



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

**CHAILESE DEVELOPMENT
COMPANY, INC., represented by
MA. TERESA M. CHUNG,**
Petitioner,

G.R. No. 206788

Present:

CARPIO, J.,
Chairperson,
PERALTA,
PERLAS-BERNABE,
CAGUIOA,* and
REYES, JR., JJ.

- versus -

**MONICO DIZON, JIMMY V. CRUZ,
JESUS A. CRUZ, RONALD V. DE
GUZMAN, JARDO M. ENRIQUEZ,
NENITA B. LUSUNG, EDGAR F.
NICDAO, RAFAEL L. DIZON,
SOTERO J. SANCHEZ, FERNANDO N.
LEONARDO, MARILYN L.
VALENZUELA, JOE F. VALENZUELA,
RAMON L. MANALASTAS, NESTOR
D. REYES, BRIGIDO S. CALMA,
ANABELLA C. VALLEJO, FERNANDO
M. DIZON, JUANITO D. SERRANO,
LOURDES V. LAPID, FERDINAND L.
UNCIANO, ALFREDO L. DIZON,
MARIO A. TONGOL, ROSSANA D.
LEONES, RUFINO L. DIZON,
ADELMO V. GARCIA, NORMAN G.
SUNDIAM, ORLANDO D. CRUZ,
JERRY C. ESPINO, ESTRELLITA S.
CRUZ, ORLANDO B. CRUZ, SUSANA
C. AZARCON, FERNANDO MANDAP,
RUBEN I. SUSI, MARIO M. PAULE,
ANGELITO G. PECO, LAURO R.
MAQUESIAS, MAYLINDA A. DAGAL,
ABELARDO I. SUSI, MARIA C.
MAQUESIAS, ISAGANI A. TONGOL,
JOSEFA L. UNCIANO, ORLANDO A.
SERRANO, SR., GONZALO C.
MAQUESIAS, CONSOLACION M.
VALENZUELA, REYNALDO A. CRUZ,
RESTITUTO D. DABU, LEONARDO A.
CRUZ, PABLO M. DIZON,**

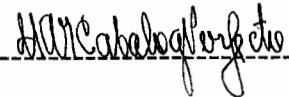
* On official business.

Reyes

**DOMINADOR V. CRUZ, RENATO
DONATO, SR., EDUARDO L. BUNAG,
SR., CARMELITA C. LAQUINDANUM,
JUAN O. MACABULOS, LIGAYA L.
ECLARINAL, ANGEL D.
VALENZUELA, JR., HERNANDO D.
CRUZ, ROSALINDA D. CRUZ,
BERNARD B. MENDOZA, RODALINO
M. MEDINA, FERNANDO L.
MANANSALA, CORAZON C. SANTOS,
JOSELITO C. NICDAO, ROSARIO R.
LOPEZ, MARY GRACE D. SAMONTE
and TERESITA R. MAQUESIAS,**
Respondents.

Promulgated:

14 FEB 2018



x-----x

DECISION

REYES, JR., J.:

This is a petition for review on *certiorari*¹ under Rule 45 of the Rules of Court seeking to annul and set aside the Decision² dated October 29, 2012, and Resolution³ dated March 15, 2013 issued by the Court of Appeals (CA) in CA-G.R. SP No. 122519.

Petitioner Chailese Development Company, Inc. (hereinafter referred to as petitioner) filed a complaint⁴ for recovery of possession and damages before the Regional Trial Court (RTC) of Guagua, Pampanga, against fifty-one (51) defendants, eight (8) of whom are respondents herein.

In its Complaint, petitioner alleged that it is a corporation duly organized under Philippine laws and is the registered owner of parcels of lot covered by Transfer Certificates of Title (TCT) Nos. 365770, 365771, 365772, 365773, 365774, 365775, 365776, 365777, 365778, and 365351, all situated at Barangay Malabo, Floridablanca, Pampanga with an aggregate area of 148 hectares more or less (hereinafter referred to as subject landholdings). The subject landholdings are then allegedly being illegally occupied by the defendants.⁵

¹ *Rollo*, pp. 9-27.

² Penned by Associate Justice Remedios A. Salazar-Fernando, with Associate Justices Normandie B. Pizarro and Manuel M. Barrios, concurring; *id.* at 29-46.

³ *Id.* at 48-50.

⁴ *Id.* at 51-55.

⁵ *Id.* at 51-52.



