TRO, records reveal that the acts sought to be enjoined had already been accomplished prior to its issuance, rendering the same of no practical purpose. Besides, the installation of farmer-beneficiaries on Hacienda Bacan was undertaken only after respondent Undersecretaries had sought the legal support and clearance of the OSG, notwithstanding that the first paragraph of Section 24⁵⁰ of R.A. No. 6657 as amended by R.A. No. 9700 provides that the award to beneficiaries, including their receipt of a duly registered emancipation patent or CLOA and their actual physical possession of the awarded land, shall be completed not more than one hundred eighty (180) days from the date of registration of the title in the name of the *Republic*.

Time and again, the Court has stressed that the power to punish for contempt should be exercised on the preservative, not on the vindictive

⁴⁸ The second paragraph of Section 24 of Republic Act (R.A.) No. 6657, as amended by R.A. No. 9700, pertinently provides:

It is the ministerial duty of the Registry of Deeds to register the title of the land in the name of the Republic of the Philippines, after the Land Bank of the Philippines (LBP) has certified that the necessary deposit in the name of the landowner constituting full payment in cash or in bond with due notice to the landowner and the registration of the certificate of land ownership award issued to the beneficiaries, and to cancel previous titles pertaining thereto.


⁴⁹ SEC. 55. *No Restraining Order or Preliminary Injunction.* – Except for the Supreme Court, no court in the Philippines shall have jurisdiction to issue any restraining order or writ of preliminary injunction against the PARC, the DAR, or any of its duly authorized or designated agencies in any case, dispute or controversy arising from, necessary to, or in connection with the application, implementation, enforcement, or interpretation of this Act and other pertinent laws on agrarian reform.

⁵⁰ SEC. 24. *Award to Beneficiaries.* - The rights and responsibilities of the beneficiaries shall commence from their receipt of a duly registered emancipation patent or certificate of land ownership award and their actual physical possession of the awarded land. Such award shall be completed in not more than one hundred eighty (180) days from the date of registration of the title in the name of the Republic of the Philippines.

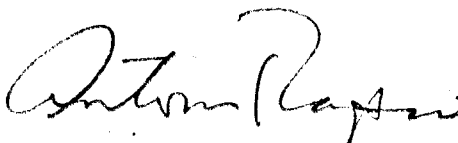
principle, and only when necessary in the interest of justice.⁵¹ Under the foregoing circumstances, the Court finds no contumacious disobedience on the part of respondents, particularly with respect to the TRO in G.R. No. 193585.

WHEREFORE, the petition to cite respondents for indirect contempt is hereby **DISMISSED**.


SO ORDERED.


ESTELA M. PERLAS-BERNABE
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Chairperson


ARTURO D. BRION
Associate Justice


MARIANO C. DEL CASTILLO
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice

⁵¹ *Bank of the Philippine Islands v. Calanza*, supra note 46, at 193.

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, Second Division

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