Supreme Court E-Library

Agencies tasked with the preliminary investigation and prosecution of crimes should never forget that **the purpose of a preliminary investigation is to secure the innocent against hasty, malicious and oppressive prosecution, and to protect one from an open and public accusation of crime, from the trouble, expense and anxiety of a public trial, and also to protect the State from useless and expensive trials**. It is, therefore, imperative upon such agencies to relieve any person from the trauma of going through a trial once it is ascertained that the evidence is insufficient to sustain a *prima facie* case or that no probable cause exists to form a sufficient belief as to the guilt of the accused.[14] (Emphasis supplied)

WHEREFORE, the petition is *DISMISSED* for lack of merit.

Costs against petitioner.

SO ORDERED.

Ynares-Santiago (Chairperson), Chico-Nazario, Reyes, and *Brion,*[*] *JJ.,* concur.

THIRD DIVISION

[G.R. No. 164846. June 18, 2008]

STA. MONICA INDUSTRIAL AND DEVELOPMENT CORPORATION, *petitioner, vs.* **THE DEPARTMENT OF AGRARIAN REFORM REGIONAL DIRECTOR FOR REGION III, PROVINCIAL AGRARIAN REFORM OFFICER OF BULACAN, MUNICIPAL AGRARIAN REFORM OFFICER OF CALUMPIT, BULACAN, and BASILIO DE GUZMAN,** *respondents.*

---

[14] *Id.* at 156-157.

[*] In lieu of Justice Antonio Eduardo B. Nachura, per Special Order No. 507 dated May 28, 2008.

Supreme Court E-Library

SYLLABUS

1. LABOR AND SOCIAL LEGISLATION; COMPREHENSIVE AGRARIAN REFORM PROGRAM; NOTICE OF COVERAGE MUST BE SENT TO THE LANDOWNER. — The crux of the petition lies in the requirement of notice of coverage under the CARP law. The statute requires a notice of coverage to be furnished and sent to the landowner. Notice is part of the constitutional right to due process of law. It informs the landowner of the State's intention to acquire a private land upon payment of just compensation and gives him the opportunity to present evidence that his landholding is not covered or is otherwise excused from the agrarian law. There is no dispute that a notice of coverage was duly sent to Trinidad. Records show that she participated in the DAR proceedings. As to her, the constitutional requirement of due process was met and satisfied.

2. ID.; ID.; ID.; P.D. NO. 27 FORBIDS THE TRANSFER OR ALIENATION OF COVERED AGRICULTURAL LANDS AFTER OCTOBER 21, 1972 EXCEPT TO THE TENANT-BENEFICIARY. — Records disclose that there was indeed a deed of sale between Trinidad and Sta. Monica over the agricultural land awarded to De Guzman. Sta. Monica was also issued a new transfer certificate of title over the land. If We rely solely on the sale, it is a foregone conclusion that Sta. Monica was denied due process of law. As the owner on record of the agricultural land, it should have been given a notice of coverage. However, there is much to be said of the attendant circumstances that lead Us to conclude that notice of coverage to Trinidad is also sufficient notice to Sta. Monica. Moreover, We find that the sale between Trinidad and Sta. Monica was a mere ruse to frustrate the implementation of the agrarian law. **First**, the sale to Sta. Monica is **prohibited**. P.D. No. 27, as amended, forbids the transfer or alienation of covered agricultural lands after October 21, 1972 except to the tenant-beneficiary. The agricultural land awarded to De Guzman is covered by P.D. No. 27. He was awarded a certificate of land transfer in July 22, 1981. The sale to Sta. Monica in 1986 is void for being contrary to law. Trinidad remained the owner of the agricultural land.

Supreme Court E-Library

3. LEGAL ETHICS; ATTORNEYS; AS AN OFFICER OF THE COURT, LAWYERS OWE IT THE DUTY OF CANDOR, HONESTY AND FAIRNESS. — It is the duty of Atty. Gutierrez to inform the DAR, at the very first opportunity, of the sale to Sta. Monica. He was utterly remiss of this duty. Instead of informing the DAR, Trinidad and her counsel engaged in wild goose chase and stonewalling, feigning ignorance when they ought to have informed the DAR of the sale to Sta. Monica. Atty. Gutierrez is reminded that, as an officer of the court, he owes it the duty of candor, honesty and fairness.

