



Republic of the Philippines  
Supreme Court  
Manila

**SECOND DIVISION**

**REPUBLIC OF THE PHILIPPINES,**      **G.R. No. 197115**  
represented by the Secretary of  
**Agriculture,**  
*Petitioner,*

- versus -

**FEDERICO DACLAN,**  
**JOSEFINA COLLADO** and her  
husband **FEDERICO DACLAN,**  
**TEODORO DACLAN** and  
**MINVILUZ DACLAN** as surviving  
heirs of deceased **JOSE DACLAN,**  
*Respondents.*

X ----- X

**FEDERICO DACLAN,**  
**JOSEFINA COLLADO,**  
**TEODORO DACLAN** and  
**MINVILUZ DACLAN** as surviving  
heirs of deceased **JOSE DACLAN,**  
*Petitioners,*

**G.R. No. 197267**

Present:

BRION, *Acting Chairperson,* \*  
DEL CASTILLO,  
MENDOZA,  
PERLAS-BERNABE, \*\* and  
LEONEN, JJ.

- versus -

**REPUBLIC OF THE PHILIPPINES,**  
represented by the Secretary of  
**Agriculture** and **PROVINCE OF**  
**LA UNION,** represented by its  
**PROVINCIAL GOVERNOR,**  
*Respondents.*

Promulgated:  
MAR 23 2015

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**DECISION**

**DEL CASTILLO, J.:**

Before us are consolidated Petitions for Review on *Certiorari*<sup>1</sup> assailing: 1)

\* Per Special Order No. 1955 dated March 23, 2015.  
\*\* Per Special Order No. 1956 dated March 23, 2015.  
<sup>1</sup> *Rollo*, G.R. No. 197115, pp. 12-36; G.R. No. 197267, pp. 8-42.

the January 25, 2011 Decision<sup>2</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 90014 which set aside the July 31, 2007 Decision<sup>3</sup> of Branch 32 of the Regional Trial Court (RTC) of Agoo, La Union, as well as 2) the CA's May 30, 2011 Resolution<sup>4</sup> denying the parties' respective Motions for Reconsideration.<sup>5</sup>

### ***Factual Antecedents***

The facts, as found by the CA, are as follows:

Sometime in May 1972, the Agoo Breeding Station (or "breeding station") was established by the Department of Agriculture, through the Bureau of Animal Industry (BAI), Region I, for the purpose of breeding cattle that would be distributed to the intended beneficiaries pursuant to the livelihood program of the national government. In support of the said project, plaintiffs<sup>6</sup> executed four (4) documents denominated as Deed of Donation in favor of defendant Republic of the Philippines (or "Republic") donating to the latter four (4) parcels of land, more particularly described in the following Tax Declarations (TD):

1. TD No. 23769 registered in the name of Federico Daclan covering a [parcel of] land with an area of 15,170 square meters, more or less;
2. TD No. 38240 registered in the name of Josefina Collado covering a [parcel of] land with an area of 3,440 square meters, more or less;
3. TD No. 27220 registered in the name of Teodoro Daclan covering a [parcel of] land with an area of 2,464 square meters, more or less;
4. TD No. 1875 registered in the name of Jose Daclan (deceased father of plaintiff Minviluz Daclan) covering a [parcel of] land with an area of 1,769 square meters, more or less.

These parcels of land are located at Barrio Nazareno, Agoo, La Union. The donation was subject to the conditions that these parcels of land 1) shall be used solely for the establishment of a breeding station, and 2) shall not be used for any other purpose, except with the previous consent of the donors or their heirs.

Sometime in 1991, the powers and functions of certain government agencies, including those of the Department of Agriculture (DA), were devolved to the local government units pursuant to Republic Act No. 7160, otherwise known as the "Local Government Code". Thus, defendant Province of La Union (or "Province") assumed the powers and functions of the DA, in the operation of the breeding station.<sup>7</sup>

In particular, the deeds of donation<sup>8</sup> stipulated –

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<sup>2</sup> *Rollo*, G.R. No. 197115, pp. 38-48; penned by Associate Justice Sesinando E. Villon and concurred in by Associate Justices Stephen C. Cruz and Amy C. Lazaro-Javier.

