

SECOND DIVISION

[G.R. No. 149553, February 29, 2008]

**NICOLAS LAYNESA AND SANTOS LAYNESA, PETITIONERS, VS.
PAQUITO AND PACITA UY, RESPONDENTS.**

D E C I S I O N

VELASCO JR., J.:

In 1938, Robert Morley was the owner of a four (4)-hectare parcel of land in Barrio Tagbong, Pili, Camarines Sur. Petitioner Santos Laynesa was his tenant over two and a half (2 ½) hectares of the land. In 1947, Morley sold the 4 has. to Sixto Cuba, Sr. He maintained Santos as the tenant over the 2 ½-hectare portion while instituting petitioner Nicolas Laynesa, son of Santos, as his tenant over the remainder of the property. On May 20, 1974, Original Certificate of Title No. 1660 on the property was issued to Cuba, Sr.^[1]

On October 25, 1979, Cuba, Sr. died intestate, survived by his children, Sixto Cuba, Jr., Carmelita Cuba Sunga, and Bienvenido Cuba. Santos and Nicolas continued as tenants, and delivered the owner's share of the produce to Cuba, Jr. and Bienvenido.^[2]

On January 13, 1993, Cuba, Jr. executed a Deed of Absolute Sale of Unregistered Land, transferring the property to respondent Pacita Uy, married to respondent Paquito Uy, in consideration of PhP 80,000. Cuba, Jr. was named owner of the land. Notably, the Deed was not registered with the Register of Deeds. Later, Cuba, Jr. executed a Deed of Assignment or Transfer of Rights of the undelivered owner's share of the produce in favor of Pacita.

On July 13, 1993, Pacita demanded that the Laynesas vacate the land. She claimed that she had purchased the land. The Laynesas asked for proof of Pacita's acquisition, but she could not produce any.

Subsequently, Pacita returned and again demanded that the Laynesas vacate the property, this time exhibiting the Deed of Absolute Sale of Unregistered Land signed by Cuba, Jr. Consequently, the Laynesas filed on October 13, 1993 a petition against Pacita with the Department of Agrarian Reform Adjudication Board (DARAB), docketed as DARAB Case No. 730 for Legal Redemption entitled *Santos Laynesa, et al. v. Paquito Uy*. The Laynesas primarily sought that they be allowed to redeem the land from Pacita.^[3]

Thereafter, on November 25, 1993, Pacita filed a complaint docketed as DARAB Case No. 745 entitled *Pacita Uy v. Santos Laynesa, et al. for Collection of Rentals and Ejectment* against the Laynesas with the DARAB.

Cuba, Jr. died intestate on December 23, 1993.^[4]

On February 10, 1994, the Laynesas deposited PhP 80,000 in the form of a Cashier's Check with the Clerk of Court of the DARAB by way of consignment of the redemption price of the property.

Meanwhile, the heirs of Bienvenido filed a petition with the Camarines Sur Regional Trial Court (RTC) for the judicial declaration of presumptive death of their father who had been missing since 1984.^[5]

Afterwards, on June 20, 1994, the heirs of Bienvenido, with Reynoso and Carmelita Sunga, filed a Complaint docketed as Civil Case No. P-1963 *for Annulment of Sale of Real Estate* against the spouses Uy with the Camarines Sur RTC. They prayed that the court declare the Deed of Absolute Sale of Unregistered Land executed by Cuba, Jr. in favor of the spouses Uy as null and void, and the property returned to Cuba, Sr.'s intestate estate. The DARAB dismissed the complaint without prejudice to the two cases filed before it by the parties.^[6]

Subsequently, the parties in Civil Case No. P-1963 amicably settled their dispute. In a Compromise Agreement approved by the RTC, the parties agreed to divide the property into two portions. Two hectares of rice lands would be transferred to the spouses Uy, and the remaining portion to Cuba, Sr.'s heirs. Thereafter, the Register of Deeds issued Transfer Certificate of Title (TCT) No. 23276 over a portion of the property with an area of 20,000 square meters in the names of the spouses Uy.