On January 7, 2001, then Department of Agrarian Reform (DAR) Secretary Horacio Morales, Jr. issued a Resolution ordering that the subject landholdings be converted for commercial and light industrial uses. Petitioner averred that it is, however, unable to introduce developments into the properties as a portion of the lots were being illegally occupied by respondents Monico Dizon, Jimmy Cruz, Jesus Cruz, Ronald De Guzman, Jardo Enriquez, *et al.* (hereinafter referred to as respondents), who refused to vacate the premises despite repeated demands.⁶

In their Answer with Counterclaim,⁷ respondents submitted in the main that the lower court has no jurisdiction over the case as the allegations of the complaint involve the application of the Agrarian Reform Law.⁸ According to the respondents, prior to being transferred in the name of the petitioner, they are tenants of the subject landholdings which are then a hacienda devoted to agricultural production. That without their knowledge and consent, the property was transferred to the petitioner, who in order to avoid the compulsory distribution of the subject landholdings under the Comprehensive Agrarian Reform Law (CARL), filed a “bogus” petition for conversion. The petition was initially denied in 1998, but granted on reconsideration.⁹

After hearing the respondents’ affirmative defenses, the lower court issued an Order¹⁰ on November 15, 2006, dismissing the Complaint for lack of jurisdiction, in this wise:

WHEREFORE, this court hereby dismisses the case without prejudice.

SO ORDERED.¹¹

The lower court in its Order ratiocinated that the issue of possession involved in the case is intertwined with the propriety of conversion and compliance with the agreement on disturbance compensation, issues that are yet to be resolved with finality by the DAR. Thus, affirming the primacy of DAR’s jurisdiction over agrarian disputes, the lower court resolved to dismiss the case pending resolution of the said issues.¹²

⁶ Id. at 52-53.
⁷ Id. at 56-60.
⁸ Id. at 56.
⁹ Id. at 57.
¹⁰ Id. at 65.
¹¹ Id. at 76.
¹² Id. at 71.

Peyer

Petitioner filed a Motion for Reconsideration of the Order, which was initially granted by the lower court on March 6, 2007;¹³ but eventually reversed on motion¹⁴ by the respondents by the lower court *via* its Order¹⁵ dated September 18, 2007.

Petitioner filed a Motion for Reconsideration anew on October 10, 2007. Despite respondents' opposition, the lower court issued an Order¹⁶ on December 20, 2007 granting petitioner's motion and setting the case for pre-trial. Thereafter, the trial proceeded with the presentation of petitioner's evidence.

Meanwhile, on July 1, 2009, Republic Act (R.A.) No. 9700 took effect. The Act aimed to strengthen the CARL of 1988 through the institution of necessary reforms. Among the amendments introduced by R.A. 9700 is the addition of Section 50-A which vests upon the DAR the exclusive jurisdiction to take cognizance upon cases involving the implementation of the Comprehensive Agrarian Reform Program (CARP) and mandates the automatic referral of cases to the DAR by the judge or prosecutor upon allegation of any of the parties that the controversy is an agrarian dispute.¹⁷

On June 6, 2011, the respondents filed a motion¹⁸ seeking the referral of the case to the DAR pursuant to Section 19 of R.A. No. 9700.

The lower court issued on July 19, 2011 an Order¹⁹ denying the motion for lack of merit.

Therein, the lower court noted that it took cognizance of the case prior to the effectivity of R.A. No. 9700 and that the referral of the case to the DAR would cause further delay in the disposition of the case. Respondents filed a motion for reconsideration,²⁰ but the same was denied by the lower court in its Order²¹ dated October 24, 2011, the dispositive portion of which reads:

Wherefore, finding no cogent reason to disturb the earlier Order of the Court dated July 19, 2011, the instant motion for reconsideration is hereby denied.

¹³ Id. at 77.
¹⁴ Id. at 81-88.
¹⁵ Id. at 81-98.
¹⁶ Id. at 89-98.
¹⁷ *R.A. No. 9700*, Section 19.
¹⁸ *Rollo*, pp. 99-102.
¹⁹ Id. at 103-104.
²⁰ Id. at 105.
²¹ Id. at 107-108.

Meyer

The presentation of defendants' evidence set on October 25, 2011 at 9:00 in the morning is maintained.

SO ORDERED.²²

Aggrieved, respondents elevated the matter to the CA *via* petition for *certiorari* and prohibition under Rule 65 of the Rules of Court.²³

On October 29, 2012, the CA rendered its Decision²⁴ finding merit in the petition thus ordering the referral of the case to the DAR. The dispositive portion of the decision reads:

WHEREFORE, premises considered, the instant petition is GRANTED. The [RTC] of Branch 53, Guagua, Pampanga is hereby DIRECTED to refer Civil Case No. G-4297 to the [DAR] for the necessary determination and certification pursuant to Section 50-A of [R.A.] No. 6657, as amended by [R.A.] No. 9700. No costs.