<sup>3</sup> *Id.* at 72-87; penned by Judge Clifton U. Ganay.

<sup>4</sup> *Id.* at 50.

<sup>5</sup> *CA rollo*, pp. 174-192.

<sup>6</sup> Petitioners in G.R. No. 197267.

<sup>7</sup> *Rollo*, G.R. No. 197267, pp. 184-185.

<sup>8</sup> Records, pp. 7-10.

- a. That the land herein mentioned shall be used for the establishment of a breeding station and shall not be used for any other purpose, except with the previous consent of the DONOR or his heirs;

x x x x

- c. That in case of non-use, abandonment or cessation of the activities of the BUREAU OF ANIMAL INDUSTRY, possession or ownership shall automatically revert to the DONOR and all permanent improvements existing thereon shall become the property of the DONOR; x x x<sup>9</sup>

All in all, the petitioners in G.R. No. 197267 – Federico Daclan, Josefina Collado, Teodoro Daclan, Jose Daclan (the Daclans) – and several others donated around 13 hectares of land to the Republic. The uniform deeds of donation covering these parcels of land contained the same conditions, including the above stipulations relative to exclusive purpose/use and automatic reversion.<sup>10</sup>

Sometime after the donations were made, the La Union Medical Center (LUMC) was constructed on a 1.5-hectare portion of the 13-hectare donated property.<sup>11</sup>

In a September 4, 2003 Letter<sup>12</sup> to the Secretary of the Department of Agriculture, the Daclans and other donors demanded the return of their donated lands on the ground that the breeding station has ceased operations and that the land has been abandoned.

### ***Ruling of the Regional Trial Court***

On March 28, 2005, the Daclans filed Civil Case No. A-2363 for specific performance against the Republic and the Province of La Union. The case was assigned to Branch 32 of the RTC of Agoo, La Union (Agoo RTC). The Daclans essentially claimed in their Amended Complaint<sup>13</sup> that pursuant to the automatic reversion clause in the deeds of donation, they are entitled to a return of their donated parcels of land after the Bureau of Animal Industry (BAI) ceased operating the breeding station, but that the Republic and the Province failed to honor the said clause and refused to return their land. They thus prayed that the defendants be ordered to return to them the donated land, with all improvements existing thereon.

In its Answer,<sup>14</sup> the Province alleged that the Daclans have no cause of action since the breeding station was still existing – although this time it is being

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<sup>9</sup> Id.

<sup>10</sup> Id. at 11; *Rollo*, G.R. No. 197267, p. 189.

<sup>11</sup> *Rollo*, G.R. No. 197115, pp. 27, 29, 44; G.R. No. 197267, p. 189; Records, pp. 227-228, 343.

<sup>12</sup> Records, p. 11.

<sup>13</sup> Id. at 63-69.

<sup>14</sup> Id. at 84-87.

operated by the Province, pursuant to the devolution program under the Local Government Code of 1991, and that the Daclans violated the deeds of donation because they have occupied the donated land and have begun fencing the same. It prayed for the dismissal of the complaint as well as the grant of injunctive relief.

In a subsequent Manifestation,<sup>15</sup> the Republic opted to adopt the above Answer filed by the Province.

In their Reply,<sup>16</sup> the Daclans claimed that the donated land cannot be assigned by the Republic to the Province as the deeds of donation did not include the Republic's successors or assigns as intended beneficiaries; that contrary to the Province's claim, the breeding station is not operational and has been abandoned, and the existing heads of cattle found therein do not belong to the government but to former officials of the BAI; and that with the automatic reversion clause, they are granted the immediate right to occupy the subject land, and no injunctive relief should issue against them.

