



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

DEPARTMENT OF AGRARIAN
REFORM, as represented by Fritzi
C. Pantoja, in her capacity as the
Provincial Agrarian Reform
Officer, DAR-Laguna,

Petitioner,

- versus -

G.R. No. 176838

Present:

SERENO, C.J.,
Chairperson,
LEONARDO-DE CASTRO
BERSAMIN,
VILLARAMA, JR., and
REYES, J.J.

PARAMOUNT HOLDINGS
EQUITIES, INC., JIMMY CHUA,
ROJAS CHUA, BENJAMIN SIM,
SANTOS C. TAN, WILLIAM C.
LEE and STEWART C. LIM,

Respondents.

Promulgated:

JUN 13 2013

X-----X

DECISION

REYES, J.:

This resolves the Petition for Review¹ filed by petitioner Department of Agrarian Reform (DAR) to assail the Decision² dated October 12, 2006 and Resolution³ dated January 10, 2007 of the Court of Appeals (CA) in CA-G.R. SP No. 89693, which granted Paramount Holdings Equities, Inc., Jimmy Chua, Rojas Chua, Benjamin Sim, Santos C. Tan, William C. Lee and Stewart C. Lim's (respondents) appeal from the rulings of the

¹ Rollo, pp. 9-31.

² Penned by Associate Justice Jose L. Sabio, Jr., with Associate Justices Rosalinda Asuncion-Vicente and Ramon M. Bato, Jr., concurring; id. at 33-47.

³ Id. at 49-50.

1

Department of Agrarian Reform Adjudication Board (DARAB) in DARAB Case No. 12284.

The Antecedents

The case stems from the petition⁴ docketed as DARAB Case No. R 0403-0009-02, filed with the Office of the Provincial Adjudicator (PARAD) by the DAR through Provincial Agrarian Reform Officer (PARO) Felixberto Q. Kagahastian. The petition sought to nullify the sale to the respondents of several parcels of land, with details of the sale as follows:

<i>Vendee</i>	<i>Title No.</i>	<i>Area Covered</i>	<i>New Title</i>	<i>Vendor</i>
Jimmy C. Chua and Rojas Chua	T-37140	71,517 square meters	T-196706	Golden Mountain Agricultural Development Corporation
Paramount Holdings Equities, Inc.	T-37141	14,634 sq m	T-196705	Golden Mountain Agricultural Development Corporation
Paramount Holdings Equities, Inc.	T-37139	17,203 sq m	T-196704	Golden Mountain Agricultural Development Corporation
William C. Lee and Steward C. Lim	T-37137	68,078 sq m	T-196707	Green Mountain Agricultural Development Corporation
Benjamin Sim and Santos C. Tan	T-37138	66,114 sq m	T-196708	Green Mountain Agricultural Development Corporation

The PARO argued that the properties were agricultural land yet their sale was effected without DAR Clearance as required under Republic Act No. 6657 (R.A. No. 6657), otherwise known as the Comprehensive Agrarian Reform Law (CARL). Allegedly, the PARO came to know of the transactions only after he had received a directive from the Secretary of Agrarian Reform to investigate the matter, following the latter's receipt of a letter-request from persons⁵ who claimed to be the tenant-farmers of the properties' previous owners.⁶

The respondents opposed the petition, contending that since the matter involves an administrative implementation of R.A. No. 6657, the case is cognizable by the Secretary of Agrarian Reform, not the DARAB. They

⁴ Id. at 181-186.

⁵ Rommel Federazo, Ronnie Federazo, Reynaldo Rapasin, Cesar Belen, Enocencia Allanes, Hospicio Samson, Ely Ramos, Leonides Federazo, Romy Alano, Severino Malborbor, Virgilio Alano, Gregorio Cane, Antonio Valdez, Noel Agnes, Lourdes Samson, Benjamin Espenia and Roque Esperon; id. at 35.

⁶ Id. at 184.

also sought the petition's dismissal on the grounds of prescription, *litis pendentia*, *res judicata* and forum shopping.