4. COMMERCIAL LAW; CORPORATION LAW; CORPORATIONS; VEIL OF CORPORATE FICTION WILL BE PIERCED WHEN IT IS USED TO DEFEAT PUBLIC COVENIENCE AND SUBVERT PUBLIC POLICY. — [T]he ultimate factor that betrays Trinidad and Sta. Monica is the continued payment of lease rentals by De Guzman. Records show that De Guzman paid and continued to pay lease rentals to Trinidad even after she sold the land to Sta. Monica. The receipt dated May 30, 2002 discloses that De Guzman paid 40 cavans of *palay* to Clodinaldo dela Cruz, the authorized representative of Trinidad, as lease rentals for the agricultural land. It is incredible that Trinidad would still continue to collect lease rentals from De Guzman if she had long sold the agricultural land to Sta. Monica in 1986. The continued payment of lease rentals indicates that Trinidad never sold the agricultural land to Sta. Monica. Evidently, the sale was a mere ruse to skirt coverage under the comprehensive agrarian reform law. All these circumstances indicate that Trinidad has remained as the real owner of the agricultural land sold to Sta. Monica. The sale to Sta. Monica is not valid because it is prohibited under P.D. No. 27. More importantly, it must be deemed as a mere ploy to evade the applicable provisions of the agrarian law. But it is a fiat that the corporate vehicle cannot be used as a shield to protect fraud or justify wrong. Thus, the veil of corporate fiction will be pierced when it is used to defeat public convenience and subvert public policy.

APPEARANCES OF COUNSEL

Gutierrez Nitura Zulueta Law Offices for petitioner.

Supreme Court E-Library

D E C I S I O N

REYES, R.T., *J.*:

ANG Malawak na Batas sa Repormang Pangsakahan ay binuo upang makalaya ang mga magsasaka mula sa tali ng kahirapan at paghahari ng may-ari ng lupa.

Kapag ang kathang-isip na korporasyon ay ginamit na tabing sa katulad na pyudal na pang-aalipin, ang matayog na hangarin ng batas pambukid ay nabibigo at ang mismong suliranin na nais lunasan nito ay nananatili.

Ang belo ng kathang-isip na korporasyon ay pupunitin kapag ito ay ginamit sa maling hangarin at di-tapat na layunin.

The Comprehensive Agrarian Reform Law[1] *was designed precisely to liberate peasant-farmers from the clutches of landlordism and poverty.*

When corporate fiction is used as a mere smokescreen to the same form of feudal servitude, the lofty aim of the agrarian law is thwarted and the very problem which the law seeks to solve is perpetrated.

The veil of corporate fiction will be pierced when used for improper purposes and unfair objectives.

Before Us is a petition for review on *certiorari* of the Decision[2] of the Court of Appeals (CA) dismissing the petition of Sta. Monica Industrial and Development Corporation (Sta. Monica) to annul the Order[3] of the Regional Director, Region III, Department of Agrarian Reform (DAR) placing the landholdings

---

[1] Republic Act No. 6657, approved on June 10, 1988, entitled "An Act Instituting A Comprehensive Agrarian Reform Program To Promote Social Justice And Industrialization, Providing The Mechanism For Its Implementation, And For Other Purposes.

[2] *Rollo*, pp. 37-40. Penned by Associate Justice Rosmari D. Carandang, with Associate Justices Godardo A. Jacinto and Elvi John S. Asuncion, concurring.

[3] *Id*. at 42-47.

Supreme Court E-Library

of Asuncion Trinidad under the Comprehensive Agrarian Reform Program (CARP).[4]

The Facts

Trinidad is the owner of five parcels of land with a total area of 4.69 hectares in Iba Este, Calumpit, Bulacan. Private respondent Basilio De Guzman is the agricultural leasehold tenant of Trinidad.

On April 29, 1976, a leasehold contract denominated as "*Kasunduan ng Buwisan sa Sakahan*" was executed between Trinidad and De Guzman.[5] As an agricultural leasehold tenant, De Guzman was issued Certificates of Land Transfer on July 22, 1981.[6]

Desiring to have an emancipation patent over the land under his tillage, De Guzman filed a petition for the issuance of patent in his name with the Office of the Regional Director of the DAR.[7] The Legal Services Division of the DAR duly sent notices to Trinidad requiring her to comment. Instead of complying, Trinidad filed a motion for bill of particulars.[8]

After due proceedings, the Regional Director issued the Order[9] granting the petition of De Guzman, with the following disposition:

WHEREFORE, in light of the foregoing analysis and the reasons indicated thereon, an ORDER is hereby issued as follows:

1. PLACING under the coverage of Operation Land Transfer (OLT) pursuant to PD 27/Executive Order No. 228 the landholdings of Asuncion Trinidad with an area of 10.6800 hectares, more or less, located at Iba Este, Calumpit, Bulacan, without prejudice to the exercise of her retention rights if qualified under the law.