Upon motion of the parties, an ocular inspection of the premises was conducted, and a Commissioner's Report<sup>17</sup> was prepared and issued thereafter. The report indicated in part that –

From information gathered from Ms. Cresencia Isibido, a caretaker of the Agoos Breeding Station, the land had an original area of thirteen (13) hectares. At present though, only eleven point five (11.5) hectares is [sic] being occupied by the Agoos Breeding Station as 1.5 hectares was [sic] occupied by the La Union Medical Center.

At a distance of about 200 meters from the main entrance of the breeding station, an office is located at the south of said lot. Beside the office is a shed where six (6) young goats (kids) are housed. Another shed where goats are housed is located at the northern side of the lot, fronting a water pump station.

It was likewise gathered that at present, the breeding station has a total number of fifty (50) goats. Also, there are six (6) cows roaming in the pasture land. Four (4) of these cows are pregnant. It was clarified that these cows belong to the Cross Australian Bi-Bhraman [sic] breed.

There are four (4) caretakers in the breeding station, all of whom are employed by the provincial government of La Union. They receive salary from the provincial government and they likewise submit monthly reports to the Provincial Veterinarian. These four caretakers are Cresencia Isibido, Manuel Daclan, Ruben Daclan (son of plaintiff Federico Daclan), and Tita Fortes.

The group left the breeding station at around 3:30pm.

Agoos, La Union, this 14<sup>th</sup> day of December, 2006.<sup>18</sup>

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<sup>15</sup> Id. at 102-103.

<sup>16</sup> Id. at 88-91.

<sup>17</sup> Id. at 227-228; prepared and signed by Commissioner Dante R. Evangelista.

<sup>18</sup> Id. at 228.

During trial, the witnesses testified as follows:

To substantiate their claim, the plaintiffs presented the following witnesses whose testimonies are summarized, thus:

REINERIO BELARMINO[,] JR., is 46 years old, married, a resident of Namnama, San Fernando, La Union, and Regional Director of the Department of Agriculture, Region 1.

Dir. Belarmino testified that by virtue of a subpoena *ad testificandum* and subpoena *duces tecum*, he brought to Court a photocopy of a letter he issued to Atty. Benjamin Tabios, Legal Consultant of the Department of Agriculture dated October 14, 2003.

Dir. Belarmino said that while he confirmed and affirmed the contents of the letter, he nevertheless could not agree on [sic] one sentence written therein. This pertains to the entry that the artificial breeding station is no longer operational. He explained that although he signed the letter, it was his legal officer who prepared the same.

Further, he said that he had been calling his legal officer since it was the latter who drafted said letter. He clarified that upon personal verification, he found out that it was not the artificial breeding station that was not [operational]. Rather, it was the breeding station that was not operational.

He likewise mentioned that as early as 1993, the Department of Agriculture, particularly the Bureau of Animal Industry, gave up the breeding station because of the devolution. In particular, the operation of the breeding station was transferred to the Province of La Union. However, he affirmed that in the deed of donation, there is no mention of the Province of La Union. Likewise, there is no mention of any successor.

He clarified though that no breeding activity was done by the Department of Agriculture through the Bureau of Animal Industry since 1993 because ownership of the breeding station was transferred to the Province of La Union. The transfer was made without the consent of the donors since the transfer was between two government entities.

On the ocular inspection which was conducted, Dir. Belarmino affirmed that at present, there are six cows and fifty (50) goats in the breeding station. However, he clarified that said 50 goats are not the same goats that were turned over to the province of La Union as a result of the devolution.

TEODORO DACLAN, 84 years old, married, retired government employee and a resident of Nazareno, Agoo, La Union, testified that he is one of the plaintiffs in this case.

He said that he executed a Deed of Donation in favor of the Republic of the Philippines, then represented by the Secretary of the Department of Agriculture. He clarified that as embodied in their complaint, they seek to enforce the common provision that in case of non-use, abandonment or cessation of activities of the Bureau of Animal Industry, possession and ownership of the lots subject of donation shall revert x x x to the donors.

