



Republic of the Philippines
Supreme Court
 Manila

FIRST DIVISION

CRC 1447, INC.,
 Petitioner,

G.R. No. 237102

Present:

- versus -

PERALTA, C.J.*, *Chairperson*,
 CAGUIOA, *Acting Chairperson*,
 REYES, J. JR.,
 LAZARO-JAVIER, and
 LOPEZ, JJ.

ROSALINDA CALBATEA,
EDUARDO CALBATEA,
RICARDO DULA, RICARDO
DULA, JR., GUIDO BALUYOT,
FRANCISCO LIWANAG, ARIEL
CORDOVA, JOVI
MANALANSAN, ROMEO
ORTEGA, REYNALDO
ALFONSO, DOMINADOR
CALING, REMEGIO GODINES,
EFREN LAGTU, RODELIO
QUINTO, JONATHAN RAMOS,
 and any and/or all persons
 claiming rights under them,
 Respondents.

Promulgated:

MAR 04 2020

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DECISION

REYES, J. JR., J.:

This is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court, seeking to reverse and set aside the Decision² dated June 16, 2017 and the Resolution³ dated January 31, 2018 of the Court of Appeals (CA) in CA-G.R. CV. No. 105421, which affirmed the Order⁴ dated January

* On official business.

¹ *Rollo*, pp. 8-24.

² Penned by Justice Henri Jean Paul B. Inting (now a Member of the Court), with Associate Justices Ramon R. Garcia and Leoncia R. Dimagiba, concurring; id. at 25-33.

³ Id. at 34-35.

⁴ Penned by Acting Presiding Judge Amelita Cruz Corpuz, id. at 57-62.

19, 2015 of the Regional Trial Court (RTC) of Dinalupihan, Bataan, Branch 5 in Civil Case No. DH-1341-14.

The Facts

Subject of this Petition is a portion of an estate originally owned by Liberty Hizon Vda. De Luna (Hizon) and Eufemia Rivera (Rivera). Sometime in 1993, said estate was the subject of a Notice of Coverage pursuant to the Comprehensive Agrarian Reform Program (CARP) under Republic Act (R.A.) No. 6657 or the Comprehensive Agrarian Reform Law of 1988. Hence, an application for conversion of said property from agricultural to industrial was filed, which was granted per Decision of the CA in CA-G.R. SP No. 37386 dated February 9, 1999. Upon finality of said CA Decision, the Department of Agrarian Reform (DAR) issued an order of conversion as directed by the CA, subject to the condition, among others, that the development of the area shall be completed within five years from the issuance of said order.⁵

In 2004, Rivera filed a petition before the DAR, which sought for an extension to comply with the condition of developing the property.⁶

In the meantime, the subject property was purchased by CRC 1447, Inc. (petitioner) sometime in 2006, and thereafter registered under its name as evidenced by Transfer Certificate of Title (TCT) No. T-260935 of the Registry of Deeds of Bataan.⁷

On October 24, 2007, the DAR issued an Order denying Rivera's petition for extension and instead, directing the issuance of a Notice of Coverage over the entire estate which includes the subject property. Thus, petitioner received a Notice of Coverage⁸ dated December 11, 2008.

Petitioner then filed a petition to lift said Notice of Coverage before the DAR. While this was pending, petitioner sent demand letters to respondents for them to vacate the subject property. Unfortunately for petitioner, the petition was denied by the DAR in an Order⁹ dated February 8, 2013. Petitioner's motion for reconsideration of said Order was likewise denied in an Order¹⁰ dated September 10, 2013.

⁵ Id. at 11.

⁶ Id. at 12.

⁷ Id. at 11-12.

⁸ Id. at 43-44.

⁹ Records, pp. 93-99.

¹⁰ Id. at 50-51.

On February 26, 2014, petitioner filed a Complaint¹¹ for Recovery of Possession before the RTC against herein respondents, who claimed to be actual occupants and potential agrarian reform beneficiaries of the subject landholding.

In their Answer,¹² respondents sought the dismissal of said petition on the ground of lack of jurisdiction, or referral of the same to the DAR for determination and certification that the issue involves an agrarian dispute or matter pursuant to the Supreme Court Office of the Court Administrator (OCA) Circular No. 62-2010,¹³ as the subject matter of the case involves an agrarian dispute. Respondents posited that since they are actual occupants and potential agrarian reform beneficiaries and the subject property is an agricultural land placed under CARP coverage by virtue of the DAR Notice of Coverage, and considering also the denial of petitioner's petition to lift said Notice of Coverage, the issue as to who has the right to possess and/or use the subject property is within the competence of the DARAB.