2. DIRECTING the MARO of Calumpit, Bulacan and the PARO of Baliuag, Bulacan to cause the generation and issuance of

---

[4] See note 1.

[5] *Rollo*, pp. 42-47.

[6] *Id*.

[7] *Rollo*, p. 38.

[8] *Id*. at 38-39.

[9] *Id*. at 42-44.

Supreme Court E-Library

Emancipation Patent in favor of the petitioner and other qualified farmer-beneficiaries over the said landholding in accordance with the actual area of tillages.[10]

Trinidad filed a motion for reconsideration but her motion was denied.[11]

A year later, petitioner Sta. Monica filed a petition for *certiorari* and prohibition with the CA assailing the order of the Regional Director. In its petition, Sta. Monica claimed that while it is true that Asuncion Trinidad was the former registered owner of a parcel of land with an area of 83,689 square meters, the said landholding was sold on January 27, 1986.[12]

Petitioner was able to acquire 39,547 square meters of the Trinidad property. After the sale, petitioner sought the registration of the portion pertaining to it before the Register of Deeds of the Province of Bulacan. Consequently, a corresponding Transfer Certificate of Title, with No. 301408 (now TCT No. RT 70512) was issued in favor of petitioner.[13]

It was asserted that there was a denial of due process of law because it was not furnished a notice of coverage under the CARP law.[14]

In his comment on the petition, De Guzman argued that the alleged sale of the landholding is illegal due to the lack of requisite clearance from the DAR. The said clearance is required under P.D. No. 27,[15] the Tenant Emancipation Decree, which prohibits

---

[10] *Id*. at 38, 43-44.

[11] *Id*. at 135.

[12] *Id*. at 38.

[13] *Id*.

[14] *Id*. at 39.

[15] Presidential Decree No. 27 promulgated on October 21, 1972, entitled "Decreeing 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" and Executive Order No. 228 issued on July 17, 1987, entitled "Declaring Full Land Ownership to Qualified Farmer

Supreme Court E-Library

transfer of covered lands except to tenant-beneficiaries. According to De Guzman, since no clearance was sought from, and granted by, the DAR, the sale in favor of petitioner by Trinidad is inexistent and void. Hence, Trinidad remained the owner of the disputed property.

CA Disposition

On May 26, 2004, the CA rendered a decision dismissing the petition of Sta. Monica, disposing as follows:

> WHEREFORE, premises considered, the instant petition is hereby DENIED for lack of merit.
>
> SO ORDERED.[16]

The CA held that Sta. Monica is not a real party-in-interest because it cannot be considered as an owner of the land it bought from Trinidad, thus:[17]

> It appears from the records of this case that the sale between Trinidad and the petitioner is enjoined by Department Memorandum Circular No. 2-A, implementing the provisions of Presidential Decree (P.D.) No. 27, which prohibits the transfer of ownership of landholdings covered by P.D. No. 27 after 21 October 1972 without the requisite clearance from the DAR except to the tenant-beneficiary. Thus, the title to the subject landholding remained with the previous owner, Asuncion Trinidad. This effectively deprives the petitioner of interest to question the orders of the Regional Director of the DAR relative to the latter's directive placing the subject landholding under the coverage of Operation Land Transfer and the subsequent issuance of an Emancipation Patent in favor of private respondent De Guzman. One having no right or interest to protect cannot invoke the jurisdiction of the court as a party plaintiff (in this case petitioner) in an action. A real party in interest is the

---

Beneficiaries Covered by Presidential Decree No. 27; Determining the Value of Remaining Unvalued Rice and Corn Lands Subject to P.D. No. 27; and Providing for the Manner of Payment by the Farmer Beneficiary and Mode of Compensation to the Landowner."

[16] *Id*. at 40.

[17] *Id*. at 39.