In this respect, he said that the Department of Agriculture, through the Bureau of Animal Industry, has no on-going breeding activity in the above-mentioned lots. He maintained that he came to know of such non-operation of the breeding station as early as thirteen (13) years ago.

He likewise testified that he was never informed of any devolution which transferred the operations of the breeding station from the Bureau of Animal Industry to the Province of La Union. Moreover, his permission was never sought for the use of the donated lots by the Province of La Union.

FEDERICO DACLAN, 83 years old, married, retired employee of the Bureau of Animal Industry and a resident of Brgy. Nazareno, Agoo, La Union, also testified.

He said that he is one of the plaintiffs in this case. Plaintiff Teodoro Daclan is his brother while plaintiff Minviluz Daclan is his niece. His spouse, Josefina Collado, is likewise a co-plaintiff.

He added that he donated a parcel of land with an area of 15,170 square meters located at Nazareno, Agoo, La Union in favor of the Republic of the Philippines through the Secretary of Agriculture.

Further, he reiterated that as embodied in the deed of donation, one of the conditions therein is that the land shall be used as a breeding station and shall not be used for any other purpose, except with the previous consent of the donor or his heirs.

He maintained that since 1993 up to the present, the lot is no longer being used as a breeding station nor has the defendant province of La Union sought his permission for the use of said lot for any other purpose.

JOSEFINA COLLADO, 72 years old, married, housewife and a resident of Nazareno, Agoo, La Union testified that she and her husband donated a parcel of land situated at Nazareno, Agoo, La Union in favor of the Republic of the Philippines through the Secretary of Agriculture.

She said that at present, there is no breeding activity being conducted on said lot. She added that there has been no breeding activity for a long time now. Further, she clarified that she and the other plaintiffs were never notified of a devolution so much so that the operation of the breeding station was transferred to defendant Province of La Union. Also, the defendant Province of La Union never secured their consent for the use of the lot for any other purpose other than a breeding station.

MINVILUZ DACLAN, 75 years old, single, retired teacher and resident of San Pedro, Agoo, La Union testified that she is the [daughter] of the late Jose Daclan. She said that during the lifetime of her father, she was aware of a Deed of Donation executed by her father in favor of the Republic of the Philippines represented by the then Secretary of Agriculture.

She said that the lot subject of the donation is situated in Nazareno, Agoo, La Union. Likewise, she testified that the donation was premised on the condition that a breeding station is to be established in said property. However, she maintained that there is no such breeding station.

Further, she was not aware if her father gave his consent for the use of the property for any other purpose other than for a breeding station. She emphasized that her father gave his consent only for the use of a breeding station. Likewise, she has not been consulted nor her permission sought for if the land can be used for any other purpose other than for breeding.

The defendant Province of La Union presented the following witnesses whose testimonies are summarized, thus:

CRESENCIA ISIBIDO, 58 years old, single, government employee and a resident of San Pedro, Agoo, La Union testified that she is employed at the Office of the Veterinarian, particularly at the Agoo Breeding Station at Nazareno, Agoo, La Union.

Particularly, she has been employed thereat since August 28, 1974, initially as Farm Worker and now, as Farm Foreman. As foreman, she exercises supervision over her co-employees and over all animals in the breeding station. She clarified that in 1989, there were six (6) personnel assigned at the breeding station. She likewise clarified that from 1974 until 1989, she received her salary from the Bureau of Animal Industry.

During the devolution of 1993, she started receiving her salary from the provincial government of La Union. She added though that even after devolution took place, the operation of the Agoo Breeding Station continued.

Likewise, she testified that from the time she was promoted as farm foreman, goats, cattle and swine were being maintained at the breeding station. She recalled that there were about twenty (20) cattle, seventy (70) goats and eight (8) swine.

When the devolution took place, she specified that the activities in the breeding station included production of animals, forage and artificial insemination. She said that the cattles in the breeding station were either subjected to natural insemination or artificial insemination. Upon the other hand, goats are subjected to natural insemination. Aside from artificial or natural insemination, greasing is also being conducted in the breeding station.