Meanwhile, Pacita obtained a certification from the Municipal Agricultural Office (MAO) that the property was not prime agricultural property, and from the Municipal Agrarian Reform Office (MARO) that TCT No. 23276 was not covered by Operation Land Transfer (OLT) or by Presidential Decree No. (PD) 27. The certifications were sought so the land could be reclassified as industrial land.

On May 29, 1995, the Municipal Council of Tagbong, Pili, Camarines Sur approved Resolution No. 67, which embodied Ordinance No. 28 and reclassified the land from agricultural to industrial.

On July 17, 1995, the Laynesas filed a Complaint dated July 13, 1995, docketed as DARAB Case No. V-RC-028 and entitled *Nicolas Laynesa, et al. v. Paquito Uy, et al. for Threatened Ejectment and Redemption with a Prayer for the issuance of Writ of Preliminary Injunction* with the DARAB. In the Complaint, the Laynesas sought to redeem the property covered by TCT No. 23276 for PhP 40,000.

In their Answer dated August 15, 1995, the spouses Uy alleged that the Laynesas had no cause of action against them, and even assuming that the Laynesas had, the action was already barred by estoppel and laches, the complaint was already moot and academic, and the DARAB had no jurisdiction since the land had already been reclassified as industrial land.

On January 12, 1996, DARAB Provincial Adjudicator Isabel E. Florin issued a Decision, the dispositive portion of which states:

WHEREFORE, the foregoing considered, judgment is hereby rendered

1. Granting the petition for redemption by the plaintiffs herein of the two-hectare Riceland now titled in the name of Pacita E. Uy with TCT No. T-23276, for Nicolas Laynesa, his .5 hectare tillage and for Santos Laynesa, his 1.5 hectares tillage in the consolidated amount of P60,000.00;
2. Ordering the conveyance of subject lots to herein plaintiffs as above-stated;
3. Ordering defendants to pay plaintiffs temperate damages of P15,000.00; exemplary damages of P20,000.00; Attorney's fees of P12,000.00; and appearance fees of P2,400.00.
4. Declaring the injunction permanent, unless the appropriate Order allowing conversion is thereby presented.

SO ORDERED.^[7]

Thereafter, the spouses Uy filed a Motion for Reconsideration. In an Order dated February 27, 1996,^[8] the DARAB affirmed the Decision of the adjudicator, but with the modification to set aside the award of damages.

The spouses Uy appealed to the Court of Appeals (CA).

The CA ruled DARAB without jurisdiction

On May 16, 2001, the CA issued a Decision in CA-G.R. SP No. 59454, reversing the Decision of the DARAB. The dispositive portion of the CA Decision reads:

IN THE LIGHT OF ALL THE FOREGOING, the Decision of the DARAB, Annex "A" of the Petition and its Resolution, Annex "B" of the Petition are set aside and reversed. The Complaint of the Respondents and the counterclaims of the Petitioners are DISMISSED.

SO ORDERED.^[9]

According to the CA, the evidence on record shows that when the Laynesas filed their action with the DARAB, the property was no longer agricultural but had been reclassified. Thus, the DARAB had no jurisdiction.

Hence, we have this Petition for Review on *Certiorari* under Rule 45.

The Issues

[T]he Honorable Court of Appeals (Fourteenth Division), seriously erred and/or committed grave error in:

- A. Holding that at the time of the filing of the Complaint (V-RC-028-CS-Branch 1) the land subject matter of the case ceases to be agricultural by virtue of the reclassification made by Municipal Ordinance No. 28 of Pili, Camarines Sur, so that the DARAB has no jurisdiction over the dispute involving said land and that the

Decision of the DARAB is null and void.

- B. Holding that the reclassification alone of an agricultural land by a Municipal Ordinance from agricultural to any other uses without the necessary conversion Order from the DAR is enough to divest the DAR of jurisdiction to hear and determine any agrarian disputes involving the land.^[10]

The pivotal issue in this case is whether the reclassification of a lot by a municipal ordinance, without the Department of Agrarian Reform's (DAR's) approval, suffices to oust the jurisdiction of the DARAB over a petition for legal redemption filed by the tenants.

