Republic of the Philippines
Supreme Court
Manila

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WILFREDO V. LAPITAN
Division Clerk of Court
Third Division
JUL 24 2018

THIRD DIVISION

SPOUSES AVELINA RIVERA-NOLASCO and EDUARDO A. NOLASCO,
Petitioners,

- versus -

RURAL BANK OF PANDI, INC.,
Respondent.

G.R. No. 194455

Present:

VELASCO, JR., *J., Chairperson*
BERSAMIN,
LEONEN,
MERTIRES,
GESMUNDO, *JJ.*

Promulgated:

June 27, 2018

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DECISION

MARTIRES, *J.*:

Before the Court is a petition for review on certiorari,[1] under Rule 45 of the Rules of Court, assailing the Decision, dated 25 June 2010,[2] and the Resolution, dated 26 October 2010,[3] of the Court of Appeals (*CA*) in CA-G.R. SP No. 105288, through which the appellate court[4] reversed and set aside three issuances of the Office of the Provincial Agrarian Reform Adjudicator (*PARAD*) in DARAB Case No. R-03-02-5792`08, namely: the Order, dated 20 June 2008; the Resolution, dated 15 July 2008; and the Order, dated 11 August 2008. In fine, the CA ruled that the Department of Agrarian Reform Adjudication Board (*DARAB*) had no jurisdiction over the Complaint filed in DARAB Case No. R-03-02-5792`08.

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1 *Rollo*, pp. 9-28.
2 Id. at 33-48.
3 Id. at 50-51.
4 The First Division, then composed of Presiding Justice Andres B. Reyes, Jr., *Chairperson*, Associate Justice Isaias Dicdican, who penned said issuances, and Associate Justice Stephen C. Cruz.

We required the parties to submit their Comment[5] and Reply.[6] They complied.[7]

THE FACTS

On 23 February 1995, the spouses Reynaldo and Primitiva Rivera *(the spouses Rivera)* obtained a Two Hundred Thousand Peso loan from the Rural Bank of Pandi, Inc. *(respondent bank)*. The loan was secured with a mortgage over a parcel of land measuring 18,101 square meters, located at Barangay Bunsuran II, Municipality of Pandi, Province of Bulacan, and registered in the spouses' names under Transfer Certificate of Title *(TCT)* No. T-304255.[8]

The spouses Rivera failed to pay their loan, prompting respondent bank to extrajudicially foreclose the mortgage.[9] At the resultant auction sale, the bank was declared the highest bidder for the property. When Primitiva (Reynaldo had by then died) failed to exercise the right of redemption,[10] respondent bank filed an *Affidavit of Consolidation* with the Register of Deeds. TCT No. T-304255 was then cancelled and a new certificate of title, TCT No. T-512737 (M), was issued in respondent bank's name.[11]

The spouses now solely represented by Primitiva, refused to vacate the property, prompting the bank to seek relief from the Regional Trial Court in Malolos City *(RTC)*.[12] On 14 January 2008, said court issued a writ of possession in favor of the bank, directing its sheriff to eject the spouses. The next month, by virtue of the writ, the bank was placed in possession of the property.[13]

The Case before the DARAB

On 10 April 2008, herein petitioners, the spouses Avelina Rivera-Nolasco and Eduardo Nolasco *(petitioner spouses)*, filed a Complaint[14] before the DARAB denominated as "For: Maintenance and Peaceful Possession of Landholding and Damages with Prayer for Temporary Restraining Order and/or Writ of Preliminary Injunction" and docketed as DARAB Case No. R-03-02-5792`08. Petitioner spouses alleged, in the main, that they were tenants of the subject property.

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5 *Rollo*, p. 227.
6 Id. at 424.
7 Id. at 422 and 442.
8 Id. at 34.
9 Pursuant to the provisions of Act 3135, as amended by Act 4118.
10 *Rollo*, p. 54.
11 Id. at 34.
12 Id., Branch 14.
13 Id. at 34-35.
14 Id. at 52-59.

The spouses narrated that the property was part of a larger landholding, spanning 36,000 square meters, which was then owned by the Sarmiento Family of Meycauayan, Bulacan. The land was tenanted by Ireneo Rivera, the father of petitioner Avelina Rivera-Nolasco *(Avelina)*.

When Ireneo died in 1974, Reynaldo Rivera, the eldest of his children, continued Ireneo's tenancy with the assistance of his siblings. In 1981, Reynaldo became financially distressed[15] and sold his tenancy rights to Avelina for ₱50,000.00. From then on, Avelina became the Sarmiento Family's sole agricultural tenant of the landholding.

In 1986, the Sarmiento Family sold half of the landholding to a certain Boy Salazar; as disturbance compensation, the family transferred the remaining half, about 18,101 square meters, to Ireneo's heirs, his children, who then agreed that the land be registered solely in the name of Reynaldo, in deference to his being the eldest. The siblings acknowledged that they were co-owners of the land, and that they would partition it in the future. TCT No. T-304255 was thus issued in Spouses Rivera's name. The siblings further agreed that Avelina was to continue as their sole and exclusive tenant; every year, she was to give her siblings a portion of the harvest corresponding to their respective one-eighth (1/8th) undivided shares in the property.[16]

As earlier narrated, on 23 February 1995, Spouses Rivera mortgaged the property to respondent bank. Petitioner spouses claim that this was without their and the other siblings' prior knowledge.[17] After the RTC issued the aforementioned writ of possession, the bank had the entire property fenced and forthwith denied Avelina entry. She and her workers were thus prevented from tending to their palay crop which by April 2008, was ready for harvest.[18] Avelina's counsel[19] wrote respondent bank, requesting that she be allowed entry so she may conduct the necessary harvest. The bank verbally responded that it would agree, on the condition that Avelina and her husband renounce their tenancy rights over the property.[20] Thereafter, petitioner spouses filed the subject complaint.