DR. NIDA GAPUZ, 47 years old, married, Provincial Veterinarian and a resident of Bauang, La Union testified that she is the provincial veterinarian of the province of La Union since October, 2006. Prior to her appointment as provincial veterinarian, she was the Supervisor Agriculturist of the Provincial Veterinarian's Office. Again, prior to her appointment as supervisor agriculturist, she was Agricultural Center Chief II of the same office.

She recalled that in 1983, their office was under the Department of Agriculture Regional Office. Thereafter, they were transferred to the Provincial Office of the Department of Agriculture. She said that at that time, the Agoo Breeding Station was already existing.

Thereafter, with the advent of devolution, the Office of the Provincial Veterinarian was created and eventually, they were separated from the Department of Agriculture.

Further, she testified that in her capacity as Agricultural Center Chief II,

she handled the facilities for the Agoo Breeding Station and the La Union Breeding Station, both of which are under the office of the provincial veterinarian.

She mentioned that she used to visit the Agoo Breeding Station at least two (2) times a month. She added that natural as well as artificial insemination activities were conducted in said breeding station. As such, she explained that one of the purpose[s] of the breeding station is to reproduce and disperse animals.

At present, she said that the breeding station engages in goat dispersal and cattle production. There are no swine since swine production was phased out because of the establishment of the La Union Medical Center within the vicinity of the breeding station.

Likewise, she said that at present, there are seven (7) heads of cattle being raised in the breeding station. Of these, two (2) are pregnant. There are also forty-six (46) heads of goats.

ATTY. MAURO CABADING, 53 years old, married, Provincial Assessor and a resident of San Fernando City, La Union testified that he is familiar with the Agoo Breeding Station because he took photographs thereof sometime last year.

He explained that he was directed by the governor and the provincial administrator to take photographs of the breeding station to determine whether the allegations contained in the complaint filed by herein plaintiffs [are] true or not. He then proceeded to the Agoo Breeding Station accompanied by his driver and a personnel from the Provincial Veterinarian's Office.

He maintained that he can recognize the photographs taken at the breeding station since it was his camera that was used in taking pictures. He then started identifying the photographs, making mention of those which depicted cows, goats and houses for cows and goats. Also, he said that the [owner] of the goats and cows seen at the photographs he took is the provincial government of La Union.<sup>19</sup>

On July 31, 2007, the Agoo RTC rendered its Decision<sup>20</sup> in Civil Case No. A-2363, which decreed thus:

WHEREFORE, in view of the foregoing, the Court hereby renders judgment DISMISSING this instant case for specific performance.

SO ORDERED.<sup>21</sup>

The trial court held that although the functions and powers of the BAI were transferred to the Province by virtue of devolution under the Local Government Code of 1991, the Province continued to operate the breeding station. It added that the Daclans' consent to the transfer of functions and powers was not necessary as to affect the validity of the donations of their lands; devolution of

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<sup>19</sup> Id. at 344-351.

<sup>20</sup> *Rollo*, G.R. No. 197115, pp. 72-87.

<sup>21</sup> Id. at 87.



power took effect by operation of law. It held further that contrary to the Daclans' claims, the preponderance of evidence suggested that the operations of the breeding station never ceased; and there are farm animals, buildings, structures, and offices being supervised by four caretakers whose salaries were being paid by the Province, and these personnel submit monthly reports of operations to the provincial veterinarian.

### ***Ruling of the Court of Appeals***

The Daclans took the Agoo RTC's July 31, 2007 Decision to the CA *via* appeal. On January 25, 2011, the CA issued the assailed Decision, decreeing as follows:

WHEREFORE, in view of all the foregoing, the assailed July 31, 2007 decision of Branch 32 of the Regional Trial Court of Agoo, La Union is hereby SET ASIDE. The donation insofar as the 1.5 hectare portion of the donated parcels of land that is now being used by the La Union Medical Center for its medical facility, hence no longer being used for the purpose for which the donation was constituted, is hereby declared revoked. Accordingly, possession and ownership of that particular portion of the donated parcels of land shall revert to the donor/s or their heir/s.