In its Reply,¹⁴ petitioner argued, among others, that the case does not involve an agrarian dispute and that the Notice of Coverage over the subject property was patently illegal. Hence, petitioner insisted on the court's jurisdiction over the subject matter of the case.

The RTC Ruling

Considering that the subject property is the subject of a DAR Notice of Coverage, and that petitioner alleged in its Reply the issue on the validity of the Notice of Coverage over the subject property, the RTC held that the case involves an agrarian dispute. According to the RTC, "the determination of whether or not the Notice of Coverage was illegally issued remains within the exclusive and primary jurisdiction of the DAR and still falls within the definition of 'agrarian dispute'." As such, the RTC ruled for the dismissal of the case for lack of jurisdiction. It disposed:

WHEREFORE, in view of the foregoing, this case is hereby ordered DISMISSED for lack of jurisdiction.

¹¹ Id. at 2-4.

¹² *Rollo*, pp. 46-49.

¹³ IMPLEMENTATION OF SECTIONS 7 AND 50-A OF R.A. NO. 6657, ALSO KNOWN AS THE COMPREHENSIVE AGRARIAN REFORM LAW OF 1988, AS RESPECTIVELY AMENDED BY SECTIONS 5 AND 119 OF R.A. NO. 9700 (AN ACT STRENGTHENING THE COMPREHENSIVE AGRARIAN REFORM PROGRAM (CARP), EXTENDING THE ACQUISITION AND DISTRIBUTION OF ALL AGRICULTURAL LANDS, INSTITUTING NECESSARY REFORMS, AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF REPUBLIC ACT NO. 6657, OTHERWISE KNOWN AS THE COMPREHENSIVE AGRARIAN REFORM LAW OF 1988, AS AMENDED, AND APPROPRIATING FUNDS THEREFOR, April 28, 2010.

¹⁴ Records, pp. 54-56.

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Consequently, the Clerk of Court of the Office of the Clerk of Court is hereby ordered to refund the excess deposit in the Sheriff's Trust Fund to its payor upon submission of pertinent documents.

SO ORDERED.¹⁵

Aggrieved, petitioner filed a motion for reconsideration, which was denied by the RTC in its Order dated June 11, 2015:

WHEREFORE, premises considered, the Motion for Reconsideration filed by [petitioner] is hereby DENIED for lack of merit. The Order of this Court dated January 19, 2015 dismissing the instant case still stands.

SO ORDERED.¹⁶

The CA Ruling

The CA sustained the RTC's conclusion that the case involves an agrarian dispute. The CA ruled that since the case is "an offshoot of the Notice of Coverage issued by the DAR," and "considering that the property in question became the subject of conversion and was reverted to being an agricultural land by the DAR," the case falls squarely under the matters relating to the implementation of the CARP. Citing OCA Circular No. 62-2010, the CA upheld the dismissal of the case for want of jurisdiction. It disposed, thus:

WHEREFORE, the appeal is Denied.

The January 19, 2015 Order of the Regional Trial Court of Dinalupihan, Bataan, Branch 5 in Civil Case No. DH-1341-14 is hereby AFFIRMED for the reason that it is the Department of Agrarian Reform (DAR) which has primary jurisdiction to adjudicate the controversy.

SO ORDERED.¹⁷

Undaunted, petitioner now seeks refuge before this Court, maintaining its position that the RTC, not the DAR, has jurisdiction over the case for recovery of possession. Petitioner argues that the issuance of the Notice of Coverage is merely a preliminary step for the State's acquisition of the land for agrarian reform purposes and it does not automatically vest title or transfer the ownership thereof to the government. In fine, petitioner contends that a Notice of Coverage does not *ipso facto* render the land subject thereof a land reform area. Petitioner also maintains that while respondents may have been actual occupants, which may make them potential CARP beneficiaries, this does not give rise to tenancy relationship

¹⁵ *Rollo*, p. 62.

¹⁶ *Id.* at 64.

¹⁷ *Id.* at 32.

for the DAR, through its Adjudication Board (DARAB), to acquire jurisdiction over the case.

The Issue

Ultimately, the only issue for our resolution is whether the courts *a quo* correctly dismissed the case for recovery of possession on the ground of lack of jurisdiction.