The Ruling of the PARAD

On October 16, 2002, Provincial Adjudicator Virgilio M. Sorita (PA Sorita) issued a Resolution⁷ dismissing the petition for lack of jurisdiction. He explained:

Petitioner further argued that the jurisdiction of the Department of Agrarian Reform Adjudication Board includes and [is] not limited to *those involving sale, alienation, mortgage, foreclosure, preemption and redemption of agricultural lands* under the coverage of CARP or other agrarian laws. These provisions were originally lifted from Presidential Decree 946. The emphasis [is] on the phrase **under the coverage of CARP or other agrarian laws** which definitely refers to land already placed under the Comprehensive Agrarian Reform Program under R.A. 6657, lands already placed under Presidential Decree 27, landed estate acquired by Land Bank of the Philippines and administered by the Department of Agrarian Reform pursuant to the Provision of R.A. 3844 as amended and lands under the Settlement and Resettlement Project also administered by the Department of Agrarian Reform for the simple reason that disputes and controversies arising from these areas are agrarian reform matters. It does not include the sale, disposition or alienation of private lands not administered by the DAR to private individuals such [as] in this instant case.

Petitioner also argued that jurisdiction of the Adjudication Board also covers violation of the Rules and Guidelines in the implementation of the Comprehensive Agrarian Reform Program. This is true but such violation is only confined to violations committed by beneficiaries of the program not like in the instant case, otherwise, jurisdiction lies on the Regional Trial Court acting as Special Agrarian Court as clearly provided by law.⁸ (Underscoring ours)

Furthermore, PA Sorita cited the absence of any showing that the petition was filed with the knowledge and authority of the Solicitor General, as the official counsel of the government being the aggrieved party in the dispute.

The DAR's motion for reconsideration was denied, prompting the filing of an appeal with the DARAB.

⁷ Id. at 187-190.

⁸ Id. at 189.

The Ruling of the DARAB

The DARAB granted the appeal *via* a Decision⁹ dated August 18, 2004. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, the assailed Decision is hereby REVERSED and/or SET ASIDE. A new judgment is rendered nullifying the Deeds of Sale in question dated September 5, 1989 and ordering the Register of Deeds of Laguna to cancel the aforesaid Deeds of Sale, as well as the Transfer Certificates of Title issued to the respective private respondents concerned.

SO ORDERED.¹⁰

Contrary to the findings of PA Sorita, the DARAB ruled that: *first*, the failure of the parties to the sale to obtain the required clearance indicates that their transactions were fraudulent;¹¹ *second*, the PARO had the personality to file the petition even in the absence of the Solicitor General's assistance, citing Memorandum Circular No. 2, series of 2001 (Circular No. 2), and the policy of DAR to "acquire and distribute all lands covered by RA 6657[,] including those subject of illegal transfers x x x";¹² and *third*, the DARAB has the jurisdiction over the case, since its jurisdiction under Circular No. 2 covers the cancellation of deeds of conveyance and corresponding transfer certificates of title over agricultural lands.¹³

The denial¹⁴ of the respondents' motion for reconsideration led to the filing of a petition with the CA.

The Ruling of the CA

On October 12, 2006, the CA rendered the assailed Decision,¹⁵ the dispositive portion of which reads:

WHEREFORE, the instant petition is **GRANTED**. The appealed Decision (dated August 18, 2004) and Resolution (dated March 16, 2005)

⁹ Id. at 51-62.
¹⁰ Id. at 61.
¹¹ Id. at 59.
¹² Id. at 60.
¹³ Id. at 61.
¹⁴ Id. at 63-64.
¹⁵ Id. at 33-47.

of the Department of Agrarian Reform Adjudication Board-Central Office, Elliptical Road, Diliman, Quezon City are **ANNULLED** and **SET ASIDE**. The Petition in DARAB Case No. R-0403-0009-02 is hereby **DISMISSED**. No pronouncement as to costs.

SO ORDERED.¹⁶

The CA emphasized that the DARAB's jurisdiction over the dispute should be determined by the allegations made in the petition. Since the action was essentially for the nullification of the subject properties' sale, it did not involve an agrarian suit that is within the DARAB's jurisdiction.