Conversely, respondent bank filed an Answer (with Motion to Dismiss) *(Answer)*,[21] contending that the DARAB had no jurisdiction over the complaint as petitioner spouses were not tenants at the property. The bank claimed that in 1999, the Municipal Agrarian Reform Officer[22] had

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15 Id. at 52-53.
16 Id. at 53.
17 Id. at 54.
18 Id. at 55.
19 Atty. Venustiano S. Roxas.
20 *Rollo*, p. 56.
21 Id. at 96-108.
22 Id. at 99, Juan Saldevar, Department of Agrarian Reform, Region III, Pandi, Bulacan,

certified[23] that the property was neither tenanted nor covered by the Operation Land Transfer of the agrarian reform program; in 2007, the Chief Agrarian Reform Program Officer[24] at Baliuag, Bulacan, issued a similar certification.[25] The bank further argued that even if it were to be assumed that the spouses had planted the *palay* on the property, they were not entitled to its harvest or to indemnification for its loss as they had not been planters in good faith. Finally, the bank insisted that it had been a mortgagee in good faith, and that it had acquired possession of the property pursuant to an order of the RTC. The bank insisted that the DARAB respect this order.

The Ruling of the PARAD

Acting pursuant to his delegated jurisdiction,[26] Joseph Noel C. Longeoan,[27] the Provincial Agrarian Reform Adjudicator *(PARAD)* tasked to resolve the Answer, found the motion to dismiss to be of no merit. He maintained the jurisdiction of his office to resolve the complaint. The PARAD's 20 June 2008 order pertinently reads:[28]

> x x x x
>
> Without delving into the merits of the case, a judicious examination of the complaint will tell us that the relief being prayed for calls for the application of agrarian reform laws. As such, this Forum is clothed with the power and authority to hear and decide the issue or issues raised in the case at bar without encroaching into the issues already passed upon by the Regional Trial Court.
>
> In the case of *TCMC, Inc. v. CA*, 316 SCRA 502, the Supreme Court said:
>
> "Jurisdiction of the court over the subject matter is determined by the allegations of the complaint, hence, the court's jurisdiction cannot be made to depend upon the defenses set up in the answer or motion to dismiss."
>
> WHEREFORE, in light of the foregoing premises, the instant motion is hereby DENIED for lack of merit.
>
> SO ORDERED.

Respondent bank moved for reconsideration. Pending its resolution of this motion, however, the PARAD approved the application for preliminary injunction and ordered respondent bank to accord petitioner spouses with the peaceful possession of subject property during the pendency of DARAB

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23 Certification dated 22 January 1999.
24 *Rollo*, p. 99, Oscar M. Trinidad, Department of Agrarian Reform, Baliuag, Bulacan.
25 Id. Certification dated 20 September 2007.
26 As provided for under the DARAB Rules of Procedure, cf. *Soriano v. Bravo* 653 Phil. 72, 87-90 (2010).
27 *Rollo*, p. 118.
28 Id. at 117-118.

Case No. R-03-02-5792`08.[29] In response, respondent bank filed a second motion, a *Motion to Quash Writ of Injunction*, which petitioner spouses duly opposed.

On 11 August 2008,[30] the PARAD issued an Order denying the two aforementioned motions; on even date, he issued the *Writ of Preliminary Injunction*.[31]

The Case before the CA

Through a petition for certiorari,[32] under Rule 65 of the Rules of Court, respondent bank sought relief from the CA, contending that the PARAD had committed grave abuse of discretion amounting to lack or excess of jurisdiction in denying respondent bank's motion to dismiss despite lack of jurisdiction over the complaint.[33]

The Ruling of the CA

As previously noted, the petition before the CA was granted. To conclude that the DARAB had no jurisdiction over the subject complaint, the appellate court zeroed in on petitioner spouses' averment, made in the same complaint, that they were co-owners of the property. "Ownership," the court *a quo* aphorized, "is the antithesis of tenancy." We quote the appellate court's pertinent discussion of this decisive point, so that the decision under review may speak for itself:[34]

> In their complaint, the private respondents alleged, among others, that they became owners of the subject land, together with Reynaldo Rivera, the registered owner, and the other Rivera siblings when the Sarmiento Family, the original owners of the land, transferred the ownership of the land to them as disturbance compensation. They further claimed that the land was only registered in trust in the name of Reynaldo Rivera for convenience and in deference to his being the eldest of the Rivera siblings and that the mortgage of the subject property, which eventually led to its foreclosure by the petitioner bank, was without the knowledge and consent of the other owners, the private respondents and the other Rivera children. Private respondents' contention that they are co-owners of the subject property and, at the same time, tenants of the same defies logic. Tenancy is established precisely when a landowner institutes a tenant to work on his property under the terms and conditions of their tenurial arrangement. The private respondents cannot anomalously insist to be both tenants and owners of the subject land. Ownership is antithesis of tenancy.

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29 *Rollo*, pp. 123-132, Resolution dated 15 July 2008.
30 Id. at 133-135.
31 Id. at 136-137.
32 Id. at 152-178, dated 15 September 2008.
33 Id. at 42-43.
34 Id. at 46-48.

Co-ownership is a manifestation of the private ownership which, instead of being exercised by the owner in an exclusive manner over the things subject to it, is exercised by two or more owners and the undivided thing or right to which it refers is one and the same. It is not a real right distinct from ownership but is a mere form or manifestation of ownership.[35] Co-owners are therefore owners of an undivided thing.[36]

On the other hand, tenants are defined as persons who—in themselves and with the aid available from within their immediate farm households—cultivate the land belonging to or possessed by another, with the latter's consent, for purposes of production, sharing the produce with the landholder under the share tenancy system, or paying to the landholder a price certain or ascertainable in produce or money or both under the leasehold tenancy system.[37]

Based on the foregoing discussion, the allegations in the complaint filed by the private respondents before the PARAD shows that the parties in the present case have no tenurial, leasehold, or any other agrarian relationship that could bring their controversy within the ambit of agrarian reform laws and within the jurisdiction of the DARAB. The private respondents cannot thereafter force a tenancy relationship between them and the successive owners of the land.