The Court's Ruling

It is a basic rule that jurisdiction over the nature and subject matter of an action is conferred by law and determined by the allegations in the complaint.¹⁸ Further, jurisdiction should be determined by considering not only the status or the relationship of the parties, but also the nature of the issues or questions that is the subject of the controversy.¹⁹ Specifically in this case, if the issues between the parties are intertwined with the resolution of an issue within the exclusive jurisdiction of the DARAB, such dispute must be addressed and resolved by the DARAB.²⁰

The jurisdiction of the DAR is laid down in Section 50 of R.A. No. 6657, as amended by R.A. No. 9700,²¹ viz.:

SEC. 18. Section 50 of Republic Act No. 6657, as amended, is hereby further amended to read as follows:

“SEC. 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 DENR.”

x x x x

SEC. 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

¹⁸ *Union Bank of The Philippines v. The Hon. Regional Agrarian Reform Officer*, 806 Phil. 545, 561 (2017).

¹⁹ *Department of Agrarian Reform v. Robles*, 775 Phil. 133, 146 (2015), citing *Heirs of Julian dela Cruz v. Heirs of Alberto Cruz*, 512 Phil. 389, 401 (2005).

²⁰ *Department of Agrarian Reform v. Robles*, id.

²¹ AN ACT STRENGTHENING THE COMPREHENSIVE AGRARIAN REFORM PROGRAM (CARP), EXTENDING THE ACQUISITION AND DISTRIBUTION OF ALL LANDS, INSTITUTING NECESSARY REFORMS, AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF REPUBLIC ACT NO. 6657, OTHERWISE KNOWN AS THE COMPREHENSIVE AGRARIAN REFORM LAW OF 1988, AS AMENDED, AND APPROPRIATING FUNDS THEREFOR, approved on August 7, 2009.

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." (Emphases supplied)

Under Executive Order (E.O.) No. 129-A,²² the DARAB was created, which 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.²³ Corollary, under Section 1, Rule II of the 2009 DARAB Rules of Procedure, the DARAB's jurisdiction is not limited to agrarian disputes where tenancy or leasehold agreement between the parties exists. Specifically, Section 1(a) of said Rule provides that its primary and exclusive original and appellate jurisdiction includes, among others, **cases involving "[t]he rights and obligations of persons engaged in the management, cultivation, and use of all agricultural lands covered by R.A. No. 6657, otherwise known as the [CARL], as amended, and other related agrarian laws."**

DAR Administrative Order No. 03-11²⁴ also finds relevance in this case, wherein it was declared that the DAR shall have exclusive jurisdiction on all cases that are agrarian in nature pursuant to the landmark case of *Department of Agrarian Reform v. Cuenca*,²⁵ wherein the Court ruled that "[a]ll doubts, [with regard to jurisdiction on agrarian reform matters], should be resolved in favor of the DAR since the law has granted it special and original authority to hear and adjudicate agrarian matters." Said Administrative Order also cited the OCA Circular No. 62-2010, which directs all courts and judges concerned to "refer all cases before it alleged to involve an agrarian dispute to the DAR."

In this case, the averments in the Complaint seemingly make out a case for recovery of property, which is clearly within the jurisdiction of the regular courts. Said Complaint, however, failed to mention that the subject property is an agricultural land, placed under the coverage of the CARP as stated in the Notice of Coverage. The Court has previously explained that "[a] notice of coverage is a document that aims to inform the landowner that his land has been determined by the DAR, on the basis of the latter's

²² MODIFYING ORDER NO. 129 REORGANIZING AND STRENGTHENING THE DEPARTMENT OF AGRARIAN REFORM AND FOR OTHER PURPOSES, approved on July 26, 1987.

²³ *Chailese Development Company, Inc. v. Dizon*, G.R. No. 206788, February 14, 2018, 855 SCRA 377, 388.

²⁴ REVISED RULES AND REGULATIONS IMPLEMENTING SECTION 19 OF R.A. NO. 9700 (JURISDICTION ON AND REFERRAL OF CASES THAT ARE AGRARIAN IN NATURE), effective July 23, 2011.

²⁵ 482 Phil. 208, 211 (2004).

preliminary identification, to be under the coverage of the [CARP].”²⁶ Further, the fact that respondents are the actual occupants and potential agrarian reform beneficiaries of the subject agricultural landholding cannot be disregarded. Moreover, the denial of petitioner’s petition to lift the Notice of Coverage before the DAR is likewise revealing. Notably, the Order²⁷ of the DAR in said petition gave weight to the reports and recommendations of the Municipal Agrarian Reform Officer of Hermosa, Bataan and the Legal Division of DAR Bataan Provincial Office, to which the Provincial Agrarian Reform Officer concurred with, which were all one in concluding that the Notice of Coverage should be upheld.²⁸ Considering all these circumstances, it cannot, therefore, be denied that the subject property is within the land reform area. As such, the issue on the possession or use thereof is well-within the jurisdiction and competency of the DARAB.