Supreme Court E-Library

party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit.[18] (Citations omitted)

The CA added that even assuming that Sta. Monica is a real party-in-interest, it was not denied due process because it had constructive notice of the proceeding which involved its property:

> Even assuming, without admitting, that petitioner is the real party in interest by reason of the sale of the subject landholding in its favor, it cannot be said that petitioner was denied due process because of lack of notice of the proceedings before the DAR. It is significant to note that Asuncion Trinidad is the treasurer of petitioner, based on the corporation's General Information Sheet. While it cannot be said that there was proper notice to the corporation, being a corporate officer of the petitioner, there was at least constructive notice of the fact that there was a proceeding which involved the property of the corporation of which it may be deprived should an adverse decision be rendered by the DAR.[19]

The CA also ruled that the assailed orders of the Regional Director have already attained finality because it was not appealed to the DAR Secretary.

> Furthermore, the assailed orders have long become final and executory, there being no appeal undertaken to the Secretary of the Department of Agrarian Reform. Citing *Fortich vs. Corona, et al.*, the Supreme Court aptly ruled in this wise:
>
> > "The orderly administration of justice requires that the judgments/resolutions of a court or quasi-judicial body must reach a point of finality set by law, rules and regulations. The noble purpose is to write *finis* to disputes once and for all. This is a fundamental principle in our justice system, without which there would be no end to litigations. Utmost respect and adherence to this principle must always be maintained by those who wield the power of adjudication. Any act which violates such principle must immediately be struck down."
>
> The rule on finality of decisions, orders or resolutions of a judicial, quasi-judicial, or administrative body is not a question of technicality

---

[18] *Id*.

[19] *Id*.

Supreme Court E-Library

but of substance and merit, the underlying consideration therefore being the protection of the substantive rights of the winning party. Just as a losing party has the right to file an appeal within the prescribed period, the winning party also has the correlative right to enjoy the finality of the resolution of his/her case.[20]

Sta. Monica sought reconsideration but it was denied. Hence, the present recourse.[21]

Issue

Sta. Monica seeks reversal of the CA decision on the lone ground that THE ASSAILED DECISION AND RESOLUTION OF THE COURT OF APPEALS ARE CONTRARY TO EXISTING LAWS, RELEVANT JURISPRUDENCE ON THE MATTER AND THE FACTUAL CIRCUMSTANCES.[22]

Our Ruling

The petition is bereft of merit.

Trinidad is still deemed the owner of the agricultural land sold to Sta. Monica; no need for separate notice of coverage under the CARP law.

The crux of the petition lies in the requirement of notice of coverage under the CARP law. The statute requires a notice of coverage to be furnished and sent to the landowner.[23] Notice is part of the constitutional right to due process of law. It informs the landowner of the State's intention to acquire a private land upon payment of just compensation and gives him the opportunity to present evidence that his landholding is not covered or is otherwise excused from the agrarian law.

There is no dispute that a notice of coverage was duly sent to Trinidad. Records show that she participated in the DAR

---

[20] *Id*. at 39-40.

[21] *Id*. at 116.

[22] *Id*. at 20.

[23] Republic Act No. 6657, Sec. 16, Chapter V.

Supreme Court E-Library

proceedings. As to her, the constitutional requirement of due process was met and satisfied.

Petitioner Sta. Monica, however, claims that it is the owner of the agricultural land awarded to De Guzman. It acquired the land from Trinidad by sale in 1986 and it was issued a transfer certificate of title. Sta. Monica claims denial of due process of law because it was not furnished the required notice of coverage under the CARP law.

Respondent De Guzman, on the other hand, contends that the sale between Trinidad and Sta. Monica is null and void because it is a prohibited transaction under Presidential Decree No. 27 (P.D. No. 27), as amended.[24] De Guzman also claims that Trinidad is a corporate officer of Sta. Monica. It was her duty to inform Sta. Monica of the pending proceeding with the DAR.[25] He maintains that Sta. Monica was not denied due process because there was constructive notice. Sta. Monica was sufficiently informed of the pending DAR proceedings.[26]

Records disclose that there was indeed a deed of sale between Trinidad and Sta. Monica over the agricultural land awarded to De Guzman. Sta. Monica was also issued a new transfer certificate of title over the land. If We rely solely on the sale, it is a foregone conclusion that Sta. Monica was denied due process of law. As the owner on record of the agricultural land, it should have been given a notice of coverage.

However, there is much to be said of the attendant circumstances that lead Us to conclude that notice of coverage to Trinidad is also sufficient notice to Sta. Monica. Moreover, We find that the sale between Trinidad and Sta. Monica was a mere ruse to frustrate the implementation of the agrarian law.