SO ORDERED.²⁵

In its decision, the CA ruled that with the addition of R.A. No. 9700 of Section 50-A, "the only condition for automatic referral by the court to the DAR is when there is an allegation from any of the parties that the case is agrarian in nature and one of the parties is a farmer, farmworker, or tenant."²⁶ In this controversy, the CA held that "there are more than sufficient allegations in the pleadings of the parties that the case is agrarian in nature and that the petitioners are bona fide tillers and occupants of the subject property."²⁷

Moreover, the CA found the existence of agrarian dispute, finding that the issue of petitioner's possession is intertwined with the issue of whether the respondents are *bona fide* tillers and occupants entitled to disturbance compensation.²⁸

Petitioner filed a motion²⁹ seeking reconsideration of the Decision dated October 29, 2012, the same was however denied by the CA in its Resolution dated March 15, 2013, whereby it found:

²² Id. at 108.
²³ Id. at 109-130.
²⁴ Id. at 29-46.
²⁵ Id. at 46.
²⁶ Id. at 41.
²⁷ Id.
²⁸ Id. at 43-44.
²⁹ Id. at 131-135.

Heyer

Thus, finding no new matter of substance which would warrant the modification much less the reversal of this Court's October 29, 2012 Decision, the Motion for Reconsideration filed by private respondent Chailese is hereby DENIED for lack of merit.

SO ORDERED.³⁰

Hence, this petition for review on *certiorari*, whereby petitioner calls us to resolve two issues:

ISSUES

- I. WHETHER OR NOT THE CA GRAVELY ERRED IN CONCLUDING THAT THE RESPONDENTS WERE *BONA FIDE* TILLERS AND OCCUPANTS OF THE SUBJECT LOT; and
- II. WHETHER OR NOT THE CA COMMITTED A GRAVE REVERSIBLE ERROR IN CONCLUDING THAT THE CIVIL CASE NO. G-4297 BE REFERRED TO THE DAR FOR THE NECESSARY DETERMINATION AND CLASSIFICATION AS TO WHETHER AN AGRARIAN DISPUTE EXISTS BETWEEN THE PETITIONER AND THE RESPONDENT PURSUANT TO SECTION 19 OF R.A. NO. 9700 AND OCA CIRCULAR 62-2010.³¹

Petitioner submits that the regular courts has jurisdiction over the case considering that the nature of the controversy is one for recovery of possession.³² Further, petitioner noted that it filed its complaint on July 30, 2004, while R.A. No. 9700 took effect in 2009, therefore, it argues that the matter of jurisdiction should be determined not by R.A. No. 9700 but by R.A. No. 7691 which vests upon the RTC the exclusive original jurisdiction over "all civil actions which involve title to, or possession of, real property, or any interest therein" the assessed value of which exceeds ₱20,000.³³

In their Comment, respondents allege that the errors raised by the petitioners involve the determination of questions of fact that are beyond the province of this Court in a petition for review under Rule 45.³⁴

³⁰ Id. at 49-50.

³¹ Id. at 15-16.

³² Id. at 80, 118-119.

³³ Id. at 79.

³⁴ Id. at 111.

Meyer

Ruling of the Court

The petition is meritorious.

It is a basic rule in procedure that the jurisdiction of the Court over the subject matter as well as the concomitant nature of an action is determined by law and the allegations of the complaint, and is unaffected by the pleas or theories raised by the defendant in his answer or motion to dismiss.³⁵

The jurisdiction of the DAR is laid down in Section 50 of R.A. No. 6657, otherwise known as the CARL, which provides:

Section 50. 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).
x x x.

By virtue of Executive Order No. 129-A, the DAR Adjudication Board (DARAB) was designated to assume the powers and functions of the DAR with respect to the adjudication of agrarian reform cases, and matters relating to the implementation of the CARP and other agrarian laws.³⁶

The exclusive jurisdiction of the DAR over agrarian cases was further amplified by the amendment introduced by Section 19 of R.A. 9700 to Section 50. The provision reads:

Section 19. Section 50 of Republic Act No. 6657, as amended, is hereby further amended by adding Section 50-A to read as follows:

SEC. 50-A. Exclusive Jurisdiction on Agrarian Dispute. - No court or prosecutor's office shall take cognizance of cases pertaining to the implementation of the CARP except those provided under Section 57 of Republic Act No. 6657, as amended. If there is an allegation from any of the parties that the case is agrarian in nature and one of the parties is a farmer, farmworker, or tenant, the case shall be automatically referred by the judge or the prosecutor to the DAR which shall determine and certify within fifteen (15) days from referral whether an agrarian dispute exists: Provided, that from the determination of the DAR, an aggrieved party shall have judicial recourse. In cases referred by the municipal trial court and the prosecutor's office, the appeal shall be with the proper regional trial court, and in cases referred by the regional trial court, the appeal shall be to the Court of Appeals.