DAR's motion for reconsideration was denied in a Resolution¹⁷ dated January 10, 2007. Hence, this petition.

The Present Petition

The Court has issued on June 6, 2007 a Resolution¹⁸ denying the petition on the following grounds: (a) DAR's failure to attach proof of service of the petition upon the CA as required by Section 3, Rule 45 in relation to Section 5(d), Rule 56 of the Rules of Court; (b) the DAR's failure to accompany the petition with clearly legible duplicate original or certified true copies of the assailed CA decision and resolution, in violation of Sections 4(d) and 5 of Rule 45, in relation to Section 5(d) of Rule 56; (c) the petition was prepared by the DAR Region IV-Legal Assistance Division without the concurrence of the Office of the Solicitor General (OSG); and (d) the petition failed to sufficiently show that the appellate court committed any reversible error in the challenged decision and resolution as to warrant the exercise by the Court of its discretionary appellate jurisdiction.

On October 15, 2007,¹⁹ the Court resolved to grant DAR's motion to reconsider the dismissal, after it filed its compliance and the OSG, its appearance and manifestation that it was adopting the petition and motion for reconsideration filed by DAR.

On December 10, 2008, the Court again resolved to deny the petition on the ground of the OSG's failure to obey a lawful order of the Court, following its failure to file the required reply despite the Court's grant of its several motions for extension.²⁰ On April 20, 2009, the Court resolved to

¹⁶ Id. at 46.

¹⁷ Id. at 49-50.

¹⁸ Id. at 70-A to 70-B.

¹⁹ Id. at 117.

²⁰ Id. at 294.

grant DAR's motion for reconsideration and accordingly, reinstate the petition.²¹

The main issue for the Court's resolution is: Whether or not the DARAB has jurisdiction over the dispute that seeks the nullification of the subject properties' sale.

This Court's Ruling

The Court answers in the negative.

The jurisdiction of the DARAB is limited under the law, as it was created under Executive Order (E.O.) No. 129-A specifically to assume powers and functions with respect to the adjudication of **agrarian reform cases** under E.O. No. 229 and E.O. No. 129-A.²² Significantly, it was organized under the Office of the Secretary of Agrarian Reform. The limitation on the authority of it to mere agrarian reform matters is only consistent with the extent of DAR's quasi-judicial powers under R.A. No. 6657 and E.O. No. 229, which read:

SECTION 50 [of R.A. No. 6657]. *Quasi-Judicial Powers of the DAR.*—The DAR is hereby vested with the primary jurisdiction to determine and adjudicate **agrarian reform matters** and shall have exclusive original jurisdiction over all matters involving the implementation of agrarian reform except those falling under the exclusive jurisdiction of the Department of Agriculture (DA) and the Department of Environment and Natural Resources (DENR).

SECTION 17 [of E.O. No. 229]. *Quasi-Judicial Powers of the DAR.*—The DAR is hereby vested with quasi-judicial powers to determine and adjudicate agrarian reform matters, and shall have exclusive original jurisdiction over all matters **involving implementation of agrarian reform**, except those falling under the exclusive original jurisdiction of the DENR and the Department of Agriculture (DA).

Thus, Sections 1 and 2, Rule II of the DARAB New Rules of Procedure, which was adopted and promulgated on May 30, 1994 and came

²¹ Id. at 315-316.

²² SECTION 13. *Agrarian Reform Adjudication Board.*—There is hereby created an Agrarian Reform Adjudication Board **under the Office of the Secretary**. The Board shall be composed of the Secretary as Chairman, two (2) Undersecretaries as may be designated by the Secretary, the Assistant Secretary for Legal Affairs, and three (3) others to be appointed by the President upon the recommendation of the Secretary as members. A Secretariat shall be constituted to support the Board. **The Board shall assume the powers and functions with respect to the adjudication of agrarian reform cases under Executive Order No. 229 and this Executive Order.** These powers and functions may be delegated to the regional offices of the Department in accordance with rules and regulations to be promulgated by the Board.

into effect on June 21, 1994, identify the specific extent of the DARAB's and PARAD's jurisdiction, as they read:

SECTION 1. *Primary and Exclusive Original and Appellate Jurisdiction.*—The Board shall have primary and exclusive jurisdiction, both original and appellate, to determine and adjudicate **all agrarian disputes** involving the implementation of the Comprehensive Agrarian Reform Program (CARP) under Republic Act No. 6657, Executive Order Nos. 228, 229 and 129-A, Republic Act No. 3844 as amended by Republic Act No. 6389, Presidential Decree No. 27 and other agrarian laws and their implementing rules and regulations. Specifically, such jurisdiction shall include but not be limited to cases involving the following:

a) The rights and obligations of persons, whether natural or juridical, engaged in the management, cultivation and use of all agricultural lands covered by the CARP and other agrarian laws;

b) The valuation of land, and the preliminary determination and payment of just compensation, fixing and collection of lease rentals, disturbance compensation, amortization payments, and similar disputes concerning the functions of the Land Bank of the Philippines (LBP);

c) **The annulment or cancellation of lease contracts or deeds of sale or their amendments involving lands under the administration and disposition of the DAR or LBP;**

d) Those cases arising from, or connected with membership or representation in compact farms, farmers' cooperatives and other registered farmers' associations or organizations, related to lands covered by the CARP and other agrarian laws;

e) **Those involving the sale, alienation, mortgage, foreclosure, pre-emption and redemption of agricultural lands under the coverage of the CARP or other agrarian laws;**

f) Those involving the issuance, correction and cancellation of Certificates of Land Ownership Award (CLOAs) and Emancipation Patents (EPs) which are registered with the Land Registration Authority;

g) Those cases previously falling under the original and exclusive jurisdiction of the defunct Court of Agrarian Relations under Section 12 of Presidential Decree No. 946, except sub-paragraph (q) thereof and Presidential Decree No. 815.

It is understood that the aforementioned cases, complaints or petitions were filed with the DARAB after August 29, 1987.

Matters involving strictly the administrative implementation of Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL) of 1988 and other agrarian laws as enunciated by pertinent rules shall be the exclusive prerogative of and cognizable by the Secretary of the DAR.

h) And such other agrarian cases, disputes, matters or concerns referred to it by the Secretary of the DAR.

SECTION 2. *Jurisdiction of the Regional and Provincial Adjudicator.*—The RARAD and the PARAD shall have concurrent original jurisdiction with the Board to hear, determine and adjudicate all agrarian cases and disputes, and incidents in connection therewith, arising within their assigned territorial jurisdiction. (Emphasis supplied)

Consistent with the aforequoted legal provisions, we emphasized in *Heirs of Candido Del Rosario v. Del Rosario*²³ that the jurisdiction of the PARAD and the DARAB is only limited to cases involving agrarian disputes, including incidents arising from the implementation of agrarian laws. Section 3(d) of R.A. No. 6657 defines an agrarian dispute in this manner:

(d) Agrarian dispute refers to any controversy relating to tenurial arrangements, whether leasehold, tenancy, stewardship or otherwise, over lands devoted to agriculture, including disputes concerning farmworkers associations or representation of persons in negotiating, fixing, maintaining, changing or seeking to arrange terms or conditions of such tenurial arrangements. It includes any controversy relating to compensation of lands acquired under R.A. 6657 and other terms and conditions of transfer of ownership from landowners to farmworkers, tenants and other agrarian reform beneficiaries, whether the disputants stand in the proximate relation of farm operator and beneficiary, landowner and tenant, or lessor and lessee.

Basic is the rule that the “jurisdiction of a tribunal, including a quasi-judicial office or government agency, over the nature and subject matter of a petition or complaint is determined by the material allegations therein and the character of the relief prayed for irrespective of whether the petitioner or complainant is entitled to any or all such reliefs.”²⁴ Upon the Court’s perusal of the records, it has determined that the PARO’s petition with the PARAD failed to indicate an agrarian dispute.