First, the sale to Sta. Monica is **prohibited**. P.D. No. 27, as amended, forbids the transfer or alienation of covered

---

[24] As implemented by DAR Memorandum Circular No. 2-A Series of 1973, as amended.

[25] *Rollo,* p. 137.

[26] *Id*.

Supreme Court E-Library

agricultural lands after October 21, 1972 except to the tenant-beneficiary. The agricultural land awarded to De Guzman is covered by P.D. No. 27. He was awarded a certificate of land transfer in July 22, 1981. The sale to Sta. Monica in 1986 is void for being contrary to law.[27] Trinidad remained the owner of the agricultural land.

In *Heirs of Batongbacal v. Court of Appeals*,[28] involving the similar issue of sale of a covered agricultural land under P.D. No. 27, this Court held:

> Clearly, therefore, Philbanking committed breach of obligation as an agricultural lessor. As the records show, private respondent was not informed about the sale between Philbanking and petitioner, and neither was he privy to the transfer of ownership from Juana Luciano to Philbanking. As an agricultural lessee, the law gives him the right to be informed about matters affecting the land he tills, without need for him to inquire about it.
>
> x x x x x x x x x
>
> In other words, transfer of ownership over tenanted rice and/or corn lands after October 21, 1972 is allowed only in favor of the actual tenant-tillers thereon. *Hence, the sale executed by Philbanking on January 11, 1985 in favor of petitioner was in violation of the aforequoted provision of P.D. 27 and its implementing guidelines, and must thus be declared* ***null and void***.[29] (Underscoring supplied)

Second, buyer Sta. Monica is owned and controlled by Trinidad and her family. Records show that Trinidad, her husband and two sons own more than 98%[30] of the outstanding capital stock of Sta. Monica. They are all officers of the corporation.[31] There are only two non-related incorporators who own less than one percent of the outstanding capital stock of Sta. Monica and who are not officers of the corporation.

---

[27] Civil Code, Art. 1409.

[28] G.R. No. 125063, September 24, 2002, 389 SCRA 517.

[29] *Heirs of Batongbacal v. Court of Appeals, id.* at 525.

[30] *Rollo,* p. 147.

[31] *Id.* at 143.

Supreme Court E-Library

To be sure, Trinidad and her family exercise absolute control of the corporate affairs of Sta. Monica. As owners of 98% of the outstanding capital stock, they are the beneficial owners of all the assets of the company, including the agricultural land sold by Trinidad to Sta. Monica.

Third, Trinidad and her counsel failed to notify the DAR of the prior sale to Sta. Monica during the administrative proceedings. Worse, Trinidad feigned ignorance of the sale by filing a motion for bill of particulars seeking specifics from De Guzman of her alleged landholdings which are subject of his petition with the DAR.

It is highly unusual and unbelievable for her not to know, or at least be aware, of the sale to Sta. Monica. She herself signed the deed of sale as seller. She is also a stockholder and officer of Sta. Monica. More importantly, she cannot feign ignorance of De Guzman's claim because he was her agricultural tenant since the 1970s. She knows, or at least ought to know, that the subject matter of the petition with the DAR was her own landholding, which she sold to Sta. Monica in direct violation of P.D. No. 27.

The apparent lack of candor is heightened by the fact that both Trinidad and Sta. Monica are represented by the same counsel, Atty. Ramon Gutierrez. We cannot stretch Our credulity on how Trinidad filed a motion for bill of particulars with the DAR seeking specifics on the sale to Sta. Monica when she herself signed for the vendor as a party to the transaction.

It is the duty of Atty. Gutierrez to inform the DAR, at the very first opportunity, of the sale to Sta. Monica. He was utterly remiss of this duty. Instead of informing the DAR, Trinidad and her counsel engaged in wild goose chase and stonewalling, feigning ignorance when they ought to have informed the DAR of the sale to Sta. Monica. Atty. Gutierrez is reminded that, as an officer of the court, he owes it the duty of candor, honesty and fairness.[32]

---

[32] Code of Professional Responsibility, Canon 10.

Supreme Court E-Library

Fourth, it was only after an adverse decision against Trinidad that Sta. Monica suddenly filed a petition for *certiorari* with the CA questioning the lack of notice of coverage under the CARP law. It is highly unlikely that Sta. Monica, an artificial being acting only through its duly authorized representatives, was not sufficiently informed or had no constructive knowledge of the DAR proceedings.