³⁵ *Sindico v. Hon. Diaz*, 483 Phil. 50, 54 (2004); *Arzaga v. Copias*, 448 Phil. 171, 180 (2003); *Chico v. CA*, 348 Phil. 37, 40-41 (1998).

³⁶ DARAB New Rules of Procedure, Rule II, Sections 1 to 2.



In cases where regular courts or quasi-judicial bodies have competent jurisdiction, agrarian reform beneficiaries or identified beneficiaries and/or their associations shall have legal standing and interest to intervene concerning their individual or collective rights and/or interests under the CARP.

The fact of non-registration of such associations with the Securities and Exchange Commission, or Cooperative Development Authority, or any concerned government agency shall not be used against them to deny the existence of their legal standing and interest in a case filed before such courts and quasi-judicial bodies.

In this regard, it must be said that there is no merit in the contention of petitioner that the amendment introduced by R.A. No. 9700 cannot be applied retroactively in the case at bar. Primarily, a cursory reading of the provision readily reveals that Section 19 of R.A. No. 9700 merely highlighted the exclusive jurisdiction of the DAR to rule on agrarian cases by adding a clause which mandates the automatic referral of cases upon the existence of the requisites therein stated. Simply, R.A. No. 9700 does not deviate but merely reinforced the jurisdiction of the DAR set forth under Section 50 of R.A. No. 6657. Moreover, in the absence of any stipulation to the contrary, as the amendment is essentially procedural in nature it is deemed to apply to all actions pending and undetermined at the time of its passage.³⁷

Thence, having settled that Section 19 of R.A. No. 9700 is applicable in this controversy, the Court now proceeds with the examination of such amendment. Based on the said provision, the judge or prosecutor is obligated to automatically refer the cases pending before it to the DAR when the following requisites are present:

- a. There is an allegation from any one or both of the parties that the case is agrarian in nature; and
- b. One of the parties is a farmer, farmworker, or tenant.

In this case, the presence of the first requisite is satisfied by the allegations made by the respondents in their Answer with Counterclaim.³⁸

The allegations in petitioner's complaint make a case for recovery of possession, over which the regular courts have jurisdiction. However, in response thereto, the respondents filed their Answer with Counterclaim, assailing the jurisdiction of the regular court to rule on the matter on the ground that it is agrarian in nature, which thus complies with the first requisite, viz.:

³⁷ *Villasenor, et al. v. Ombudsman, et al.*, 735 Phil. 409, 417 (2014).
³⁸ *Rollo*, pp. 56-60.



BY WAY OF SPECIAL/AFFIRMATIVE DEFENSES, defendants further state that:

5. The Court has no jurisdiction over the subject matter and the nature of the action. Verily, the allegations of the complaint would show that this involves the implementation of Agrarian Reform law hence beyond the pale of jurisdiction of this Court.³⁹

Anent the second requisite, the Court finds that the respondents failed to prove that they are farmers, farmworkers, or are agricultural tenants.

Section 3 of R.A. No. 6657 defines farmers and farmworkers as follows:

(f) Farmer refers to a natural person whose primary livelihood is cultivation of land or the production of agricultural crops, either by himself, or primarily with the assistance of his immediate farm household, whether the land is owned by him, or by another person under a leasehold or share tenancy agreement or arrangement with the owner thereof.

(g) Farmworker is a natural person who renders service for value as an employee or laborer in an agricultural enterprise or farm regardless of whether his compensation is paid on a daily, weekly, monthly or "pakyaw" basis. The term includes an individual whose work has ceased as a consequence of, or in connection with, a pending agrarian dispute and who has not obtained a substantially equivalent and regular farm employment.

