

SECOND DIVISION

[G.R. No. 152859, June 18, 2008]

**UFROCINO C. IBAÑEZ AND FELIPE R. LARANGA, PETITIONERS,
VS. AFP RETIREMENT AND SERVICE BENEFIT SYSTEM,
RESPONDENT.**

D E C I S I O N

VELASCO JR., J.:

At the core of this agrarian case is a 1.5523-hectare property that once formed part of Lot No. 1973 situated at Barangay Dita, Sta. Rosa, Laguna. Lot No. 1973 was formerly registered in the name of Fermina Z. Bailon, married to Tomas M. Gan, under Transfer Certificate of Title No. RT-3939 (13443). Shortly after Fermina's death on April 25, 1973, her heirs, namely, husband Tomas and their four (4) children, executed an Extra Judicial Settlement of Estate under which Lot No. 1973 was ceded to son Eduardo Gan.

On November 26, 1981, the municipality of Santa Rosa, Laguna passed an ordinance classifying Lot No. 1973, among others, as residential. A week later, the Housing and Land Use Regulatory Board approved the ordinance.

It would appear that, shortly after the enactment of the said ordinance, Lot No. 1973 was brought under Operation Land Transfer of Presidential Decree No. (PD) 27 dated September 21, 1972, otherwise known as the *Tenants' Emancipation Decree*. This development paved the way for the subdivision of Lot No. 1973 and the eventual issuance of the corresponding certificate of land transfer (CLT) and emancipation patent to farmer-beneficiaries. Among them was Angel Ibañez, who was issued, on May 3, 1982, CLT No. D-052665 covering 1.5523 hectares of Lot No. 1973. Disputed in this case is the portion awarded to Angel.

Petitioners Eufrocino C. Ibañez and Felipe R. Laranga claim to be the son and cousin, respectively, of Angel. Both assert tenancy rights over the disputed lot on the strength of their allegedly having taken over the tillage thereof since after Angel's demise on August 3, 1992. Angel, so petitioners alleged, had been tilling the lot from 1965 until her death.

Respondent AFP Retirement Service Benefit System (AFP-RSBS) is a pension fund organized by virtue of PD 361, as amended, entitled *Providing for an Armed Forces Retirement and Separation Benefits System*.

On April 29, 1992, then Undersecretary Renato Padilla of the Department of Agrarian Reform (DAR), acting on the request of a certain Engr. Alberto F. de Jesus, issued an "exemption clearance" from the Comprehensive Agrarian Reform Program (CARP) coverage to Lot No. 1973 and 26 other parcels of land situated in Sta. Rosa, Laguna.^[1] In his covering action-letter, Padilla categorically stated that the disputed

land was beyond the coverage of Republic Act No. (RA) 6657, *The Comprehensive Agrarian Reform Law of 1988* (CARL) and, therefore, actually no longer needed any conversion clearance. [2]

After the death of landowner Eduardo Gan in 1993, his heirs sold the 1.5523-hectare portion of Lot No. 1973 to San Lorenzo Development Corporation (SLDC) which, in turn, later sold the same portion to AFP- RSBS.

On May 20, 1994, petitioners filed before the Region IV office of the DAR Adjudication Board (DARAB) a Verified Petition [3] for Enforcement of Presidential Administrative Order No. 20 against AFP-RSBS and SLDC, with a plea to enjoin AFP-RSBS and SLDC from bulldozing their tenanted property and driving them out of the area. The petition, docketed as DARAB Case No. IV- LA-0366-'94, only bore petitioner Laranga's signature.

On May 27, 1994, Laguna Provincial Agrarian Reform Adjudicator (PARAD) **Rosalina M. Vergel de Dios** issued a 20-day temporary restraining order (TRO) [4] to petitioners. Thereafter, on June 21, 1994, PARAD Vergel de Dios granted petitioners' motion for inhibition and transferred the records of the case to the Office of the Regional Agrarian Reform Adjudicator (RARAD) for further disposition. [5]

On June 27, 1994, AFP-RSBS filed with the PARAD a Motion to Dismiss the verified petition on jurisdictional ground, it being alleged that DARAB, or its provincial or regional adjudicator, is bereft of jurisdiction over the disputed lot. As argued, Lot No. 1973 had already been classified as residential before the CARL took effect on June 15, 1988. AFP-RSBS raised too the petition's failure to state any cause of action as to petitioner Laranga who, as pointed out, was not a tenant of the area in question. AFP-RSBS also cited petitioners' non-compliance with the circular on forum shopping as added reason for the desired dismissal.