All told, the PARAD clearly committed a jurisdictional infraction when he took cognizance of the private respondents' complaint. The allegations of the complaint failed to show that the private respondents are agricultural tenants of the land and that the instant case involves an agrarian dispute cognizable by the DARAB. To reiterate, the jurisdiction of the DARAB is limited to agrarian disputes or controversies and other matters or incidents involving the implementation of the Comprehensive Agrarian Program (CARP) under Rep. Act No. 6657, Rep. Act No. 3844 and other agrarian laws. An allegation that an agricultural tenant tilled the land in question does not make the case an agrarian dispute. All the indispensable elements of a tenancy relationship must be alleged in the complaint. The private respondents' allegation that they are co-owners of the subject land clearly removes the present case from the DARAB's jurisdiction.

With regard to the other issues raised by the petitioner bank, we see no need to resolve the same in view of our finding that the DARAB did not have jurisdiction over the subject matter of the present case.

WHEREFORE, in view of the foregoing premises, the petition filed in this case is hereby **GRANTED**. The assailed Order dated June 20, 2008, Resolution dated July 15, 2008 and Order dated August 11, 2008 of the Provincial Agrarian Reform Adjudicator (PARAD) Joseph Noel C. Longboan in DARAB Case No. R-03-02-5792-08 are hereby **REVERSED and SET ASIDE**.

SO ORDERED.

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35 *Pasong Bayabas Farmers v. DARAB*, 473 Phil. 64-99 (2004); citing *Almuete v. Andres*, 421 Phil. 522-532 (2001).

36 *Rollo*, p. 46.

37 *Bautista v. Mag-isa Vda. De Villena*, 481 Phil. 591, 601 (2004).

Petitioner spouses filed a motion for reconsideration,[38] but it was denied; hence, the present petition before this Court.

The Petition for Review

The petition at bar imputes abuse of discretion on the part of the CA, ostensibly stemming from serious, reversible error committed with the following acts: *first,* in failing to appreciate the "substantial and peculiar circumstances" of the case which, if properly considered, would justify a different conclusion; *second*, in delimiting the meaning and applicability of the term "agrarian dispute" within the four corners of the traditional definition of a tenancy relationship; *third*, in failing to rule with equity, considering that petitioner spouses had lived on the subject property for twenty-nine years.

ISSUE

WHETHER THE CA REVERSIBLY ERRED IN RULING THAT THE PARAD COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN TAKING JURISDICTION OVER THE COMPLAINT IN DARAB CASE NO. R-03-02-5792`08.

Two Questions

Such issue pivots on two questions. The first is whether the complaint had sufficient averments as to confer subject matter jurisdiction unto the DARAB. The second is capable of several articulations. It is whether petitioner spouses' averment of co-ownership of the land subject of the complaint sufficiently negates their claim of tenancy thereon, such that, as a matter of course, the PARAD cannot be conferred with jurisdiction in DARAB Case No. R-03-02-5792`08. Another articulation is whether the averment of co-ownership is sufficient reason for the complaint's dismissal, such that, consequently, petitioner spouses can no longer obtain the reliefs they seek.

OUR RULING

The CA ruling is set aside.

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[38] *Rollo*, pp. 207-219 dated 22 July 2010.

The material averments of the subject complaint sufficiently convey jurisdiction unto the PARAD.

We resolve the first question in the affirmative. In so ruling, we turn to the rules on jurisdiction reiterated in *Heirs of Julian dela Cruz and Leonora Talara v. Heirs of Alberto Cruz.*[39] It is axiomatic that the jurisdiction of a tribunal, including a quasi-judicial officer or government agency such as the DARAB and the PARAD, 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.[40] Jurisdiction over the nature and subject matter of an action is conferred by the Constitution and the law, and not by the consent or waiver of the parties where the court otherwise would have no jurisdiction over the nature or subject matter of the action. Nor can it be acquired through or waived by any act or omission of the parties.[41] Indeed, the jurisdiction of the court or tribunal is not affected by the defenses or theories set up by the defendant or respondent in his answer or motion to dismiss.

At the time the subject complaint was filed,[42] the 2003 DARAB Rules of Procedure[43] governed the proceedings of the board and its adjudicators. Section 1, Rule II of said Rules provides, among others:[44]

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39 512 Phil. 389-407 (2005); citing *Soriano v. Bravo*, 653 Phil. 72-96 (2010).

40 *Soriano v. Bravo*, 653 Phil. 72, 89-90 (2010).

41 Id. at 90.

42 Rollo, pp. 52-59, see note 14 at p. 55 of Complaint dated 10 April 2008.

43 Adopted on 17 January 2003.

44 Section 1, Rule II of the 2003 DARAB Rules of Procedure, reads:

RULE II
JURISDICTION OF THE BOARD AND THE ADJUDICATORS

SECTION 1. Primary and Exclusive Original Jurisdiction. The Adjudicator shall have primary and exclusive original jurisdiction to determine and adjudicate the following cases:

1.1 The rights and obligations of persons, whether natural or juridical, engaged in the management, cultivation, and use of all agricultural lands covered by R.A. No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL), as amended, and other related agrarian laws;

1.2 The preliminary administrative determination of reasonable and just compensation of lands acquired under Presidential Decree (PD) No. 27 and the Comprehensive Agrarian Reform Program (CARP);

1.3 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 Land Bank of the Philippines (LBP);

1.4 Those cases involving the ejectment and dispossession of tenants and/or leaseholders;

1.5 Those cases involving the sale, alienation, pre-emption, and redemption of agricultural lands under the coverage of the CARL or other agrarian laws;

1.6 Those involving the correction, partition, secondary and subsequent issuances of Certificates of Land Ownership Award (CLOAs) and Emancipation Patents (EPs) which are registered with the Land Registration Authority;

