

SECOND DIVISION

[G.R. No. 206788, February 14, 2018]

CHAILESE DEVELOPMENT COMPANY, INC., REPRESENTED BY MA. TERESA M. CHUNG, PETITIONER, V. 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, 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.

D E C I S I O N

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 Decision^[2] dated October 29, 2012, and Resolution^[3] 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 complaint^[4] 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]

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 Order^[10] 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]

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 motion^[14] by the respondents by the lower court via its Order^[15] dated September 18, 2007.

Petitioner filed a Motion for Reconsideration anew on October 10, 2007. Despite respondents' opposition, the lower court issued an Order^[16] 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 motion^[18] 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 Order^[19] 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 Order 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.

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 Decision^[24] 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 motion^[29] 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:

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 RFC 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 P20,000.^[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]

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.

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]