An agricultural tenancy relation, on the other hand, is established by the concurrence of the following elements enunciated by this Court in the case of *Chico v. CA*,⁴⁰

(1) that the parties are the landowner and the tenant or agricultural lessee; (2) that the subject matter of the relationship is an agricultural land; (3) that there is consent between the parties to the relationship; (4) that the purpose of the relationship is to bring about agricultural production; (5) that there is personal cultivation on the part of the tenant or agricultural lessee; and (6) that the harvest is shared between the landowner and the tenant or agricultural lessee.⁴¹

Contrary to the CA's conclusion and as opposed to the first requisite, mere allegation would not suffice to establish the existence of the second requirement. Proof must be adduced by the person making the allegation as to his or her status as a farmer, farmworker, or tenant.

The pertinent portion of Section 19 of R.A. No. 9700 reads:

³⁹ Id. at 56.
⁴⁰ 348 Phil. 37 (1998).
⁴¹ Id. at 42.



If there is an allegation from any of the parties that the case is agrarian in nature and one of the parties is a farmer, farmworker, or tenant, the case shall be automatically referred by the judge or the prosecutor to the DAR x x x.

The use of the word “an” prior to “allegation” indicate that the latter qualifies only the immediately subsequent statement, *i.e.*, that the case is agrarian in nature. Otherwise stated, an allegation would suffice only insofar as the characterization of the nature of the action.

Had it been the intention that compliance with the second element would likewise be sufficient by a mere allegation from one of the parties that he or she is a farmer, farm worker, or tenant, the legislature should have used the plural form when referring to “allegation” as the concurrence of both requisites is mandatory for the automatic referral clause to operate.

Further instructive is this Court’s ruling in the previously cited case of *Chico*. Therein, the Court held that for the purpose of divesting regular courts of its jurisdiction in the proceedings lawfully began before it and in order for the DARAB to acquire jurisdiction, the elements of a tenancy relationship must be shown by adequate proof. It is not enough that the elements are alleged. Likewise, self-serving statements in the pleadings are inadequate.⁴²

Hence, in light of the absence of evidence to show any tenancy agreement that would establish the relationship of the parties therein, the Court in *Chico* granted the petition and reinstated the proceedings before the RTC of Malolos, Bulacan.

Applying these principles in the matter on hand, in here, respondents merely alleged in their Answer with Counterclaim that they are previous tenants in the subject landholdings implying that a tenancy relationship exists between them and petitioner’s predecessor-in-interest, in this wise:

9. That defendants are actually tenants of the land long before the same was illegally transferred in the name of the plaintiff;

10. That the lot subject matter of this case is formerly a hacienda devoted to agricultural production;

11. That since the land is within the coverage of the [CARL], the defendants, are by law, the qualified farm-beneficiaries who should be entitled to the compulsory acquisition and distribution of the same;

⁴² Rollo, p. 43.



12. That without the knowledge of the said defendants, the property was transferred to herein plaintiff who in order to avoid the compulsory acquisition and distribution of the said land, filed a “bogus” petition for conversion. x x x.⁴³


Apart from these statements however, respondents failed to elaborate much less prove the details of such tenancy agreement and the peculiarities of the subject landholding’s previous ownership. There was no evidence adduced of the existence of any tenancy agreement between respondents and the petitioner’s predecessor-in-interest. This, as discussed, precludes the application of Section 50-A of R.A. No. 6657, as amended by R.A. No. 9700, for failure to satisfy the second requisite.

WHEREFORE, in view of the foregoing disquisitions, the petition for review on *certiorari* is hereby **GRANTED**. The Decision dated October 29, 2012 and Resolution dated March 15, 2013 issued by the Court of Appeals in CA-G.R. SP No. 122519 are hereby **REVERSED AND SET ASIDE**. Accordingly, the Complaint dated July 28, 2004 is hereby ordered reinstated and the case remanded for further proceedings. The Regional Trial Court of Guagua, Pampanga, Branch 52 is ordered to resolve the case with utmost dispatch. No costs.

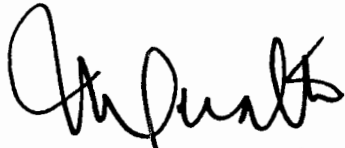
SO ORDERED.



ANDRES B. REYES, JR.
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Chairperson

⁴³ Id. at 57.

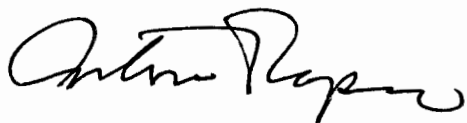

DIOSDADO M. PERALTA
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice

(On official business)
ALFREDO BENJAMIN S. CAGUIOA
Associate Justice


A T T E S T A T I O N

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

C E R T I F I C A T I O N

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