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x x x x

We go now to the subject complaint to assess, without delving into its merits, its allegations and the reliefs. Do these pleas dovetail with the subject matter jurisdiction of the administrative board of its chosen refuge? The complaint pertinently pleads:

x x x x

1.7 Those cases involving the review of leasehold rentals;

1.8 Those cases involving the collection of amortizations on payments for lands awarded under PD No. 27, as amended, RA No. 3844, as amended, and R.A. No. 6657, as amended, and other related laws, decrees, orders, instructions, rules, and regulations, as well as payment for residential, commercial, and industrial lots within the settlement and resettlement areas under the administration and disposition of the DAR;

1.9 Those cases involving the annulment or rescission of lease contracts and deeds of sale, and the cancellation or amendment of titles pertaining to agricultural lands under the administration and disposition of the DAR and LBP; as well as EPs issued under PD 266, Homestead patents, Free Patents, and miscellaneous sales patents to settlers in settlement and resettlement areas under the administration and disposition of the DAR;

1.10 Those cases involving boundary disputes over lands under the administration and disposition of the DAR and the LBP, which are transferred, distributed, and/or sold to tenant-beneficiaries and are covered by deeds of sale, patents, and certificates of title;

1.11 Those cases involving the determination of title to agricultural lands where this issue is raised in an agrarian dispute by any of the parties or a third person in connection with the possession thereof for the purpose of preserving the tenure of the agricultural lessee or actual tenant-farmer or farmer-beneficiaries and effecting the ouster of the interloper or intruder in one and the same proceeding; and

1.12 Those cases previously falling under the original and exclusive jurisdiction of the defunct Court of Agrarian Relations under Section 12 of PD No. 946 except those cases falling under the proper courts or other quasi-judicial bodies; and

1.13 Such other agrarian cases, disputes, matters or concerns referred to it by the Secretary of the DAR.

COMPLAINT

PLAINTIFFS, through counsel, to this Honorable Board, most respectfully state:

x x x x

3. That the parcel of Riceland of 18,101 square meters located at Bunsuran III, Pandi, Bulacan, which is the subject of this case was originally part of a bigger parcel of Riceland of about 36,000 square meters, more or less, which was owned by the Sarmiento Family of Meycauayan, Bulacan but tilled and tenanted by Ireneo Rivera (deceased father of plaintiff Avelina Rivera-Nolasco.)

4. That when said Ireneo Rivera died on October 12, 1974, Reynaldo Rivera being the eldest of Ireneo's eight (8) children (including herein Avelina Rivera who was then still single) continued as tenant of the aforementioned landholding of the Sarmiento Family, but with the assistance of his other siblings.

5. That in 1981 Reynaldo Rivera and his wife Primitiva became financially distressed and/or bankrupt and in order to raise funds and pay their unpaid matured loans with the defendant Bank, the said couple sold/transferred all their tenancy rights over the said landholding for P50,000.00 to herein plaintiff Avelina Rivera-Nolasco.

6. That as a result thereof, plaintiff Avelina Rivera-Nolasco became the sole and exclusive agricultural tenant starting 1981 of the said landholding of 36,000 square meters of the Sarmiento Family with the valuable assistance of her husband Eduardo Nolasco.

7. That in 1986 the Sarmiento Family sold the one-half (1/2) portion of the tenanted landholding of 36,000 square meters to a certain Boy Salazar of Balagtas, Bulacan. In consideration of, and as disturbance compensation of the late Ireneo Rivera and later of the plaintiff Avelina Rivera-Nolasco, the portion of 18,101 square meters was ceded and transferred by the Sarmiento Family to the Rivera children. However, by mutual agreement of all the Rivera children and with the prior knowledge of their respective spouses, the said 18,101 square meters was placed and registered only in trust under the name of Reynaldo Rivera for convenience and in deference to his being the eldest of the eight (8) Rivera children. Hence, TCT No. T-304255 was issued on August 27, 1986 in the name of Spouses Reynaldo Rivera and Primitiva Rivera, copy of which is attached as Annex "A" hereof with the corresponding Tax Declaration as Annex "A-1" hereof.

8. However, under the aforesaid agreement the 18,101 square meters as considered a co-ownership of the eight (8) Rivera children subject to their future partition at the appropriate time while plaintiff Avelina Rivera-Nolasco continued as the sole and exclusive tenant thereof but giving every year to her other siblings a portion of the harvest which pertains to their respective 1/8 undivided shares in the property.

9. That since 1981, Reynaldo Rivera and/or his wife ceased to have any participation in the cultivation of the subject landholding of 18,101 square meters. Since then, however, plaintiff Avelina-Rivera-Nolasco has continuously and publicly taken possession and cultivation of said landholding with the assistance of her husband as its sole and exclusive tenant and even paying to the National Irrigation Administration the irrigation fees for said landholding as evidenced by the attached copy of the NIA official receipts from 1983 to 2008 marked as Annexes "B" to "Z" and "AA" to "JJ," inclusive, hereof.

10. That plaintiff Avelina-Rivera-Nolasco is likewise duly recognized by the Department of Agrarian Reform and duly registered therein as the tenant-tiller of the subject landholding as evidenced by the Certification of MARO Juan J. Salvador of Pandi and Balagtas, Bulacan dated April 4, 2000, copy of which is attached as Annex "KK" hereof. She is likewise known and recognized publicly as the sole and legitimate tenant of the said landholding as evidenced by the following:

a) Certification by the Irrigators' association dated September 24, 1999 (Annex "LL" hereof);

b) Certification by Barangay Captain Carlito Concepcion of Bunsuran III, Pandi, Bulacan dated September 1, 1999 (annex "MM" hereof);

c) Certificate of BARC Chairman Alvino Anastacio of Bunsuran III, Pandi, Bulacan dated September 1, 1999 (Annex "NN" hereof);

d) Joint Affidavit of four (4) boundary owners/farmers dated March 25, 2000 (Annex "OO" hereof);

e) Joint Affidavit of Barangay Captain Carlito Concepcion and BARC Chairman Albino Anastacio, of Bunsuran III, Pandi, Bulacan dated March 25, 2000 (Annex "PP" hereof).

x x x x

14. That over the objections of the herein plaintiff, the defendant Bank caused the fencing of the entire landholding with concrete posts and barbed wire. As a result thereof, plaintiff was prevented from entering the property and to perform the usual care of her palay crop especially so that the defendant Bank has engaged the services of the local Barangay Officials and Barangay Tanod to watch the property and prevent any entry thereto. In fact, the defendant Bank also refused/denied the written request of the plaintiff's counsel, Atty. Venustiano S. Roxas, dated March 3, 2008 to allow entry into the property by the plaintiffs and their farm workers to continue attending to the standing palay crop and avoid its destruction. Two (2) copies of photograph taken on February 2, 2008 and the letter dated March 3, 2008 are hereto attached as Annexes "RR," "SS," and "TT" hereof.