Petitioner’s narrow and restrictive understanding of the concept of agrarian matters within the jurisdiction of the DARAB cannot be sustained. To reiterate, the DARAB’s jurisdiction is not limited to agrarian disputes where tenancy and leasehold agreement issues between the parties are raised. Also, there is nothing under Section 1(a), Rule II of the 2009 DARAB Rules of Procedure which limits the jurisdiction of the DARAB only to agricultural lands under the administration and disposition of the DAR and the Land Bank of the Philippines.²⁹ As above-stated, all cases involving agrarian matters, which include issues on the management, cultivation, or use of **all agricultural lands covered by the CARL**, are within the jurisdiction of the DARAB. In *Sarne v. Maquiling*,³⁰ the Court explained that under Section 4³¹ of R.A. No. 6657, agricultural lands under the coverage of the CARP include all private lands devoted to or suitable for agriculture.

²⁶ *Robustum Agricultural Corporation v. Department of Agrarian Reform*, G.R. No. 221484, November 19, 2018.

²⁷ Records pp. 93-99.

²⁸ Id. at 96.

²⁹ Id.

³⁰ 431 Phil. 675 (2002).

³¹ Sec. 4. *Scope*. — The Comprehensive Agrarian Reform Law of 1989 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.

More specifically the following lands are covered by the Comprehensive Agrarian Reform Program:

(a) All alienable and disposable lands of the public domain devoted to or suitable for agriculture. No reclassification of forest or mineral lands to agricultural lands shall be undertaken after the approval of this Act until Congress, taking into account ecological, developmental and equity considerations, shall have determined by law, the specific limits of the public domain.

(b) All lands of the public domain in excess of the specific limits as determined by Congress in the preceding paragraph;

(c) All other lands owned by the Government devoted to or suitable for agriculture; and

(d) All private lands devoted to or suitable for agriculture regardless of the agricultural products raised or that can be raised thereon.

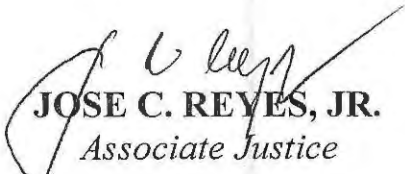
A notice of coverage, therefore, is not necessary in order for the DARAB to have jurisdiction over a case that involves “[t]he rights and obligations of persons, whether natural or juridical, engaged in the management, cultivation, or use of an agricultural land covered by R.A. No. 6657.”³²

Furthermore, while it is true that the issuance of the Notice of Coverage is merely a preliminary step in land acquisition for agrarian reform purposes and issuance of the same does not vest title upon the State, it does not take the fact that the DAR has already determined through its preliminary identification that the land subject thereof is under the coverage of the CARP. In all, it is inaccurate to argue that the case simply involves an ordinary recovery of possession controversy. The subject of petitioner’s Complaint undoubtedly involves the use of an agricultural land, which is the subject of the implementation of the CARP. Verily, the RTC and the CA correctly found that the case falls squarely within the jurisdictional ambit of the DARAB.³³

In these lights, the Court finds the RTC’s dismissal of the petition *a quo*, as affirmed by the CA, in order.

WHEREFORE, premises considered, the instant Petition is **DENIED**. Accordingly, the Decision dated June 16, 2017 and the Resolution dated January 31, 2018 of the Court of Appeals in CA-G.R. CV. No. 105421, which affirmed the Order dated January 19, 2015 of the Regional Trial Court of Dinalupihan, Bataan, Branch 5 in Civil Case No. DH-1341-14 is **AFFIRMED**.

SO ORDERED.


JOSE C. REYES, JR.
Associate Justice

WE CONCUR:


(On Official Business)
DIOSDADO M. PERALTA
Chief Justice
Chairperson

³² See *Department of Agrarian Reform v. Robles*, supra note 19, at 149.

³³ See *Cubero v. Laguna West Multi-Purpose Cooperative, Inc.*, 538 Phil. 899, 908 (2006).



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice
Acting Chairperson



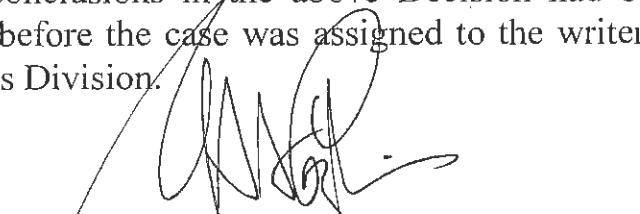
AMY C. LAZARO-JAVIER
Associate Justice



MARIO V. LOPEZ
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.



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice
Acting Chairperson, First Division

CERTIFICATION

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



ESTELA M. PERLAS-BERNABE
Acting Chief Justice