Trinidad and by extension, her family members, were informed or should be sufficiently aware of the DAR proceedings. They are all stockholders and corporate officers of Sta. Monica. They knew, they ought to know, that Sta. Monica would suffer damage should the DAR award, as it awarded, the agricultural land to De Guzman.

As directors and corporate officers, they owe a duty of care to the corporation to inform it of the pending proceedings with the DAR.

Fifth, the ultimate factor that betrays Trinidad and Sta. Monica is the continued payment of lease rentals by De Guzman. Records show that De Guzman paid and continued to pay lease rentals to Trinidad even after she sold the land to Sta. Monica. The receipt[33] dated May 30, 2002 discloses that De Guzman paid 40 cavans of *palay* to Clodinaldo dela Cruz, the authorized representative of Trinidad, as lease rentals for the agricultural land.

It is incredible that Trinidad would still continue to collect lease rentals from De Guzman if she had long sold the agricultural land to Sta. Monica in 1986. The continued payment of lease rentals indicates that Trinidad never sold the agricultural land to Sta. Monica. Evidently, the sale was a mere ruse to skirt coverage under the comprehensive agrarian reform law.

All these circumstances indicate that Trinidad has remained as the real owner of the agricultural land sold to Sta. Monica. The sale to Sta. Monica is not valid because it is prohibited under P.D. No. 27. More importantly, it must be deemed as a mere ploy to evade the applicable provisions of the agrarian law.

---

[33] *Rollo,* p. 148.

Supreme Court E-Library

But it is a fiat that the corporate vehicle cannot be used as a shield to protect fraud or justify wrong. Thus, the veil of corporate fiction will be pierced when it is used to defeat public convenience and subvert public policy.

Considering that Trinidad remained to be the true and legal owner of the agricultural land, there is no need for another notice of coverage to be sent or furnished to Sta. Monica. At the very least, the notice to her is already notice to Sta. Monica because the corporation acted as a mere conduit of Trinidad. The CA correctly dismissed the petition of Sta. Monica to annul the orders of the Regional Director placing the agricultural land of Trinidad under the agrarian reform law.

Final Note

This case can be viewed as a microcosm of the persistent agrarian reform problem in Our country. For one, it illustrates the arduous legal battle that tenant-farmers have to endure in order to be finally freed from the bondage of the soil. De Guzman battled for almost eight years to acquire the agricultural land from Trinidad. Others are not as equally lucky. For another, it shows the subtle but illegal measures taken by landowners to evade coverage under the CARP law.

Of course, there are also tales of landowners who unduly suffer either the abuse of some farmers or the harsh consequences of the law.

In hindsight, it is quite ironic that We are still faced with the same agrarian reform problem which We have sought to eradicate several years ago when the CARP law was first introduced. Feudal system of land ownership still persists in the countryside and most farmers are still tied to their bondage. It is more ironic when the problem is taken in its historical context, the CARP law being the fifth land reform law passed since President Quezon.

To Our mind, part of the problem lies with the CARP law itself. As crafted, the law has its own loopholes. It provides for a long list of exclusions. Some landowners used these exclusions to go around the law. There is now a growing trend of land conversion in the countryside suspiciously to evade coverage

Supreme Court E-Library

under the CARP law. Of course, the solution to this problem lies with Congress. It is high time We sounded the call for a more realistic, rational comprehensive agrarian reform law.

The dubious use of seemingly legal means to sidestep the CARP law persists. Corporate law is resorted to by way of circling around the agrarian law. As this case illustrates, agricultural lands are being transferred, simulated or otherwise, to corporations which are fully or at least predominantly controlled by former landowners, now called stockholders. Through this strategy, it is anticipated that the corporation, by virtue of its corporate fiction, will shield the landowners from agricultural claims of tenant-farmers.

The use of corporate fiction as a means to evade legal liability is not new. This scheme or device has long been perceived to be used in other fields of law, notably taxation to minimize payment of tax with varying degrees of success and acceptability. But the continued employment of the scheme in agrarian cases is not only deplorable; it is alarming. It is time to put a lid on the cap.

WHEREFORE, the petition is *DENIED*. The appealed Decision of the Court of Appeals is *AFFIRMED*.

SO ORDERED.

Ynares-Santiago (Chairperson), Austria-Martinez, Chico-Nazario, and *Brion,*[*] *JJ.,* concur.

---

[*] Vice Associate Justice Antonio Eduardo B. Nachura. Justice Nachura is on official leave per Special Order No. 507 dated May 28, 2008.