15. That when the present palay crop on the subject landholding was already fully ripe and ready for harvesting within the first week of

April 2008, plaintiff Avelina Rivera-Nolasco, through her counsel Atty. Venustiano S. Roxas, sent a formal letter to the defendant Bank dated April 1, 2008 requesting that plaintiff Avelina Rivera-Nolasco be permitted to enter the subject landholding and to undertake the necessary harvesting with the use of her rice thresher and vehicle with a promise to restore to its original position any portion of the fence that would be temporarily opened for that purpose. Copy of said letter is attached as Annex "UU" hereof. In response to said letter the defendant Bank verbally agreed to grant the plaintiff's request provided that the plaintiffs would renounce in writing any tenancy rights over the property.

16. That in a clear and patent abuse of rights over the subject landholding and despite the earlier written statement of plaintiff Avelina Rivera-Nolasco that "she is only concerned with her own righs over said property as its lawful tiller-tenant," the herein defendant Bank failed and refused, and still fails and refuses to at least accompany the plaintiffs or to issue or give any written authorization to the plaintiffs to enter the landholding and harvest the standing palay crop thereon. With such unjustified and repeated refusal of the defendant Bank and considering that the landholding is under the watchful eyes of the local Barangay officials and Barangay Tanods of Bunsuran III, Pandi, bulacan who were so engaged by the defendant Bank to guard the property, plaintiffs were discouraged/ prevented from harvesting the subject palay crop for fear of being molested, harassed, or even charged criminally for such offenses as Theft, Trespass or Malicious Mischief. As a result thereof, subject palay crop is in extreme danger of being damaged/destroyed for which plaintiffs will suffer actual losses of approximately P80,000.00. Copy of two (2) photographs of the palay crops taken on April 7, 2008 are attached as Annexes "VV" and "WW" hereof.

17. That the aforesaid actuations of the defendant Bank violate the rights of plaintiff Avelina Rivera-Nolasco as the sole and legitimate tenant of the subject landholding and are designed to ultimately eject or remove her as such tenant of the subject landholding. x x x x

x x x x

22. That defendant Bank is doing, threatens, or is about to do, or is procuring or suffering to be done, some acts in violation of the rights of the plaintiffs respecting the subject of the action.

x x x x

Following these allegations, the complaint seeks these reliefs:

WHEREFORE, premises considered, it is most respectfully prayed:

1. That upon the filing of this complaint, a Temporary Restraining Order be immediately issued ex parte directing the defendant Bank or any of its officers and employees and/or all persons acting for or in its behalf to desist from stopping, obstructing, molesting, or otherwise harassing the herein plaintiffs and all other persons

acting for or in their behalf in entering into the subject landholding, harvesting the present palay crop thereon, cultivating or tilling said landholding or otherwise performing any act or acts as tenant thereof.

2. That after proper hearing, a writ of preliminary injunction be issued directing the defendant Bank, its officers and employees and any or all persons acting for or in their behalf to desist from stopping, molesting, obstructing, harassing or otherwise ejecting or removing the herein plaintiffs from the subject landholding as tenant thereof during the pendency of this case.
3. That after trial, judgment be issued as follows:

(A) Declaring or making the injunction permanent.

(B) Declaring and maintaining the herein plaintiff Avelina Rivera-Nolasco as the sole and lawful tenant of the subject landholding.

(C) Ordering the defendant Bank to pay to the plaintiffs the following:

1. Actual damages of approximately P80,000.00 representing the peso value of the lost, damaged or destroyed palay crop currently planted on subject landholding.

2. Attorney's fees of P50,000.00 plus appearance fees of P2,500.00 per hearing and other litigation expenses of at least P20,000.00.

3. Moral damages of P200,000.00.

4. Exemplary damages of P50,000.00.

PLAINTIFFS also pray for such other reliefs as may be just and equitable under the premises.[45]

x x x x

These averments and prayers amount to an issue cognizable by the DARAB and its adjudicators. In fine, petitioner spouses assert that they are tenants of agricultural land and pray that their tenancy be respected by respondent bank. What results is an agrarian dispute, a controversy over which the PARAD has jurisdiction. To recall, an agrarian dispute is any controversy relating to, among others, tenancy over lands devoted to agriculture.[46] Here, the controversy raised squarely falls under that class of cases described under Paragraph 1.1, Section 1, Rule II of the 2003 DARAB Rules of Procedure.

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45 *Rollo*, pp. 52-59.

46 *Mendoza v. Germino*, 650 Phil. 74, 82 (2010); citing *Isidro v. Court of Appeals*, 298-A Phil. 481, 490 (1993).

In this regard, we note that the specific elements of tenancy are sufficiently averred in the subject complaint, these being: *first,* that the parties are the landowner and the tenant or agricultural lessee; *second*, that the subject matter of the relationship is an agricultural land; *third,* that there is consent between the parties to the relationship; *fourth,* that the purpose of the relationship is to bring about agricultural production; *fifth*, that there is personal cultivation on the part of the tenant or agricultural lessee; and *sixth,* that the harvest is shared between the landowner and the tenant or agricultural lessee.[47] Averments corresponding to each of these elements are easily seen, demonstrable in the face of the subject complaint.