SO ORDERED.<sup>22</sup>

In essence, the CA agreed with the findings of fact of the Agoo RTC, except that it held that the Province violated the exclusive use stipulations in the deeds of donation when it allowed the construction of the LUMC within a portion of the donated lands, as the operation of a human medical facility has no relation to the operation of an animal breeding station, and it has not been shown that the consent of the donors was obtained prior to the construction of the LUMC. Thus, with respect to the portion occupied by the LUMC, the automatic reversion clauses in the deeds of donation apply. The appellate court held further that even the Office of the Solicitor General conceded that if any violation of the deeds of donation occurred, it could only affect that portion which is no longer used as a breeding station. Finally, it upheld the validity of the automatic reversion clauses in the subject deeds of donation, which it found to be consistent with law, morals, good customs, public order and public policy.

Both the Daclans and the Republic moved for reconsideration, but on May 30, 2011, the CA issued the second assailed disposition sustaining its judgment.

The present Petitions were thus filed.

In an October 3, 2011 Resolution<sup>23</sup> of the Court, both Petitions were ordered consolidated.

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<sup>22</sup> Id. at 47.

<sup>23</sup> Id. at 136.

### Issues

The following issues are raised:

By the Republic in G.R. No. 197115

I.

THE HONORABLE COURT ERRED IN RULING THAT PETITIONER VIOLATED THE PROVISIONS OF THE DEEDS OF DONATION.

II.

THE HONORABLE COURT OF APPEALS ERRED IN DIRECTING THE PETITIONER TO RETURN PORTION/S OF THE PARCEL/S OF LAND DONATED BY RESPONDENTS AND/OR THEIR FOREBEARS BASED ON AN UNESTABLISHED INFERENCE.<sup>24</sup>

By the Daclans in G.R. No. 197267

A.

THE HONORABLE COURT OF APPEALS DID NOT DECIDE THE MAIN ISSUES RAISED BY THE PETITIONERS IN THE TRIAL COURT AND BEFORE IT.

B.

THE HONORABLE COURT OF APPEALS HAS DECIDED A QUESTION OF SUBSTANCE IN A WAY NOT IN ACCORD WITH THE ESTABLISHED FACTS AND THE APPLICABLE LAWS AND JURISPRUDENCE.<sup>25</sup>

### *The Parties' Respective Arguments*

**G.R. No. 197115.** For the Republic, the lone point of contention is that the CA could not validly order the return to the Daclans of the donated 1.5-hectare portion where the LUMC is situated because it has not been proved that such portion formed part of lands originally donated by the Daclans. The Republic contends that the Daclans donated only an aggregate of 2.2843 hectares, while the breeding station sits on 13 hectares of donated land; the Daclans did not prove during trial that the 1.5-hectare land where the LUMC is erected sits within the 2.2843 hectares donated by them. It maintains that if reversion must occur, the Daclans must first clearly identify the land on which the LUMC is erected as theirs. Thus, it prays that the July 31, 2007 Decision of the Ago RTC be reinstated.

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<sup>24</sup> Id. at 18-19.

<sup>25</sup> Id., G.R. No. 197267, p. 18.

For their part, the Daclans adopt their Petition in G.R. No. 197267 as their Comment to the Republic's Petition. In turn, the Republic manifested that it was adopting its Comment<sup>26</sup> to the Daclans' Petition in G.R. No. 197267 as its Reply.