Specifically, the PARO’s petition failed to sufficiently allege any tenurial or agrarian relations that affect the subject parcels of land. Although it mentioned a pending petition for coverage filed with DAR by supposed farmers-tillers, there was neither such claim as a fact from DAR, nor a categorical statement or allegation as to a determined tenancy relationship by the PARO or the Secretary of Agrarian Reform. The PARO’s petition merely states:

²³ G.R. No. 181548, June 20, 2012, 674 SCRA 180.

²⁴ *Del Monte Philippines, Inc. Employees Agrarian Reform Beneficiaries Cooperative (DEARBC) v. Sangunay*, G.R. No. 180013, January 31, 2011, 641 SCRA 87, 96.

3.3 That the Provincial Office only came to know very recently about such transaction when the Office received on two separate occasion[s] a memorandum directive dated 22 October and 25 April 2002 from the Office of the DAR Secretary to investigate and if warranted file a corresponding petition for nullification of such transaction **anent the petition for coverage of the actual occupants farmers-tillers led by spouses Josie and Lourdes Samson who informed the Office of the DAR Secretary about such transaction.** x x x²⁵ (Emphasis ours)

It is also undisputed, that even the petition filed with the PARAD failed to indicate otherwise, that the subject parcels of land had not been the subject of any notice of coverage under the Comprehensive Agrarian Reform Program (CARP). Clearly, the PARO's cause of action was merely founded on the absence of a clearance to cover the sale and registration of the subject parcels of land, which were claimed in the petition to be agricultural.

Given the foregoing, the CA correctly ruled that the DARAB had no jurisdiction over the PARO's petition. While the Court recognizes the legal requirement for clearances in the sale and transfer of agricultural lands, the DARAB's jurisdiction over such disputes is limited by the qualification under Rule II, Section 1, paragraphs (c) and (e) of the DARAB New Rules of Procedure, which read:

c) The annulment or cancellation of lease contracts or deeds of sale or their amendments involving lands **under the administration and disposition of the DAR or LBP;**

x x x x

e) Those involving the sale, alienation, mortgage, foreclosure, preemption and redemption of agricultural lands **under the coverage of the CARP or other agrarian laws[.]** (Emphasis ours)

Even Circular No. 2 cited in the Decision²⁶ dated August 18, 2004 on the authority of the PARO to file petitions with the PARAD in case of illegal transfers presupposes the fulfillment of the conditions in the cited Section 1, paragraphs (c) and (e), Rule II of the DARAB Rules and Section 50 of R.A. No. 6657. The pertinent provisions of Circular No. 2 read:

SECTION 4. Operating Procedures.—The procedures for annulment of deeds of conveyance executed in violation of RA 6657 are as follows:

x x x x

²⁵ *Rollo*, p. 184.

²⁶ *Id.* at 60.

b) The Chief, Legal Division, of the Provincial Agrarian Reform Office, shall have the following responsibilities:

x x x x

2. If there was illegal transfer, file a petition for annulment of the deed of conveyance in behalf of the PARO before the Provincial Agrarian Reform Adjudicator (PARAD). The petition shall state the material facts constituting the violation and pray for the issuance of an order from the PARAD directing the ROD to cancel the deed of conveyance and the TCT generated as a result thereof. **As legal basis therefor, the petition shall cite Section 50 of RA 6657 and Rule II, Section 1(c) and (e) of the DARAB New Rules of Procedure;**

x x x x

6. In the event of an adverse decision or a denial of the petition, file a Notice of Appeal within the 15-day reglementary period with the DARAB, and, thereafter, transmit the records of the case to the Director, Bureau of Agrarian Legal Assistance (BALA), for prosecution of the appeal.

Clearly, not every sale or transfer of agricultural land would warrant DARAB's exercise of its jurisdiction. The law is specific that the property must be shown to be under the coverage of agrarian reform laws. As the CA correctly ruled:

It is easily discernable x x x that the cause of action of the [DAR] sufficiently established a suit for the declaration of the sale of the subject landholdings null and void (in violation of Administrative Order No. 1, Series of 1989). Obviously, **it does not involve an agrarian suit, hence, does not fall under the jurisdiction of the DARAB. It must be emphasized that, "(t)here must be a tenancy relationship between the party litigants for the DARAB to validly take cognizance of a controversy."** (Suarez vs. Saul, 473 SCRA 628). Also, it is necessary that the controversy must relate to "tenurial arrangements, whether leasehold, tenancy, stewardship or otherwise, over lands devoted to agriculture, including disputes concerning farmworkers associations or representation of persons in negotiating, fixing, maintaining, changing or seeking to arrange terms or conditions of such tenurial arrangements," (Section 3 (d), Chapter I in relation to Section 50, Chapter XII, R.A. 6657 and Section 1, Rule II, DARAB Rules of [Procedure]). Here, an allegation to declare null and void a certain sale of a landholding does not *ipso facto* make the case an agrarian dispute.²⁷ (Emphasis ours)

²⁷

Id. at 44-45.

Our finding on the DARAB's lack of jurisdiction over the PARO's petition renders it needless for the Court to discuss the other issues that are raised in the petition. In any case, the Court finds it worthy to discuss that the original petition remains dismissible on the merits.

Even during the proceedings before the PARAD, the respondents have raised the pendency with the Regional Trial Court of Biñan, Laguna of Civil Case No. B-5862, an appeal from the decision of the Municipal Trial Court of Santa Rosa, Laguna in Civil Case No. 2478. The records indicate that when the matter was elevated to the CA *via* the petition docketed as CA G.R. SP No. 68110, the appellate court declared the subject properties to have long been reclassified from "agricultural" to "industrial". Thus, the CA Decision dated September 23, 2002 in CA-G.R. SP No. 68110 reads in part:

As to the nature of the subject lands, the tax declarations of real property, the annual receipts for real estate taxes paid, and zoning ordinance, providing for the Town Comprehensive Land Use Plan of Sta. Rosa, Laguna, have always classified the lands as "industrial". Moreover, as certified by the Municipal Agrarian Reform Office of Sta. Rosa, Laguna, there is no record of tenancy or written agricultural leasehold contract with respect to the subject lands, nor are the same covered by Operation Land Transfer pursuant to **P.D. 27**. Thus, for being industrial in nature, the subject lands are outside the ambit of existing agricultural tenancy laws.²⁸ (Citations omitted)

An appeal from the CA's decision was denied by the Court in a Resolution dated June 18, 2003.²⁹

The Housing Land Use Regulatory Board has affirmed through a Certification³⁰ dated May 22, 1991 that the zoning ordinance referred to was approved on December 2, 1981. Thus, the respondents correctly argued that since the subject properties were already classified as "industrial" long before the effectivity of the CARL, their sale could not have been covered by the CARP and the requirement for a clearance. Significantly, DAR failed to refute said allegation, which the Court finds duly supported by documents that form part of the case records.

WHEREFORE, premises considered, the petition is **DISMISSED**. The Decision dated October 12, 2006 and Resolution dated January 10, 2007 of the Court of Appeals in CA-G.R. SP No. 89693 are **AFFIRMED**.

²⁸ Id. at 169.

²⁹ Id. at 171.

³⁰ Id. at 251.

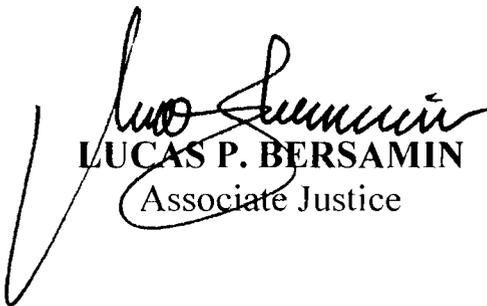
SO ORDERED.

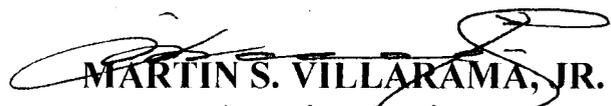

BIENVENIDO L. REYES
 Associate Justice

WE CONCUR:


MARIA LOURDES P. A. SERENO
 Chief Justice
 Chairperson


TERESITA J. LEONARDO-DE CASTRO
 Associate Justice


LUCAS P. BERSAMIN
 Associate Justice


MARTIN S. VILLARAMA, JR.
 Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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