True, it cannot be said that respondent bank and petitioner spouses had directly consented to an agricultural leasehold relationship given that, per the subject narration, such pertinent consent had been formed between Avelina and her siblings. All the same, in *Bautista, et al. v. Vda de Villena*, the Court observed:

> x x x. [J]urisdiction does not require the continuance of the relationship of landlord and tenant—at the time of the dispute. The same may have arisen, and oftentimes arises, precisely from the previous termination of such relationship. If the same existed immediately, or shortly, before the controversy and the subject matter thereof is whether or not said relationship has been lawfully terminated; or if the dispute otherwise springs or originates from the relationship of landlord and tenant, the litigation is (then) cognizable only by the [DARAB].[48]

With respect to the certifications respondent bank secured from the MARO and the CARPO, ostensibly proving that the subject property was not tenanted or covered by agrarian reform, these documents are irrelevant to the task at hand. We reiterate, the determination of whether a tribunal has subject matter jurisdiction in a case is not affected by the defenses set up in an answer or motion to dismiss. In any case, it bears reiterating that certifications of municipal reform officers as to the presence or absence of a tenancy relationship are merely provisional; in one case we even ruled that they do not bind the courts.[49]

Given the averments of the subject complaint, we rule that the PARAD already obtained a jurisdictional foothold in this Case. As an incidence, it could take on all the issues of the case, including the defenses raised by respondent bank; petitioner spouses are allowed to present their case in full, which must then be decided on the merits.

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47 *Bumagat v. Arribay*, 735 Phil. 595, 607 (2014).

48 481 Phil. 591, 607 (2004); citing *David v. Rivera*, 464 Phil. 1006, 1017 (2004), *Latag v. Banog*, 122 Phil. 1188, 1194, (1966), and *Basilio v. De Guzman*, 105 Phil. 1276-1277 (1959).

49 *Bautista et al. v. Vda de Villena*, 481 Phil. 591, 606 (2004); citing *Nisnisan v. Court of Appeals*, 355 Phil. 605, 612 (1998), *Oarde v. Court of Appeals*, 345 Phil. 457, 469 (1997), and *Cuaño v. Court of Appeals*, 307 Phil. 128, 146(1994).

We proceed to the second inquiry. Which may be articulated in several ways. From yet another standpoint, the question is whether the averment of co-ownership in the complaint should be reason enough to thwart the jurisdiction already conferred unto the PARAD by the complaint's other material averment, such that petitioner spouses can no longer seek recognition as tenants of the subject property, endowed with the appurtenant rights of agricultural tenants. The appellate court opined that such averment was enough, the main reason being that ownership was antithetical to tenancy.

The Court, however, is unable to affirm the overarching application of such a view in this case for several reasons, chiefly: *first*, the ownership in this case, a co-ownership at that, remains an unconfirmed claim; and *second*, as the dismissal of the subject complaint had effectively prevented petitioner spouses from fully presenting their case, the assailed ruling risks summarily ejecting agricultural tenants. Absent administrative findings on the particularities of Avelina's claimed tillage, we believe that such risk should not be taken.

Outright dismissal of an action is not proper where there are factual matters in dispute requiring the presentation and appreciation of evidence.

The present petition poses no factual questions, as is ideal in cases filed under Rule 45. This is certainly due in no small part to the dismissal of petitioner spouses' complaint at the PARAD level. Consequently, the parties' respective factual claims did not go through the wringer of administrative fact-checking, and so there is a paucity of adjudicated facts in this case, which gives rise to certain musings.

We recall that the subject agricultural land was registered solely in the name of spouses Reynaldo and Primitiva Rivera, per TCT No. T-304255. We are also aware that said spouses were not impleaded in DARAB Case No. R-03-02-5792`08. While such non-impleadment may have been par for the course, considering the nature of the action filed with the PARAD and also because ownership of the land had by then transferred to respondent bank, a question arises nevertheless. Do the spouses Rivera not dispute petitioner spouses' claim of co-ownership? Avelina says the co-ownership arose from a mere verbal agreement. Are the spouses Rivera even aware of such a claim? More to the point, is the co-ownership true?

As far as TCT No. T-304255 is concerned, the owners of the subject land prior to its acquisition by respondent bank were its registered owners Reynaldo Rivera and his wife, not Reynaldo and his siblings. Parenthetically,

we are mindful of previous cases wherein this Court stated that the Torrens titles were conclusive evidence with respect to the ownership of the land described therein.[50] If we are to abide by the recitals of TCT No. T-304255 and ascribe sole ownership to the spouses Rivera, where does that leave Avelina? Avelina narrates years of tillage of the land, beginning in 1974. Would this not also indicate that she was the spouses Rivera's tenant? If Avelina were not a co-owner with the rest of her siblings, then, at the very least, should she not be considered as the tenant of her sibling Reynaldo? Accordingly, would not such tenancy subsist even after the land's ownership was transferred to respondent bank?

The questions continue if we are to accept without a doubt the truthfulness of the asserted co-ownership. What were the particularities of Avelina's harvest-sharing and/or profit-sharing agreement with her siblings? Avelina claims that as the only sibling tilling the property, her annual obligation was to give her co-owners a portion of the harvest corresponding to their respective 1/8th undivided share in the property. How much have the harvests that Avelina kept for herself changed when ownership of the property transferred from the Sarmiento Family to the Rivera family? In other words, how has Avelina's share changed from her tenancy to co-ownership?

The numerous questions surrounding the averred co-ownership are worth pondering. The averment was the appellate court's sole basis for dismissing the subject complaint. Incidentally, respondent bank did not even include said basis as part of its defenses before the PARAD. Certainly, the question of whether the particulars of the arrangement between Avelina and her siblings preponderate to an agricultural leasehold relationship or to a co-ownership should form part of an administrative inquiry, in order to properly address the larger question of whether an agricultural leasehold relationship among co-owners may co-exist in their civil co-ownership. It is in view of these questions that we deem the dismissal under review to have been premature. In *Ingjug-Tiro v. Casals*,[51] we held that a summary or outright dismissal of an action is not proper where there are factual matters in dispute that require presentation and appreciation of evidence. We so rule in this case.