**G.R. No. 197267.** The Daclans in their Petition insist that the deeds of donation they executed are “personal and exclusively limited to the parties, the donor and the donee. (They do) not extend to or inure to the benefit of their successors and assigns;”<sup>27</sup> the rights and obligations of the parties to the donations are not transmissible by their nature or stipulation. Thus, the unauthorized turnover of the breeding station to the Province by the BAI – the sole beneficiary under the deeds of donation – constitutes a violation of the terms of the deeds of donation, thus giving ground for reversion; and with the passage of the Local Government Code of 1991, the BAI ceased to exist and was abolished. Thus, the donated lands automatically revert to their original owners. They add that the evidence clearly indicates that the donated lands are no longer being used as a breeding station, but merely grazing land for a few animals whose ownership is even in doubt. Finally, the Daclans decry the failure of the Province to provide “agricultural extension and on-site research services and facilities” as required under the Implementing Rules and Regulations of the Local Government Code of 1991, which thus constitutes a violation of the stipulation contained in the deeds of donation to develop and improve the livestock industry of the country. Thus, they pray that the assailed CA dispositions be set aside completely and all their donated lands be reverted to them.

Notably, the Daclans admit in their Petition that the 1.5-hectare portion where the LUMC is constructed does not form part of the lands they donated to the government, but belongs to “other donors who are not parties to the case.”<sup>28</sup>

In its Comment<sup>29</sup> with a prayer for the denial of the Daclans' Petition and reinstatement of the July 31, 2007 Decision of the Agoo RTC, the Republic argues that the question of whether the breeding station is still in operation is one of fact which should not be disturbed at this stage of the proceedings; that the Daclans' admission in their Petition that the 1.5-hectare portion where the LUMC is constructed does not form part of the lands they donated to the government contradicts its argument that the CA committed serious error in ordering the reversion of the said portion to them; that it is not merely the BAI which acted as the donee, but the Republic itself – represented by the Secretary of the Department of Agriculture – which is the recipient of the Daclans' donated lands under the deeds; and that the passage of the Local Government Code of 1991 did not result in the cessation of operations of the Agoo breeding station.

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<sup>26</sup> Id. at 235-251.

<sup>27</sup> Id. at 19.

<sup>28</sup> Id. at 32-33.

<sup>29</sup> Id. at 235-251.

In an August 28, 2013 Manifestation,<sup>30</sup> the Province adopted the Republic's Comment to the Petition as its own.

### **Our Ruling**

The Court grants the Republic's Petition in G.R. No. 197115 and denies that of the Daclans' in G.R. No. 197267.

The preponderance of evidence points to the fact that the breeding station remained operational even after its transfer from the Republic to the Province. The activities of the BAI did not cease even after it was dissolved after the government adopted the policy of devolution under the Local Government Code of 1991; these activities were merely transferred to the Province. Thus, the witnesses for the Daclans and the Republic uniformly declared that the breeding station remained operational even after the Local Government Code of 1991 was put into effect. Particularly, Regional Director Reinerio Belarmino, Jr. of the Department of Agriculture, Region 1 declared that after the breeding station was transferred to the Province, he saw upon ocular inspection that there remained six cows and fifty goats on the premises. Cresencia Isibido testified that as Farm Foreman, she exercised supervision over her co-employees in the breeding station; that in 1989, there were six personnel assigned at the breeding station; that from 1974 until 1989, she received her salary from the BAI; that after devolution, she started receiving her salary from the Province; and that even after devolution, the operation of the Agoo Breeding Station continued, and goats, cattle and swine were being maintained thereat. Dr. Nida Gapuz, La Union Provincial Veterinarian, said that natural as well as artificial insemination activities were being conducted at the breeding station, as well as goat dispersal and cattle production. Atty. Mauro Cabading, La Union Provincial Assessor, testified that he was directed by the Governor and the Provincial Administrator to take photographs of the breeding station in order to verify the complaint filed by the Daclans; that he then proceeded to the Agoo Breeding Station; that he took photographs of the animals – cows and goats – therein; and that the Province owned said animals at the breeding station.

As against the bare assertions of the Daclans that the breeding station was abandoned and became non-operational, the testimonies of the above public officers are credible. "In the absence of any controverting evidence, the testimonies of public officers are given full faith and credence, as they are presumed to have acted in the regular performance of their official duties."<sup>31</sup>

Devolution cannot have any effect on the donations made by the Daclans to the Republic. As defined, "devolution refers to the act by which the national government confers power and authority upon the various local government units

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<sup>30</sup> Id. at 263-265.