There are strict requirements for the valid reclassification of land by a local government unit

The resolution of this case is not that simple.

There is no question that petitioners-Laynesas are the tenants of the previous owner of the land. As such, disputes pertaining to the land tenancy were within the jurisdiction of the DAR. However, respondents-spouses Uy posit that after the issuance of Municipal Council Resolution No. 67, reclassifying the land on May 29, 1995, the land ceased to be agricultural and is therefore beyond the jurisdiction of the DARAB.

Previously, under Republic Act No. (RA) 3844, all agrarian disputes fell within the exclusive jurisdiction of the Court of Agrarian Relations. Later, the jurisdiction over such disputes went to the RTCs.^[11] When RA 6657, otherwise known as the *Comprehensive Agrarian Reform Law*, took effect on June 15, 1988, the adjudication of agrarian reform disputes was placed under the jurisdiction of the DAR, thus:

Section 50. *Quasi-Judicial Powers of the DAR.*—The DAR is hereby vested with 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 x

Notwithstanding an appeal to the Court of Appeals, the decision of the DAR shall be immediately executory.

However, Section 56 of RA 6657 vested original and exclusive jurisdiction over controversies involving the determination of just compensation and prosecution of all criminal offenses arising from violations of RA 6657 to RTCs designated as Special Agrarian Courts.

From the cited legal provisions, it cannot be disputed that the DAR, through the DARAB, shall exercise quasi-judicial functions and has exclusive original jurisdiction over all disputes involving the enforcement and implementation of all agrarian reform laws.

Sec. 4 of RA 6657 tells us which lands are covered by the Comprehensive Agrarian Reform Program, thus:

Section 4. *Scope.*—The Comprehensive Agrarian Reform Law of 1988 shall cover; regardless of tenurial arrangement and commodity produced, **all public and private agricultural lands as provided in Proclamation No. 131 and Executive Order No. 229, including other lands of the public domain suitable for agriculture.** (Emphasis supplied.)

However, in 1991, RA 7160 or the Local Government Code was passed into law, granting local government units the power to reclassify land. Being a later law, RA 7160 shall govern in case of conflict between it and RA 6657, as to the issue of reclassification. Title I, Chapter 2, Sec. 20 of RA 7160 states:

SEC. 20. *Reclassification of Lands.*--(a) A city or municipality may, through an ordinance passed by the sanggunian after conducting public hearings for the purpose, authorize the reclassification of agricultural lands and provide for the manner of their utilization or disposition in the following cases: (1) when the land ceases to be economically feasible and sound for agricultural purposes as determined by the Department of Agriculture or (2) where the land shall have substantially greater economic value for residential, commercial, or industrial purposes, as determined by the sanggunian concerned: Provided, That such reclassification shall be limited to the following percentage of the total agricultural land area at the time of the passage of the ordinance:

(1) For highly urbanized and independent component cities, fifteen percent (15%);

(2) For component cities and first to third class municipalities, ten percent (10%); and

(3) For fourth to sixth class municipalities, five percent (5%): Provided, further, That agricultural lands distributed to agrarian reform beneficiaries pursuant to [RA 6657], otherwise known as "*The Comprehensive Agrarian Reform Law*", shall not be affected by the said reclassification and the conversion of such lands into other purposes shall be governed by Section 65 of said Act.

(b) The President may, when public interest so requires and upon recommendation of the National Economic and Development Authority, authorize a city or municipality to reclassify lands in excess of the limits set in the next preceding paragraph.

(c) The local government units shall, in conformity with existing laws, continue to prepare their respective comprehensive land use plans enacted through zoning ordinances which shall be the primary and dominant bases for the future use of land resources: Provided, That the requirements for food production, human settlements, and industrial expansion shall be taken into consideration in the preparation of such plans.

(d) Where approval by a national agency is required for reclassification, such