The theory on the co-existence of agricultural tenancy and co-ownership merits a closer look.

In this case, we are presently ill persuaded that co-ownership *ipso facto*, or at the very least the mere averment thereof, should be enough to thwart a co-owner's suit for recognition as tenant. While the appellate

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50 *Sampaco v. Lantud*, 669 Phil. 304, 316 (2011).
51 415 Phil. 665, 674 (2001).

court's aphorism on the mutual exclusivity between land ownership and tenancy may hold true when the ownership involved is reposed in a single entity, should the same be deemed as automatically true for co-ownerships, as well?

Petitioner spouses plead a likely narrative and argument on this point:

> Clearly, the Court of Appeals grossly ignored the fact that the former landowner (Sarmiento Family) gave the 18,101 square meters to the eight (8) Rivera children by way of Disturbance Compensation in recognition of the long years of tenancy relationship between the Sarmiento Family and the deceased Ireneo Rivera; that since Renaldo [*sic*] Rivera is the eldest among the eight (8) siblings, and some of them were then still minors, they all agreed that the title for 18,101 square meters (TCT No. T-304255) would be placed only in the name of Reynaldo Rivera but only "intrust" and subject to its future partition by the eight (8) co-owners at the appropriate time; that as a result thereof, Petitioner Avelina Rivera-Nolasco, therefore, became the co-owner of the 1/8 undivided portion of the 18,101 square meters and at the same time the sole tiller and tenant of the entire 7/8 undivided portions of her seven (7) siblings to whom Avelina regularly gave the latter's rental as Landowner or Lessor from the annual palay harvest.
>
> That kind of "temporary arrangement" as to the "ownership" or "tillage" of a piece of real property which is owned in common by several brothers and sisters is a common practice in the rural areas especially if some of the co-owners are still minors (as in the instant case) or the co-owners are financially incapable to subdivide the whole parcel and have a separate titling for the share of each and every co-owner. It is neither illegal nor immoral.[52]

Without prejudice to the eventual findings of the administrative agency concerned, we deem petitioner spouses' proposition to be within the realm of possibility. It is thus worthy of examination by the DARAB and its adjudicators, which has the expertise to undertake such an examination. We so rule in line with the doctrine of primary jurisdiction, *viz:*

> In *San Miguel Properties, Inc. v. Perez,* we explained the reasons why Congress, in its judgment, may choose to grant primary jurisdiction over matters within the erstwhile jurisdiction of the courts, to an agency:
>
> The doctrine of *primary jurisdiction* has been increasingly called into play on matters demanding the special competence of administrative agencies even if such matters are at the same time within the jurisdiction of the courts. A case that requires for its determination the expertise, specialized skills, and knowledge of some administrative board or commission because it involves technical matters or intricate questions of fact, relief must first be obtained in an appropriate administrative proceeding before a remedy will be supplied by the courts although the matter comes within the jurisdiction of the courts. The application of the

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52 *Rollo*, pp. 18-19.

> doctrine does not call for the dismissal of the case in the court but only for its suspension until after the matters within the competence of the administrative body are threshed out and determined.[53]

The assailed ruling risks granting imprimatur to an extrajudicial eviction of agricultural tenants.

To recall, what prompted the filing of the subject complaint were the acts of respondent bank in preventing petitioner spouses and their workers from entering the subject property and from tending to their alleged agricultural harvest thereon. If we set the agricultural tenancy of petitioner spouses as a basic postulate, then these acts essentially amount to their eviction from the land. Subsequently, the dismissal of the subject complaint before the PARAD lent judicial imprimatur to a summary extrajudicial eviction of agricultural tenants.

The law, however, has set careful parameters before an agricultural tenant may be ejected. In *Natividad vs. Mariano*,[54] the Court put a spotlight on how the law set these careful parameters:

> Section 7 of R.A. No. 3844 ordains that once the tenancy relationship is established, a tenant or agricultural lessee is entitled to security of tenure. Section 36 of R.A. No. 3844 strengthens this right by providing that the agricultural lessee has the right to continue the enjoyment and possession of the landholding and shall not be disturbed in such possession except only upon court authority in a final and executory judgment, after due notice and hearing, and only for the specifically enumerated causes. The subsequent R.A. No. 6657 further reiterates, under its Section 6, that the security of tenure previously acquired shall be respected. Finally, in order to protect this right, Section 37 of R.A. No. 3844 rests the burden of proving the existence of a lawful cause for the ejectment of the agricultural lessee on the agricultural lessor.

The specifically enumerated causes for terminating a leasehold relationship mentioned in *Natividad* are set in Sections 8, 28, and 36 of Republic Act (*R.A.*) No. 3844,[55] to wit:[56]

> SEC. 8. Extinguishment of Agricultural Leasehold Relation.—The agricultural leasehold relation established under this Code shall be extinguished by:

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53 717 Phil. 244, 262-263 (2013).

54 *Natividad v. Mariano* 710 Phil. 57, 73 (2013).

55 An act to ordain the Agricultural Land Reform Code and to institute land reform in the Philippines including abolition of tenancy and channeling of capital into industry, provide for the necessary implementing agencies, appropriate funds therefor and for other purposes.

56 *Verde v. Macapagal*, 571 Phil. 251, 259 (2008).