<sup>31</sup> *Peligrino v. People*, 415 Phil. 94, 121-122 (2001).

to perform specific functions and responsibilities.”<sup>32</sup> It includes “the transfer to local government units of the records, equipment, and other assets and personnel of national agencies and offices corresponding to the devolved powers, functions and responsibilities.”<sup>33</sup> While the breeding station may have been transferred to the Province of La Union by the Department of Agriculture as a consequence of devolution, it remained as such, and continued to function as a breeding station; and the purpose for which the donations were made remained and was carried out. Besides, the deeds of donation did not specifically prohibit the subsequent transfer of the donated lands by the donee Republic. The Daclans should bear in mind that “contracts take effect between the parties, their assigns and heirs, except in cases where the rights and obligations arising from the contract are not transmissible by their nature, or by stipulation or by provision of law.”<sup>34</sup> Thus, as a general rule, rights and obligations derived from contract are transmissible.

The Daclans lament the supposed failure of the Province to provide “agricultural extension and on-site research services and facilities” as required under the Implementing Rules and Regulations of the Local Government Code of 1991, which failure they believe, constituted a violation of the stipulation contained in the deeds of donation to develop and improve the livestock industry of the country. Yet this cannot be made a ground for the reversion of the donated lands; on the contrary, to allow such an argument would condone undue interference by private individuals in the operations of government. The deeds of donation merely stipulated that the donated lands shall be used for the establishment of a breeding station and shall not be used for any other purpose, and that in case of non-use, abandonment or cessation of the activities of the BAI, possession or ownership shall automatically revert to the Daclans. It was never stipulated that they may interfere in the management and operation of the breeding station. Even then, they could not directly participate in the operations of the breeding station.

Thus, even if the BAI ceased to exist or was abolished as an office, its activities continued when its functions were devolved to the local government units such as the Province of La Union. It cannot be said that the deeds of donation may be nullified just by the fact that the BAI became defunct; its functions continued in the government offices/local government units to which said functions were devolved.

Lastly, the CA cannot validly order the return to the Daclans of the donated 1.5-hectare portion where the LUMC is situated, because such portion was not donated by them. They admitted that the 1.5-hectare portion where the LUMC is constructed does not form part of the lands they donated to the government, but belonged to other donors who are not parties to the instant case. As far as the

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<sup>32</sup> LOCAL GOVERNMENT CODE of 1991, Section 17(e).

<sup>33</sup> Id., Section 17(i).

<sup>34</sup> CIVIL CODE, Article 1311.

Daclans are concerned, whatever they donated remains part of the breeding station and so long as it remains so, no right of reversion accrues to them. Only the original owner-donor of the 1.5-hectare portion where the LUMC is constructed is entitled to its return.

**WHEREFORE**, the Court resolves as follows:

1. The January 25, 2011 Decision and May 30, 2011 Resolution of the Court of Appeals in CA-G.R. CV No. 90014 are **REVERSED** and **SET ASIDE**;

2. The Petition in G.R. No. 197115 is **GRANTED**. The July 31, 2007 Decision of the Regional Trial Court of Agoo, La Union, Branch 32 dismissing Civil Case No. A-2363 is **REINSTATED**; and

3. The Petition in G.R. No. 197267 is **DENIED**.

**SO ORDERED.**

  
MARIANO C. DEL CASTILLO  
*Associate Justice*

WE CONCUR:

  
ARTURO D. BRION  
*Associate Justice*  
*Acting Chairperson*

  
JOSE CATRAL MENDOZA  
*Associate Justice*

  
ESTELA M. PERLAS-BERNABE  
*Associate Justice*

  
MARVIC M.V.F. LEONEN  
*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.

  
ARTURO D. BRION  
*Associate Justice*  
*Acting Chairperson*

### CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting 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*