In due time, petitioners filed their Opposition to the AFP-RSBS Motion to Dismiss.

It would appear that the motion to dismiss was forwarded to the RARAD for Region IV, for, on February 13, 1995, RARAD Fe Arche-Manalang issued an Order, [6] denying AFP- RSBS' motion to dismiss and granting petitioners' plea for preliminary injunction.

Following the denial of its motion for reconsideration per the RARAD's Order of August 8, 1995, AFP-RSBS went to the Court of Appeals (CA) via a petition for certiorari docketed as **CA-G.R. SP No. 38392**. On September 29, 1995, the CA dismissed the petition on the ground that the proper recourse under the premises was for AFP-RSBS, as petitioner therein, to challenge the interlocutory dismissal orders of the RARAD by certiorari before the DARAB pursuant to its primary jurisdiction.

Properly guided, AFP-RSBS lost no time in filing before the DARAB a petition for certiorari, docketed as **DARAB Case No. DSCA 0028**, assailing the adverted RARAD orders dated February 13, 1995 and August 8, 1995.

On January 18, 2000, in DARAB Case No. DSCA 0028, the DARAB issued a Resolution [7] which, while positing its or its adjudicators' jurisdiction over the

agrarian dispute at hand, dismissed AFP-RSBS' petition for certiorari on the ground of prematurity. As held, the issue of whether or not the subject lot is within the coverage of the CARP is yet to be determined by the PARAD.

PARAD Dismissed the Verified Petition

Meanwhile, on June 9, 1999, the new PARAD for Laguna, **Virgilio Sorita**, issued an Order,^[8] dismissing petitioners' basic petition for the reasons that: (1) only petitioner Laranga--a mere helper in the cultivation of the subject lot and, hence, had no standing to maintain the action--signed the initiatory petition; and (2) petitioner Ibañez, not having signed the petition, could not be considered as a party in the instant case.

The PARAD likewise rejected petitioners' motion for reconsideration with finality on August 2, 1999.^[9]

The DARAB Ruled Tenant-Farmers may not be Divested of Their Tenurial Rights Despite Reclassification of Land as Residential

Aggrieved, petitioners appealed to the DARAB, the appeal docketed as DARAB Case No. 9266. In their appeal memorandum, petitioners raised several issues set out in six assignments of errors. There, they faulted PARAD Sorita for, among other things, failing to render judgment on the merits on the verified petition despite their having filed their position paper on June 7, 1994 and their formal offer of documentary evidence on June 9, 1994.

On February 7, 2001, the DARAB rendered a Decision, finding for petitioners Ibañez and Laranga, disposing as follows:

WHEREFORE, premises considered, the appealed decision dated 09 June 1999 is hereby REVERSED and SET ASIDE. Petitioners-Appellants Eufrocino C. Ibañez and Felipe R. Laranga **are entitled to security of tenure** under the law and should be maintained in peaceful possession and cultivation.

SO ORDERED.^[10] (Emphasis added.)

The DARAB predicated its ruling on the interplay of the following premises:

1. DARAB and its provincial adjudicators have jurisdiction over matters involving the security of tenure of an agrarian tenant pursuant to Section 17 of Executive Order No. (EO) 229 and Sec. 50 of RA 6557, as follows:

Sec. 17 of EO 229

Sec. 17. Quasi-Judicial Powers of the DAR.--The DAR is hereby vested with quasi-judicial powers to determine and adjudicate [through the DARAB] agrarian reform matters, and shall have exclusive original jurisdiction over all matters involving implementation of agrarian reform, except those falling under the

exclusive original jurisdiction of the DENR and the Department of Agriculture (DA).

Sec. 50 of RA 6557

Sec. 50. *Quasi-judicial Powers of the DAR* .--The DAR is hereby vested within 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).

2. Petitioners cannot be divested of their tenancy rights over the disputed lot despite its reclassification as residential land since a leasehold relationship had already been established even before the reclassification was made. DOJ Opinion No. 44, series of 1999, stated: "The reclassification of lands to non-agricultural uses shall not operate to divest tenant-farmers of their rights over lands covered by [PD 27], which have been vested prior to 15 June 1998."
3. The agrarian relationship between petitioners and the landowner is not extinguished by the sale, alienation, or transfer of the legal possession of the landholding as the transferee or vendee is subrogated to the obligations of the agricultural lessor relative to the rights of the agricultural lessee.