(1) Abandonment of the landholding without the knowledge of the agricultural lessor;

(2) Voluntary surrender of the landholding by the agricultural lessee, written notice of which shall be served three months in advance; or

(3) Absence of the persons under Section Nine to succeed to the lessee, in the event of death or permanent incapacity of the lessee.

x x x x

SEC. 28. Termination of Leasehold by Agricultural Lessee During Agricultural Year.—The agricultural lessee may terminate the leasehold during the agricultural year for any of the following causes:

(1) Cruel, inhuman or offensive treatment of the agricultural lessee or any member of his immediate farm household by the agricultural lessor or his representative with the knowledge and consent of the lessor;

(2) Noncompliance on the part of the agricultural lessor with any of the obligations imposed upon him by the provisions of this Code or by his contract with the agricultural lessee;

(3) Compulsion of the agricultural lessee or any member of his immediate farm household by the agricultural lessor to do any work or render any service not in any way connected with farm work or even without compulsion if no compensation is paid;

(4) Commission of a crime by the agricultural lessor or his representative against the agricultural lessee or any member of his immediate farm household; or

(5) Voluntary surrender due to circumstances more advantageous to him and his family.

x x x x

SEC. 36. Possession of Landholding; Exceptions.—Notwithstanding any agreement as to the period or future surrender, of the land, an agricultural lessee shall continue in the enjoyment and possession of his landholding except when his dispossession has been authorized by the Court in a judgment that is final and executory if after due hearing it is shown that:

(1) The agricultural lessor-owner or a member of his immediate family will personally cultivate the landholding or will convert the landholding, if suitably located, into residential, factory, hospital or school site or other useful non-agricultural purposes: Provided, That the agricultural lessee shall be entitled to disturbance compensation equivalent to five years rental on his landholding in addition to his rights under Sections twenty-five and thirty-four, except when the land owned and leased by the agricultural lessor, is not more than five hectares, in which case instead of disturbance compensation the lessee may be entitled to an advanced notice of at least one agricultural year before ejectment proceedings are filed against him: Provided, further, That should the landholder not cultivate the land himself for three years or fail to substantially

carry out such conversion within one year after the dispossession of the tenant, it shall be presumed that he acted in bad faith and the tenant shall have the right to demand possession of the land and recover damages for any loss incurred by him because of said dispossessions;

(2) The agricultural lessee failed to substantially comply with any of the terms and conditions of the contract or any of the provisions of this Code unless his failure is caused by fortuitous event or force majeure;

(3) The agricultural lessee planted crops or used the landholding for a purpose other than what had been previously agreed upon;

(4) The agricultural lessee failed to adopt proven farm practices as determined under paragraph 3 of Section twenty-nine;

(5) The land or other substantial permanent improvement thereon is substantially damaged or destroyed or has unreasonably deteriorated through the fault or negligence of the agricultural lessee;

(6) The agricultural lessee does not pay the lease rental when it falls due; Provided, That if the non-payment of the rental shall be due to crop failure to the extent of seventy-five per centum as a result of a fortuitous event, the non-payment shall not be a ground for dispossession, although the obligation to pay the rental due that particular crop is not thereby extinguished; or

(7) The lessee employed a sub-lessee on his landholding in violation of the terms of paragraph 2 of Section twenty-seven.

In the 1993 case of *Bernas v. CA and Deita*, the Court held that the grounds for the ejectment of an agricultural leasehold lessee are an exclusive enumeration; no other grounds could justify the termination of an agricultural leasehold.[57]

On the postulate that petitioner spouses are agricultural tenants, or at the least allowed to proceed with their suit to be recognized as agricultural tenants, we observe that respondent bank had evicted petitioner spouses extrajudicially. But the law sets that the burden of proving the existence of a lawful cause for ejectment of an agricultural tenant rests on respondent bank. Co-ownership, however, does not appear to be one of the legislated causes for the lawful ejectment of an agricultural tenant; certainly, it is presently not a recognized mode of extinguishing such relationship.

In fine, absent administrative findings on the particularities of Avelina's tillage, this Court cannot ascribe to the view that the averment of co-ownership should disallow petitioner spouses from pressing on their suit

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[57] 296-A Phil. 90, 111 (1993); *Sta. Ana v. Sps Carpo*593 Phil. 108, 130 (2008).

to be recognized as agricultural tenants. To reiterate, absent the conduct by the PARAD of the proceedings in DARAB Case No. R-03-02-5792`08 and the resolution of said case on the merits, the assailed CA ruling risks judicially approving the summary and extrajudicial eviction of agricultural tenants. Parenthetically, the Court is also mindful of the dangers of reifying as doctrine a practice where unscrupulous landowners would offer their tenants co-ownership of a portion of their agricultural land in order to terminate the latter's tenancy rights. Given the material averments in the subject complaint, the PARAD had already gained a jurisdictional foothold in DARAB Case No. R-03-02-5792`08, and should have been allowed to exercise the agency expertise in resolving the issues and problems presented.

We recall our ruling in *Bernas v. CA and Deita*:[58]

> The Court must, in our view, keep in mind the policy of the State embodied in the fundamental law and in several special statutes, of promoting economic and social stability in the countryside by vesting the actual tillers and cultivators of the soil, with rights to the continued use and enjoyment of their landholdings **until they are validly dispossessed in accordance with law**.
>
> At this stage in the country's land reform program, the agricultural lessee's right to security of tenure must be "firmed-up" and **not negated by inferences from facts not clearly established in the record nor litigated in the courts below**.
>
> Hand in hand with diffusion of ownership over agricultural lands, it is sound public policy to encourage and endorse a diffusion of agricultural land use in favor of the actual tillers and cultivators of the soil.
>
> It is one effective way in the development of a strong and independent middle-class in society.

WHEREFORE, premises considered, the Petition is **GRANTED**. The Decision, dated 25 June 2010, and the Resolution, dated 26 October 2010, of the Court of Appeals in CA-G.R. SP No. 105288 are hereby **SET ASIDE**. The Office of the Provincial Agrarian Reform Adjudicator is **DIRECTED** to proceed with DARAB Case No. R-03-02-5792`08.

SO ORDERED.

SAMUEL R. MARTIRES
Associate Justice

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58 Id. at 106.

WE CONCUR:

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

LUCAS P. BERSAMIN
Associate Justice

MARVIC M.V.F. LEONEN
Associate Justice

ALEXANDER G. GESMUNDO
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.

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Courts Division.

ANTONIO T. CARPIO
Senior Associate Justice
(Per Section 12, R.A. 296,
The Judiciary Act of 1948, as amended)

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WILFREDO V. LAPITAN
Division Clerk of Court
Third Division
JUL 24 2018