The CA Reversed and Set Aside the February 7, 2001 DARAB Decision

Disagreeing with the DARAB's Decision of February 7, 2001, AFP-RSBS repaired to the CA through a petition for review under Rule 43. Docketed as CA-G.R. SP No. 65203, the petition urged the reversal of the DARAB ruling on the ground that the **board resolved only one issue** and ignored the other issues Ibañez and Laranga, as petitioners before the DARAB, raised in their appeal, such as the effect of Ibanez's failure to sign the basic petition filed before the PARAD and Laranga's legal standing to sign the same petition.

The CA, agreeing with the arguments of AFP-RSBS, rendered on November 15, 2001 the assailed Decision, ^[11] reversing and setting aside the February 7, 2001 DARAB Decision, disposing as follows:

IN THE LIGHT OF ALL THE FOREGOING, the Decision of the Public Respondent [DARAB] x x x is hereby **SET ASIDE** and **REVERSED**. The Public Respondent is hereby ordered to **resolve** the aforementioned **First Five Issues** posed by the Private Respondents [Ibañez and Laranga] in their "**Appeal-Memorandum.**"

SO ORDERED.

The appellate court denied petitioners' motion for reconsideration.

The Issues Before Us

Hence, petitioners' instant recourse on the following grounds that the CA's assailed decision, if not set aside:

-I-

x x x WOULD DEPRIVE THE HEREIN PETITIONERS EUFROCINO C. IBAÑEZ AND FELIPE R. LARANGA x x x OF THEIR RIGHT TO SECURITY OF TENURE, POSSESSION, TILLAGE AND CULTIVATION OF THE SUBJECT LANDHOLDING HENCE, SAID CA DECISION IS NOT ONLY AGAINST THE EXISTING AGRARIAN LAWS BUT AGAINST THE DOCTRINE CITED HEREUNDER LAID DOWN BY THE HON. SUPREME COURT;

-II-

x x x WOULD GIVE VALIDITY TO THE ORDERS x x x DATED JUNE 09, AND AUGUST 2, 1999 OF PARAD VIRGILIO M. SORITA, WHICH ARE NULL AND VOID FOR WANT OF JURISDICTION AND/OR FOR BEING CONTRARY TO THE PREVIOUS ORDERS x x x RENDERED BY RARAD FE ARCHE-MANALANG VESTED WITH EQUAL JURISDICTION IN SAID DCN IV-LA-0366-'94 UPHOLDING THE DARAB'S JURISDICTION OVER THIS CASE AND OF PETITIONERS' RIGHT TO SECURITY OF TENURE WHICH WAS AFFIRMED BY THE [CA] IN [ITS] DECISION PROMULGATED ON SEPTEMBER 29, 1995 x x x IN CA-GR SP. NO. 38392;

-III-

x x x WOULD UNLAWFULLY AND UNJUSTLY DISREGARD THE TRO xxx DATED MAY 27, 1994 ISSUED BY PARAD ROSALINA AMONUY VERGEL DE DIOS, AND THE ORDERS x x x DATED FEBRUARY 13, 1995 AND AUGUST 8, 1995 ISSUED BY RARAD FE ARCHE-MANALANG BOTH OF WHICH ARE ALREADY FINAL UPHOLDING THE JURISDICTION OF THE DARAB OVER THIS CASE AND UPHOLDING [PETITIONERS'] x x x RIGHT TO SECURITY OF TENURE OVER THE SUBJECT LANDHOLDING AND DENYING THE CLAIM OF RESPONDENT AFP RSBS OF FORUM SHOPPING ON THE PART OF SAID PETITIONERS, AND GRANTING THE WRIT OF INJUNCTION PENDENTE LITE PRAYED FOR IN PETITIONERS' VERIFIED PETITION;

-IV-

x x x [WOULD BE] CONTRARY TO THE EXPRESS MANDATE [OF] SECTION 3 (c) OF RA NO. 6657 PROVIDING THAT THE RECLASSIFICATION OF LANDS TO NON-AGRICULTURAL PURPOSES SHALL NOT OPERATE TO DIVEST TENANT-FARMERS COVERED BY PRESIDENTIAL DECREE NO. 27, WHICH HAVE BEEN VESTED PRIOR TO 15 JUNE 1988;

-V-

x x x IS PREMATURE AND WITHOUT BASIS IN FACT AND IN LAW, WITHOUT SAID DARAB RESOLVING FIRST THE FOLLOWING ISSUES POSTED BY THE PETITIONERS IN THEIR APPEAL MEMORANDUM DATED